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The Secretary
Ontario Securities Commission
20 Queen Street West
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Toronto, Ontario M5H 3S8

**Re: CSA Proposed Amendments Relating to the Offering
Memorandum Exemption**

Dear Madams:

I am writing to comment on the proposed amendments to NI 45-106, in particular the proposed annual investment limits for non-accredited investors.

My Name is Darris Cameron.

I have been a registered, licensed advisor in the insurance industry since August of 2006, A registered and Licensed Dealing Rep at Privest Wealth Management since January of 2011, and have just shy of ten years of experience in the investment and insurance industry. I own a very successful, efficient, and family run Life Insurance MGA, Called Financial Value Inc. ([FVI](#)). Our firm owns a portion of an EMD called Privest Wealth Management Inc. Which in our opinion is among the best run EMD's in Canada today. I manage the investments and insurance contracts of hundreds of households extremely successfully in a very unique and efficient manner.

We hold numerous client education events, and in fact will be hosting our clients at the 21st client education evening we have held since November of 2008, spending multiple tens of thousands of our own dollars in the process; ensuring our clients are educated, confident, and comfortable with the practices we use to help plan for their futures.

I am an educator.

I have spent time as a Member in good standing of the Independent Federation of Brokers in Canada ([IFBC](#)), [Advocis](#), where I and my father will be speaking on behalf of our firm FVI, to hundreds of advisors at [the 60th annual Advocis Banff School, as Keynote Speakers](#).

Most pertinent to this letter, as far as professionalism and participation in the industry, I am a member, previous seat holder of the board of directors, and current chair of the Advisory Committee of the National Exempt Market Association ([NEMA](#)).

Most importantly however, I am a very active investor in the Exempt Market, holding registered and non-registered investments in a vast array of offerings, I am a tax payer, I am a voter, and a citizen in a free country built on the foundation of the free and open market.

I am shocked, and revolted that I was neither consulted nor warned of these potential changes to the market where I choose to invest a portion of my portfolio, and where I educate my clients to invest a portion of their investment portfolio to help them create a level of safety and diversity that a short decade ago was not available to them, the middle class, whom not only desire, but require more choice in the available investment industry to ensure they do not outlive their money as we as the human race continue to race towards immortality.

Just as we do not have a perfect government, or securities agency in this country, I understand that my industry (I say 'my' due to the fact I am a young man who by default will inherit this industry out of age attrition/erosion.) is not perfect, there are flaws, *however*, every day it gets better.

NI-31-103 made the exempt market, or the capital markets, or the micro-cap market, or the alternative investments market a much better industry, by far, and now it is being stricken down while only sprouting its first buds, we have had enough time to see a great change in this sector of the market, but not enough time to fully bloom... yet. To go against the time and tax dollars spent putting this mess together would be a shame, and a massive

mistake for the following reasons some which I will build upon throughout this letter:

- Investors will immediately take massive losses due to NI 45-106.
 - Due to the following...
- Hundreds of small businesses will be forced into default, bankruptcy, and shuttered doors.
 - Isn't it obvious that most exempt market issuers would not be able to raise the adequate capital required to finish their projects without larger investments from this exemption?
- You, the regulator, will have wasted millions of tax dollars fighting ghosts.
 - You have had your chance to catch the crooks and thieves and liars in action and have failed miserably, let the industry weed out the criminals for you and the RCMP to prosecute.
 - Since you do not even have a sniff at an OM before it is too late, and EMD's have become very good at shying away from people and legal documents that are even a little dubious, it makes perfect sense that the issuer and the dealer can stop fraud and losses before the regulator can.
 - We are the front line.
- The middle class will suffer, and likely shy away from both the public and the private markets due to lack of confidence and choice.
 - We are already seeing this as investments in the last half decade into more traditional investment types (save for real estate) have seen negative growth, and the capital markets have grown every single year I have been in the business.
- We as planners and advisors will not be able to do our job properly or efficiently anymore.
 - How do we offer safer, more reliable returns when there is a gaping hole where diversity and choice used to reside?
 - Make no mistake, the OM exemption, 31-103, and being a middle class eligible investor are allowing the middle class to once again play with the billionaires in the investment arena.
- You have likely committed an act against our constitution, by trying to flatten investor rights in the name of protection. Did anyone think to consult a lawyer?
 - I do not mean to be inflammatory with this question, but it seems obvious taking rights away from a large group of people ought to beg the question.

