Ontario Securities Commission | Commission des valeurs mobilières de l'Ontario | P.O. Box 55, 19th Floor 20 Queen Street West Toronto ON M5H 3S8 | CP 55, 19e étage 20, rue queen ouest Toronto ON M5H 3S8

IN THE MATTER OF THE *SECURITIES ACT*
R.S.O. 1990, c. S.5, AS AMENDED

- AND -

IN THE MATTER OF HEIR HOME EQUITY INVESTMENT REWARDS INC.; FFI FIRST FRUIT INVESTMENTS INC.; WEALTH BUILDING MORTGAGES INC.; ARCHIBALD ROBERTSON; ERIC DESCHAMPS; CANYON ACQUISITIONS, LLC; CANYON ACQUISITIONS INTERNATIONAL, LLC; BRENT BORLAND; WAYNE D. ROBBINS; MARCO CARUSO; PLACENCIA ESTATES DEVELOPMENT, LTD.; COPAL RESORT DEVELOPMENT GROUP, LLC; RENDEZVOUS ISLAND, LTD.; THE PLACENCIA MARINA, LTD.; AND THE PLACENCIA HOTEL AND RESIDENCES LTD.

AMENDED STATEMENT OF ALLEGATIONS OF STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission (the "Commission") makes the following allegations:

I OVERVIEW

1. HEIR Home Equity Investment Rewards Inc., FFI First Fruit Investments Inc., Wealth Building Mortgages Inc., Archibald Robertson and Eric Deschamps (collectively the "HEIR Respondents") engaged in unregistered trading and illegal distribution of securities. Further, each of the HEIR Respondents advised, engaged in and/or held themselves out as engaging in the business of advising with respect to investing in or buying securities without proper registration. This conduct was in breach of the *Securities*

Act, R.S.O. 1990, c.S.5, as amended (the "Act") and in a manner that was contrary to the public interest.

2. Among the securities being traded and distributed by the HEIR Respondents were those offered by Canyon Acquisitions, LLC, Canyon Acquisitions International, LLC, Brent Borland, Wayne D. Robbins, Marco Caruso and the Caruso Companies as defined below (collectively the "Canyon Respondents"). The Canyon Respondents have also engaged in the unregistered trading and illegal distribution of securities and made misleading statements to investors and to Staff, contrary to Ontario securities laws and in a manner that was contrary to the public interest.

3. The conduct at issue transpired between January 1, 2007 up to and including August 3, 2010 (the "Material Time").

II THE RESPONDENTS

4. HEIR Home Equity Investment Rewards Inc. ("HEIR") is a company which was federally incorporated on August 19, 2004, and incorporated in Ontario on February 5, 2007. HEIR's principal office and centre of administration is located in Ottawa, Ontario.

5. FFI First Fruit Investments Inc. ("FFI") is a company which was federally incorporated on September 1, 2004. FFI shares its principal office and centre of administration with HEIR in Ottawa, Ontario.

6. Wealth Building Mortgages Inc. ("Wealth Building") is a company which was incorporated in Ontario on February 5, 2007. Wealth Building shares its principal office and centre of administration with HEIR in Ottawa, Ontario.

7. Archibald Robertson ("Robertson') is a resident in Ontario. Robertson is the sole shareholder and director of each of HEIR, FFI and Wealth Building (collectively the "HEIR Entities") and their directing mind.

8. Eric Deschamps ("Deschamps") is a resident of Ontario. He was a salesperson employed by, and a de facto chief operating officer of, HEIR since September 2008. He managed HEIR salespeople and along with Robertson, was a directing mind of the HEIR Entities.

9. Canyon Acquisitions, LLC ("Canyon U.S.") is a company which was incorporated in Reno, Nevada, on May 16, 2006. Its registered address is in Boca Raton, Florida.

10. Canyon Acquisitions International, LLC ("Canyon Nevis") is a company which was incorporated in Nevis, the Federation of St. Kitts and Nevis. Its principal office, which it shares with Canyon U.S., is in Boca Raton, Florida.

11. Brent Borland ("Borland") is a resident of the United States of America ("U.S.") and the founder of Canyon U.S. He is Chief Executive Officer ("CEO") and a directing mind of Canyon U.S. and Canyon Nevis (collectively the "Canyon Entities").

12. Wayne D. Robbins ("Robbins") is a U.S. resident and the President of the Canyon Entities, and, along with Borland, a directing mind of these companies.

