



From the desk of Darris Cameron, Partner Financial Value Inc., DR Privest
Wealth Management

February, 22 2012

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

c/o Gordon Smith
British Columbia Securities Commission
PO Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Fax: 604-899-6814
e-mail: gsmith@bcsc.bc.ca

M^e Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Fax : 514-864-6381
e-mail: consultation-en-cours@lautorite.qc.ca

Cc Western Exempt Market Association
Fax: 403-668-8343
e-mail: comments@wemaonline.ca

Re: CSA Staff Consultation Note 45-401 Review of Minimum Amount and Accredited Investor Exemptions

Dear Sirs and Madams:

Currently, my father and I own a small life insurance brokerage or MGA (Managing General Agency) in Alberta called Financial Value Inc. (FVI) We deal with a select group of advisors, as well as a moderate sized clientele made up mainly of wealthy farmers and ranchers. Our core business revolves around the use of life insurance contracts to help protect our clients' assets and their lives. We use Universal Life contracts, as well as Segregated Funds to make up the core of our marketing to clients. Over the last number of years, we have used a number of Exempt Market Products to help diversify and protect our clients portfolios from the rigours of the markets.

Although we do believe markets to be efficient, we believe that as the products available to clients increase in complexity, breadth and scope they have also increased our ability to manage their money with much more solid assets, which in turn produces safer investment strategies, innovative ideas and to be blunt, better products.

We sell our exempt market Securities through our exempt market dealer Privest Wealth Management (PWM). This EMD uses a very stringent form of due diligence that is not only thorough but also quite expensive. The methods we use to ensure our clients are buying top notch, legal and safe securities allow us to market with providence said products under the guidelines set forth in the recent National Instruments.

FVI through PWM is able to market via the OM exemption in Alberta, and we take full advantage of the Eligible investor status granted to the western provinces through the North West Exemption. We do not generally feel the need to market our EMP's through the Accredited Investor Status exemption mainly due to the fact that the exemption inhibits the amount our clients can invest.

Our clients, for the most part, would meet the AI status rules without any hindrance due to their lack of debt and amount of land, cash and real estate assets they possess, but we feel it much more necessary to deal with the

more modern and, in our opinion, better Eligible Investor status.

Our opinion on the ability to purchase as little as \$5000 in any particular investment, as long as it meets the requirements set forth first and foremost by the clients themselves, is that it will provide them with the highest level of safety and diversity. IE: not all of their eggs in one basket.

We know our clients and educate them as well, if not better, than any other organization in the industry today. Every one of them who decides to purchase happily signs any and all forms required by issuers and the securities commission(s) alike.

The decision to buy a product based on its risk class alone, we believe to be an antiquated and dangerous prospect. Risk is taken into account on a case-by-case basis, but it is not the determining factor in any of our marketing of these types of products.

We have actually used these types of products to relieve risk in our clients' portfolios. By investing a certain percentage of any clients' portfolio in a product they believe to be worthy of their hard earned investment dollars. We AND they believe that purchasing relatively to wholly uncorrelated securities to be an essential tool in the investment shed. (So to speak)

As we do not believe the AI exemption to be necessary, I therefore cannot put much mention to its use. However, for those who are unable to use any other exemptions, or choose to either a) only use the AI exemption, or b) use it often, we believe it to be a mistake to change the rules at this juncture based on thoughts from regulators who may or may not even be out marketing and educating their clients on the benefits of EMP's.

The protection of investors must be viewed in an updated manner. We can no longer, we must no longer accept the ideals passed down to us from generations that did not have the ease of access to the kind of information we all have today.

Sophistication and income can be fabricated; the rules used in the AI exemption do not stop a client or advisor from inventing answers to a client's KYC, or lack thereof.

Net worth and/or income are not an indication of investment knowledge superiority; in fact I would argue the opposite. How many wealthy people have been fleeced out of their money by crooks over the past 100 years in North America? Furthermore, how many of these investors have been

hustled out of their money by 'investors' without an OM, prospectus or any other legal documents to be made mention of?

The wealthy and successful can be swindled of their earnings just as easily as the relatively less fortunate.

The ability to purchase small amounts of any investment sold through OM can result in a safer investment environment. One with less ego, less desire to harm the client, and a higher ability to diversify a portfolio than you will find by simply increasing the minimum amount exemption by tying the amount to inflation over the last 20 years.

We agree that a minimum amount should be set if a client wishes to purchase a large amount, who does not wish to sign KYC, or other requirements, such as Risk Acknowledgement, etc. That would be at the discretion of the client who has that sort of asset and understands he will be purchasing a potentially controlling mass of any particular asset.

Would it not be more prudent to raise that level to an unreasonable number in order to "protect" the public? Should not only the top end of the spectrum be able to invest in such a way that they can control their investment in some way, shape, form or manner?

Quite frankly... these thoughts are facetious, as I do not believe there is any level of protection the Unseen Hand can provide to the people of this country when it comes to their investments of any sort.

KYC is inadequate, and to copy a line I used earlier; "antiquated and dangerous". It provides the client and the agent or dealing Rep, with an easy way to cheat the system, and in no way provides ANY safety for the client. It is a program that has never worked for the mutual fund industry, the IIROC industry, and now won't be of any advantage to clients in the EM world. Only to the DR, only to cover them legally and not used in the best interest of the client.

If this industry, its leaders and its regulators truly wish to protect as many people as possible, we will allow Darwin's theory of evolution to take precedence over the Peter principle. The strong shall survive, the weak will be weeded out, and the end result is a safer industry through innovation and competition... Not penalty and punishment based on the actions of people who would either a) use your new rules to their own advantage, or much more likely, b) disregard and discard any rules you set forth and peddle their wares illegally without forfeit or fear of punishment.

None of the Jurisdictions in the modern world have had any success in stopping the newsworthy adversaries of this industry, the Madoffs of the world, neither for instance will they have any blessing by raising the stakes on the public and making it harder for the average Canadian to invest suitably and pragmatically.

Instead, the focus should be turned to the quality of investment, the competition in the market place, and the education handed down to the public by the dealing Rep. The eligible investor status allows us to accomplish these things en mass and without the need to penalize the average, so that they may become above average.

Thank you

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