- Would this legislation even hold up if taken to our court system? Would the regulators have spent a lot of taxpayer money for a lost cause?
 - It is entirely probable that this 45-106 would not, and will have wasted money.
- There is little to no, as in close to zero evidence that the commissions are logging, or studying investor complaints, there is little to no substantiated evidence that proves there is a problem with the current legislation.
 - Lets face facts here, NI 31-103 was left completely to the imagination of the dealers and advisors, there was little to no guidance, but we managed to create a thriving industry in only a few years, the instrument works, it is working better than anticipated I imagine, so why are you trying to break a fix that was implemented into the industry in 2009?
 - Given enough time, room and guidance to grow, the Exempt Market will flourish and provide new avenues for investors for a very very long time.
- This legislation tears a hole in the financial plans of millions of Canadians.
- NI 45-106 will essentially grant my abilities as a licensed professional, and part of a larger team to effectively help my clients, and prospective future clients to tax plan efficiently useless, thus giving them far fewer dollars to spend in the economy.
 - Is not your job as regulators to protect the economy as well as the investor rights in the province you watch?
 - Ontario seems to be doing a good job of finding better ways to enhance economic activity, by increasing that provinces awareness of the OM exemption and allowing for better middle class investor rights. Why doesn't Alberta keep an open mind to what we have in place?
 - They (Ontario) are following our example, why would we change our rules to follow a less evolved system?
- Small business owners who have a tax structure that provides them income, but not necessarily assets would not be able to use products efficiently because they would not qualify as accredited, or acceptable.
 - To say that accredited investors are any more sophisticated than eligible investors is a farce. There are far more farmers, professional laborers, Oil Patch workers, etc that earn enough money to invest in a way they see fit than MBA's running around

the country, who is to say they should not be allowed to invest in the exempt market with suitability in mind, through a registered agent and dealer in place?

- It would likely be better to get rid of the Accredited investor status in regards to the OM exemption, to level the playing field and really see what the average investment looks like into the exempt market.
 - If you want to act as a socialist power, then don't take from the middle class and keep the upper class powerful, take something away from the rich, and make everyone act in the same manner, under the OM exemption, without nonsensical restrictions on the flow of capital, making everyone adhere to the same standards of suitability, creating a much more streamlined industry, one that is easier to protect, and simpler to advocate for.
 - Unite us all!
- NI 45-106 takes away choice, which is a terrible thing to lose as an investor.
- This does not effect my right, nor will to earn a profit as a business person, a business owner, and in fact gives me the ability to bypass suitability requirements with many of my clients, rendering your legislation useless as far as protection and information is concerned.
 - Think about that for moment, I would be no better than the non-registered, non-licensed folks who are *still out there marketing these products without anyone surveying them!*
 - I choose not to use some of the loopholes you have set up, so that my activities can be catalogued, my business dealings protected, and my clients in a position to profit and be protected by an OM.
- My job as a planner and advisor is not to tick boxes on paper, my job is to find diverse and non-correlated investments for my clients, so that they may have the choice to learn about and then invest in a vast array of ideas and products, this legislation makes it far more difficult to do that job, not impossible mind you, but very difficult.
 - This will increase costs to the investor, and reduce their yield and returns on future investments, thus increasing the risks we have to take to make a higher return to ensure their future.
 - SO... I will ask: *how does this legislation help and/ or protect the investor?*
- Matters such as investor safety cannot be weighed in a vacuum, it seems regulators believe there is a one size fits all solution, an easy

solution to an immeasurably complex problem: how to protect every investor.