13. Placencia Estates Development, Ltd.; Copal Resort Development Group, LLC; Rendezvous Island, Ltd.; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd. are purportedly land development companies incorporated in Belize (collectively the "Caruso Companies").

14. Marco Caruso ("Caruso") is a resident of Belize, a director and/or officer and directing mind of each of the Caruso Companies.

15. None of the respondents was registered with the Commission in any capacity during the Material Time.

III UNREGISTERED ACTIVITIES OF THE HEIR RESPONDENTS

A. Trading and Illegal Distribution in Securities

16. During the Material Time, HEIR ran a private investment club which offered its fee paying members access to certain investments of various third parties, including the following (collectively the "Third Party Entities"):

    a. the Canyon Entities;

    b. the Skyline Apartment Real Estate Investment Trust (the "Skyline REIT") based in Ontario;

c. Capital Mountain Holding Corporation, a company incorporated in Texas, and its related entities (collectively the "Capital Mountain Entities"); and

d. another company incorporated in Ontario.

17. The investment products of the Third Party Entities constituted securities under Ontario securities laws (collectively the "Securities"), and included the following investments:

a. investment contracts offered by or through the Canyon Entities;

b. units of the Skyline REIT ("Skyline Securities");

c. promissory notes of the Capital Mountain Entities; and

d. shares, limited partnership units or other securities offered by or through the other Ontario company.

18. The HEIR Respondents traded in the Securities during the Material Time, either directly or through acts in furtherance of trading, including the following:

a. advertising and promoting HEIR and/or the Securities through frequent appearances on radio show programs, networking through church organizations and by maintaining a website for HEIR;

b. holding one-on-one sessions with potential investors that promoted HEIR and the Securities;

c. holding HEIR seminars and meetings with potential investors and arranging for the Third Party Entities to attend and give presentations promoting the Securities and to provide promotional and other materials including offering memoranda to potential investors;

d. arranging trips for HEIR members to resort locations to promote the Securities and meet representatives of the Third Party Entities and often paying for some of the associated expenses;

e. arranging for potential investors to have access to Third Party Entities' webinars regarding the Securities and otherwise facilitating investment in the Securities;

f. employing and/or contracting commissioned sales agents to bring in new members and/or solicit investment in the Securities; and/or

g. accepting funds intended to purchase Securities offered by at least one of the Third Party Entities.

19. Most HEIR members purchased the Securities and many invested in more than one. At least 480 investors, consisting of HEIR members and others referred by the HEIR Respondents, purchased the Securities following HEIR's solicitation activities during the Material Time for a total investment of approximately $74.5 million.

20. The HEIR Respondents received at least $4.5 million in commissions from the Third Party Entities for their activities during the Material Time.

21. The solicitations and other acts in furtherance of the sale of the Securities were trades in securities not previously issued and were therefore distributions. None of the Respondents has ever filed a preliminary prospectus or a prospectus with the Commission, and no prospectus receipt has ever been issued from the Director as required by section 53(1) of the Act to qualify the sale of any of the Securities.

22. With respect to the investment contracts of the Canyon Respondents and the promissory notes of the Capital Mountain Entities, no steps were taken to rely on any exemption to the prospectus and registration requirements under Ontario securities laws.

23. In trading or distributing some of the Securities, such as the Skyline Securities and the securities of the other Ontario company, the investments were purportedly made in reliance upon the accredited investor exemption or one of the other exemptions set out in National Instrument 45-106 – *Prospectus and Registration Exemptions* (the "Purportedly Exempt Securities").

24. A significant number of investors to whom the Purportedly Exempt Securities were sold and distributed did not meet the requirements necessary to qualify as accredited investors or any of the other exemptions.

25. The HEIR Entities obtained financial and other information from potential investors. In many instances, the HEIR Respondents knew or ought to have known that the investors were not accredited or otherwise exempt.

26. The HEIR Respondents failed to ensure that the requirements for the exemptions to the registration and prospectus requirements were met and therefore cannot rely on those exemptions in respect of trades in, and distributions of, the Purportedly Exempt Securities.

27. In any event, through the acts described above, the HEIR Respondents engaged in, and held themselves out as engaging in, the business of trading in securities in Ontario. Accordingly, even if each and every trade in, and distribution of, the Securities had been properly exempt from the prospectus requirement, the HEIR Respondents acted as "market intermediaries" as defined in OSC Rule 14-501 Definitions. Furthermore, any exemptions from the dealer registration requirement included in NI 45-106 (which were in effect until March 27, 2010) were not available to them.

