

**IN THE MATTER OF: THE SECURITIES ACT**

**-and-**

**IN THE MATTER OF: MICHAEL BIRCH**

**STATEMENT OF ALLEGATIONS OF STAFF OF  
THE MANITOBA SECURITIES COMMISSION**

STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE, AMONG OTHER THINGS, THAT:

**A. STATEMENT OF FACTS**

1. Michael Birch ("Birch") was a resident of Manitoba. First Nations Group Ltd. was a corporation incorporated under the laws of Alberta.
2. At all material times, none of Birch or First Nations Group Ltd. were registered to trade in securities under the Act.
3. At all material times, First Nations Group Ltd. had not filed a preliminary prospectus or a prospectus with The Manitoba Securities Commission ("Commission"), nor had it applied for or been granted an exemption order under section 20 of the Act.
4. At all material times, First Nations Group Ltd. had not filed any reports under section 7 of the Regulation to the Act or any notice under section 91 of the Regulation to the Act with respect to any trades under section 19 of the Act or sections 90 or 91 of the Regulation.
5. In early 1997, Mr. G was teaching at Garden Hill, in Manitoba. Mr. G knew Birch who was running the local store.
6. Birch was a Director and the Chairman of the Board of Directors of First Nations Group Ltd. and was also a shareholder owning 2,000,000 shares.
7. Mr. G heard about the company First Nations Group Ltd. from Birch.
8. In discussions in early 1997, Birch verbally provided information that First Nations Group Ltd. was to be set up in Alberta and that money was being raised in the hope of going public. As to the price of shares, the first group of shares would be at \$0.50 per share and the second group would be double that at \$1.00 per share.
9. There was going to be a public offering in September of 1997, at the Alberta Stock Exchange, and the price of shares would then be \$1.00. Birch indicated that you could double your money by buying now.

10. Purchases were to be made in blocks of about 10,000 shares each. Payment could be made by cash or cheque.

11. Mr. G purchased 20,000 shares at a total cost of \$10,000. The purchase was paid for by cheque dated May 22, 1997, payable to First Nations Group Ltd., in the amount of \$10,000.00.

12. Mr. G eventually received a share certificate evidencing 20,000 Class "A" Common Shares in First Nations Group Ltd..

13. The company did not succeed.

## B. ALLEGATIONS

1. Staff of the Commission allege that:

(a) Birch traded in securities without having been registered and without prospectus in contravention of sections 6 and 37 of the Act;

and that due to these allegations, Birch should not be entitled to use any of the exemptions set out in the Act and should not be entitled to participate in the exempt markets in Manitoba in the future.

2. Such further and other matters as counsel may advise and the Commission may permit.

**DATED** at Winnipeg, Manitoba this 9th day of April, 2002.

**Director, Legal and Enforcement**

**TO: MICHAEL BIRCH**