- Arbitrarily assuming that all eligible investors are the same is perilous at best, and at worst excessively dangerous.
 - Every single investor has a different and complex set of standards that we as the advisor must meet and navigate, which we do well as educated professionals, you do not know our clients as a regulator, so how would you expect to meet these expectations?
 - NI 31-103 created a platform, a foundation to address the issues of suitability and safety, it allowed the advisor to create a world where the investor is protected by many layers of compliance and education, why eradicate that?
- The quality of employment at the regulator level must increase, there can be no ego when it comes to investor protection, if the lines of communication are closed to the industry, if the minds and ears are shut on either side, we are all doomed.
 - In a perfect world there would never be another theft or mismanagement of funds due to theft or fraud again, however, how does one protect the investor from:
 - A. Themselves? And
 - B. Prevailing market conditions.
 - For instance, we market and educate our clients to an investment called 982 Media, where investors invest in a structure of Print and Advertising loans made to the entertainment industry, namely Hollywood productions.
 - The safety of the product comes from its unique structure, its 100 year plus no loss history, and its Last In, First Out finance model that puts the investor in the first position to the loan, ahead of the bank, the producer and 982 media itself.
 - In our views it is among the safest and recession proof models we have seen to date, and is a great investment for a portion of any portfolio as it provides downside risk, little to zero correlation to any other asset class out there in the market place today, and pays a steady and predictable income through dividends, which help offset tax risks.
 - There is much more upside to talk about, but even though industry veterans, with decades and billions under their belts, manage the fund... what if people simply do not continue to pay money for this form of entertainment?

- There will have been no fraud, no theft, no mismanagement, yet the investor could still lose capital to unforeseen improbable events
- Does the regulator actually believe they can control that?
- Does the investor who is capped at \$30,000 into this investment have any more or less protection than the investor with \$40,000? \$100,000? \$1,000,000?
- The Answer is no, they do not, their money is gone in this instance, and they accept that risk by signing disclosure documents, KYC, and having conversations and being given education on the suitability of the investment.
- Neither 31-103, nor 45-106 protect the investor from market risk... all investments are speculative, speculation is a crystal ball, the future cannot be predicted, we can only make educated guesses, 45-106's proposed rules and caps essentially turn a blind eye to the facts, and the consumer, industry, market and even the regulator can not afford to do that.
- Period.

Clearly there are a number of issues that would come from NI 45-106 invading the maturing investor space of the western provinces, this will cause major meltdowns in investor portfolios, and will have a wide ranging detriment to many other asset classes, which will be blamed solely on the securities commissions who would try to implement this instrument.

You are elected officials; blame is something I imagine you would like to not have heaped upon you by taxpayers and voters.

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Not to worry though, I have some potential solutions to help with issues plaguing regulators, as I realize you are human beings who are not omnipotent, and likely do not understand our industry at all, I say this with confidence because if you understood the ramifications of your actions both negatively and positively, you might think before acting.

These suggested solutions are as follows:

- Ask industry first, use the asset of experience to guide legislation, not complaints from the minority of investors.
 - Remember this: those who have prospered from investments into the Exempt Market, don't call the ASC, CSA, OSC, etc to brag about their investments, they are too busy spending their

earnings, or reinvesting into similar investments to let you know how it is going.

- As far as you know, this segment of the population is multiple times larger than those who have not made gains.
 - When a single company like Walton International gave back in a couple years more money than has ever been lost, that has to be taken into account.
 - That is multiple hundreds of millions of dollars in investor capital and profit, in case you were unaware.
 - Do those stories not count? Agcapita, Primefunds, Omniarch, funds that have either paid back in full investor capital, plus profits, never missed a payment to investors, and in the case of Omniarch, wrongly persecuted, shut down for over a year, by you the regulation regime in Alberta, and still managed to meet every single obligation set forth in it's OM to investors!
- Set up a small volunteer task force, with government regulators, industry veterans, and securities lawyers to find problems, and consult with the ASC, OSC, CSA and any other commissions who would participate.
 - I would offer my services, if required, to help enable the communication lines between the industry and the commission.
 - I do not feel as though in good conscience I can tell a group how wrong they are without the chance to help educate and mobilize them in the right direction.
 - There is no reason to waste tax dollars on this, so I would urge voluntary participation from industry, and government employees alike.
 - Use NEMA as a resource and ally for change, this advocacy group is young, but powerful, very active and enthusiastic. We (I don't believe I am speaking out of turn) would not only appreciate the opportunity to work with regulators, but encourage it.
 - In using NEMA and talking with the industry, you could easily and efficiently avoid fiascos like the one you have created with NI 45-106, we represent millions of tax payers, who help vote you into power, we understand your positions are elected ones, and we would prefer to work with those who wish to create adequate, realistic changes to legislation that do not trample on the rights of the people of this country.
 - There are checks and balances in place, compliance is at an all time high, and we can help it, as an industry become stronger. We must