28. In engaging in the conduct described above, the HEIR Respondents traded in securities and/or engaged in, or held themselves out as engaging in, the business of trading during the Material Time without being registered to do so contrary to section 25 of the Act.

29. By engaging in a distribution to investors who did not qualify as accredited investors and in circumstances where no other exemptions were available, the HEIR Respondents have distributed securities contrary to section 53 of the Act.

B. Unregistered Advising by the HEIR Respondents

30. In addition to solicitations and other acts in furtherance of trading, the HEIR Respondents, directly or through their sales agents, offered their opinions on the investment merits of the Securities by expressly or impliedly recommending and endorsing them to potential investors. They also recommended specific allocations of investment funds to be made by potential investors in regard to the Securities.

31. By recommending the purchase of specific securities to potential investors, and by offering their opinions on the investment merits of those securities, the HEIR

Respondents engaged in conduct which amounted to "advising" others as to the investing in or buying of securities without being registered, in breach of section 25 of the Act.

C. Authorizing, Permitting, and Acquiescing in Breaches of the Act

32. In addition to their own actions, Robertson and Deschamps, as officers and/or directors of the HEIR Entities, authorized, permitted or acquiesced in the conduct of the HEIR Entities described above that constituted violations of sections 25 and 53 of the Act.

IV UNREGISTERED ACTIVITIES BY CANYON RESPONDENTS

A. Unregistered Trading and Illegal Distribution in Securities

33. During the Material Time, the Canyon Respondents offered investors the opportunity to acquire fractional interests in condominiums, villas or boat slips in a number of different real estate development projects in the Dominican Republic and Belize.

34. The Canyon Respondents marketed and sold these investments to potential investors ("Canyon Investors") as having certain ranges of return on investment and as having certain features such as the following:

a. the purchase price for Canyon Investors was at a significant discount to the "public price" payable by secondary buyers;

b. Canyon Investors only had to pay a deposit, a percentage of the discounted price, and were not liable for any further payments;

c. the deposits earned annual interest; and/or

d. there were various "Program Protection Mechanisms" for Canyon Investors such as the obligation on the Caruso Companies to repurchase or resell the investments at a guaranteed and significantly higher rate than the discounted purchase price within a specified period of time.

35. These investments constituted "investment contracts" and were therefore securities as defined in section 1(1) (n) of the Act (the "Canyon Securities").

36. During the Material Time, Borland, Robbins and the Canyon Entities traded in the Canyon Securities, either directly or through acts in furtherance of trading, including the following:

a. holding public information seminars in Ontario and elsewhere to promote the Canyon Securities or presenting them at seminars and meetings organized by the HEIR Respondents and/or through online webinars;

b. maintaining a website which promoted the Canyon Entities and the Canyon Securities;

c. meeting with potential investors individually to discuss the Canyon business and the Canyon Securities;

d. preparing and disseminating promotional and other materials regarding the securities to potential investors;

e. using the HEIR Respondents to solicit potential investors in the Canyon Securities;

f. preparing and providing to investors the investment contract and other documents for the purchase of Canyon Securities and/or assisting and directing investors in completing them;

g. directing investors to send the funds intended to purchase the Canyon Securities on to escrow agents; and/or

h. approving any payments from the escrow account in which the investments were deposited.

37. Caruso and the Caruso Companies traded in Canyon Securities with respect to projects in Belize during the Material Time either directly or through acts in furtherance of trading including the following:

a. attending information seminars regarding the Canyon Securities organized by the Canyon Entities in Ontario and elsewhere, as well as those organized by the HEIR Respondents;

b. engaging in meetings with potential investors in Ontario and elsewhere to promote the Canyon Securities;

c. using agents to solicit potential investors, including the HEIR Entities;

d. authorizing the Canyon Entities to highlight Caruso's involvement as the projects' developer in meetings, seminars and promotional materials and to provide investors with the investment contract documents; and/or

e. issuing Canyon Securities to investors.

38. During the Material Time, approximately 308 investors residing in Ontario invested at least $24.6 million in the Canyon Securities, of which $17.5 million concerned investment contracts with the Caruso Companies. The Canyon Respondents paid the HEIR Respondents approximately $875,500 in commissions or fees in regard to the purchases of the Canyon Securities.

