May 14, 2008

Dear Mr. John Stevenson, Secretary, Ontario Securities Commission & The Honorable Iris Evans Minister of Finance, Province of Alberta,

I have received notice that the Securities Commission of Alberta has proposed changes for regulating the exempt securities market in Alberta. I am sure you will receive a lot of feedback on these proposed changes and I would like to comment as I have a substantial amount of education in the financial industry including: a BA in Economics; The Canadian Securities Course (CSC); and The Investment Funds Institute of Canada course (IFIC). I have been an investor in exempt securities for the past 4 years and currently work in the industry, real estate in particular, as a Sales Consultant. I find myself confused by these proposed changes.

I am not by any means against some sort of regulation over our industry; however, what I am failing to understand is how the CSC or the KYC form will benefit investors in our industry, other than weaning out Sales Consultants who can not meet these challenges. I was in fact surprised to hear that the only current item I feel would be beneficial to our industry (The Standards and Practices Code of Ethics course) has been left out.

With all due respect, I have a few areas that I would like to address which I hope you take into consideration:

- I do not see any correlation between the CSC (or IFIC) course to our industry whatsoever. It is hard to comment much further than this as I have taken them both and would need some sort of explanation as I do not see any relevance to the selling of investments in my particular industry (real estate), to selling stocks, options or derivatives. If someone were to show me something that did correlate, then I would suggest that a strong majority of the course has extremely little to no relevance. If it is decided a course is needed to sell our particular exempt securities, then a course which is relevant should be written. When speaking to a investor, it is our job as Sales Consultants to review the various scenarios including the loss of all funds which is ***clearly*** indicated multiple times in the documentation we go through. I feel that explaining to someone that they could lose all of their investment is more than a fair opportunity for them to opt out of the investment.

- The Know Your Client form or KYC does not seem to be a useful tool and, as it has been noted to me on several occasions since this topic has become made publicly aware, is often filled in by the advisor then mailed to the client with little to no time is spent on it. This information comes from speaking with my family, friends and investors which I feel is a well rounded group. From my dealings with these people, this happens far more often than not. It seems to be more of an exercise than anything. I feel that there needs to be a better solution to the problem the Securities Commission is trying to solve.

- As Sales Consultants, we are required to sell our investments to individuals/companies who can qualify as eligible or accredited investors. The form clearly indicates that they have to meet certain criteria to get involved in the investment and at the very least they must speak with ***an investment dealer, securities dealer or their equivalent registered under the securities legislation of that jurisdiction.*** We all have clients in our industry who utilize this box. That indicates to me these ***eligibility advisors*** feel this is a safe investment or have at least explained the risks to our investors. The investors that get involved obviously feel secure in our opportunities based on these recommendations coming from the experts which the Securities Commission of Alberta feel are more qualified than our Sales Consultants. Are they even capable of truly explaining the risks and rewards of our opportunities? Their experience is not typically in our industry, yet they provide the advise, for some of these people it seems a conflict of interest and we still get recommendations.

- The word WARNING is clearly displayed on our risk acknowledgment letter and the word risk is used throughout the offering memorandums. As Sales Consultants, we have to sit with our clients and have them read and sign these forms. There are more warning signs and reasons for a potential investor to shy away from our investment than in any other securities purchase. I can purchase a stock on-line after filling out a form with no warning for each individual stock I purchase. I can purchase mutual funds with virtually no warnings or red flags. In either case I can be successful or lose everything I have and there are no consequences. Investors need to be allowed to make and take the responsibility for their investment decisions. I do not understand why we are required to have such strict rules on how we warn people on our investments when we are selling real, tangible items, face to face with our investors, while these other options are available on-line with little attention given to the warnings. Still, after all of these red flags, people invest in our products because they feel the risk versus reward is well worth it. After all of my education and investment experience, I find real estate to be the safest of all according to both history and the fact that it is a scarce and needed resource that does not disappear. I do not understand how these proposed changes improve this.

- The last area I would like to address is the fact all of our costs and payouts to Sales Consultants are clearly indicated on our forms. This is not the case with mutual funds. We display the amount of commissions paid for an investment prominently in our industry while there are numerous payouts taken in the purchase of a mutual fund through an advisor, and most people have no idea of this fact. To my knowledge, this is not included in the KYC form or prominently displayed on any documentation reviewed by investment advisors. Again, after our investors read this and they still choose to invest in our product.

All of this being said, I do see that there could be some concerns with fly by night companies or people misrepresenting a product they are selling. This is where I feel the attention should be focused. A company that is fly by night should not be able to issue an offering memorandum and controls should be looked at to keep this in line. As for people misrepresenting a product they are selling, this will always be the case in every industry. How do you regulate this properly? The Standards of Conduct Course seems like a better fit to me than the CSC, yet it has been excluded.

I have already successfully passed the CSC and know that I am capable of passing this course again, that is not my concern. The concern I would like to express is that if our industry needs to be better regulated, then I feel this needs to be thought out better. If the Securities Commission of Alberta would like to implement some changes, I hope that it takes the time to really analyse how it will benefit the industry as it seems that this is simply an action because it is felt one should be taken. I look forward to getting a response on the benefits to the proposal of Sales Consultants taking the CSC and implementing the KYC forms as again, I am confused on these proposed additions.

I thank you for taking the time to read my concerns and hope to hear back from you.

Respectfully,

Stewart Douglas
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