simply be given the time to do so. Allow us this time, appreciate the efforts being made by the EMD's, and help us to correct errors, become more efficient, and protect investors through our own actions.

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The way I see it, you have overstepped your boundaries as a regulator, by trying to cap the investor at \$30,000 in a calendar year, you have assumed the roll of advisor, you have taken the responsibility of suitability under your authority... that is our job.

You have rendered KYC and KYP useless by waving the need for, yet still requiring them. Worse yet, those who would not meet your assumed suitability risks would have a further cap of \$10,000... do you understand the cost of administration of these small investments?

Issuers would just leave the industry; no one really wants small investments (relatively) to do admin work on, although very few issuers will turn away any investment dollar to further their cause.

If it costs the same amount to administer a \$5000 investment as a \$10,000,000 investment, that makes the small investment almost impossible to handle cost wise, there are big tickets out there, and because the small ones are cost prohibitive, they will be left behind, and the rich get richer, safer.

The advisor will stop spending time on their less fortunate clients (in this case, those who are eligible, but not accredited, or uber rich, and the ability of those who wish to become asset wealthy, will have a much larger hill to climb by only being able to choose individual stock or pooled fund, and since the IIROC and MFDA advisors would never turn away a chance to make a 5% commission, or trade a number of times a year to make money.

Where is the cap on their trades for this same group of eligible investors?

Should not those in our sister industries have the same restrictions?

Try knocking on that door and see what happens.

For decades the stock and mutual fund, and yes, even my beloved life insurance industries have never had a cap as long as suitability is met, in the mutual fund and stock world through KYC and in the Life

Insurance world, as long as you draw breath.

I can market a leveraged life insurance contract to anyone who has a healthy body, is under the age of 80, and some home equity and no one, not a single regulatory body, none of the 50 some odd bodies across the country, will bat an eye, but \$31,000 in an OM investment is too far?

Come on, really? This cannot be the idea here guys, can it?

Granted, the deposits into the life insurance contract are guaranteed, it is impossible to lose the capital, on top of that there are many other benefits of the contract that the Exempt Market will never aspire to match, yet still, with the danger inherent in any investment, regulators do little to stop this type of trade. They might add a few rules, but the end result doesn't change the concept and the option still exists.

I am talking about 10-8's, which should be *obvious*.

With NI 31-103, you changed the rules, but left the option open to investors. Advisors embraced the change; maybe you weren't expecting that.

GOTCHA!

But this is no time for jokes.

NI 45-106 is a fantastic first baby step for Ontario, where a huge economic wrecking ball in the form of a lack of capital has decimated the economy of Canada's largest market since the 2008 financial meltdown, but for the rest of Canada, whom have been operating under NI 31-103, this would be a grave mistake where the likely outcome, and I don't feel I'm being dramatic in saying this, would lead to further Canadian recession, and capital regression.

I will pose one last question to you, the regulatory body whom controls in part, my fate:

Eligible investors make up what is approximated to be around 23% (and likely much higher if a proper study was undertaken), of the Canadian population, putting them (us) in the top quartile of investors with assets to invest, if we can't trust our nations wealthiest people to make good decisions, who exactly can we trust?

I guarantee it isn't the people who collect a paycheck, and don't have the means to invest in this market regardless of whether or not they regulate it.

Trust in your original legislation, NI 31-103 is working; my firm, my father, our clients and I are living proof.

This submission is being made on my own behalf.

If you would like further elaboration on my comments, please feel free to contact me at **darris@financialvalue.ca**

Regards,

Darris Cameron,
Vice President, Financial Value Inc.
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