39. In engaging in the conduct described above, and in circumstances where no exemptions from registration were available, the Canyon Respondents traded in securities and/or engaged in, or held themselves out as engaging in, the business of trading during the Material Time contrary to section 25(1) of the Act.

40. The sale of Canyon Securities referred to above were trades in securities not previously issued and were therefore distributions for which neither a preliminary prospectus nor a prospectus was filed and receipted by the Commission. By engaging in a distribution to investors for which no exemption was available, the Canyon Respondents breached section 53 of the Act.

B. Misleading Statements by Canyon and Borland

40(i). The Canyon Entities represented to investors in written communications that third parties had expressed an interest in acquiring the Canyon projects in Belize and the Dominican Republic, and that this would increase the value of those projects. These statements were not true. By making statements that they knew or reasonably ought to have known were misleading or untrue and would reasonably be expected to have a significant effect on the value of a security, the Canyon Entities breached section 126.2(1) of the Act, and/or acted in a manner that was contrary to the public interest.

40(ii). During the course of an interview on November 30, 2010, Borland, on behalf of the Canyon Entities, gave incorrect information to Staff relating to the business and affairs of the Canyon Entities. By giving incorrect information, Borland and the Canyon Entities breached section 122(1)(a) of the Act, and/or acted in a manner that was contrary to the public interest. Staff makes the following specific allegations:

a. Borland stated that a third party had expressed an interest in purchasing one or more of the Canyon projects. This was not true.

b. Borland misrepresented how investor funds had been used and paid.

C. Authorizing, Permitting, and Acquiescing in Breaches of the Act

41. Borland and Robbins, as officers and/or directors of Canyon U.S. and Canyon Nevis, authorized, permitted or acquiesced in the conduct of Canyon U.S. and Canyon Nevis described above that constituted breaches of sections 25, 53, 122(1)(a) and 126.2(1) of the Act.

42. In addition, Caruso, as an officer and/or director of the Caruso Companies, authorized, permitted or acquiesced in the conduct of the Caruso Companies described above that constituted breaches of sections 25 and 53 of the Act.

V. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

43. The specific allegations advanced by Staff are:

a. HEIR, FFI, Wealth Building, Robertson, Deschamps, Canyon U.S., Canyon Nevis, Borland, Robbins, Caruso and the Caruso Companies traded and engaged in, or held themselves out as engaging in, the business of trading in securities, where no exemptions were available, without being registered to trade in securities, contrary to section 25 of the Act and contrary to the public interest;

b. HEIR, FFI, Wealth Building, Robertson, and Deschamps engaged in, or held themselves out as engaging in, the business of advising with respect to investing in securities without being registered to advise in securities, contrary to section 25 of the Act and contrary to the public interest;

c. The actions of HEIR, FFI, Wealth Building, Robertson, Deschamps, Canyon U.S., Canyon Nevis, Borland, Robbins, Caruso and the Caruso Companies related to the sale of securities constituted distributions of securities where no preliminary prospectus and prospectus were issued nor receipted by the Director, and where no exemptions were available, contrary to section 53(1) of the Act and contrary to the public interest;

d. Robertson and Deschamps, as officers and/or directors of HEIR, FFI, and Wealth Building, did authorize, permit or acquiesce in the commission of the violations of sections 25 and 53 of the Act, set out above, by HEIR, FFI, and Wealth Building, contrary to section 129.2 of the Act and acted contrary to the public interest;

e. Borland and Robbins, as officers and/or directors of Canyon U.S. and Canyon Nevis, did authorize, permit or acquiesce in the commission of the violations of section 25, 53, 122(1)(a) and 126.2(1) of the Act, set out above, by Canyon U.S. and Canyon Nevis, contrary to section 129.2 of the Act and acted contrary to the public interest; and

f. Caruso, as an officer and/or director of the Caruso Companies, did authorize, permit or acquiesce in the commission of the violations of section 25 and 53 of the Act, set out above, by the Caruso Companies, contrary to section 129.2 of the Act and acted contrary to the public interest.

g. Canyon made false and misleading statements in written communications, as described above in paragraph 40(i). By doing so Canyon breached s. 126.2(1) of the Act and acted contrary to the public interest.

h. Borland made incorrect statements in the course of an interview with Staff. By doing so Borland breached s. 122(1)(a) of the Act and acted contrary to the public interest.

44. Staff reserves the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 14th day of February, 2012.