

IN THE MATTER OF: THE SECURITIES ACT

-and-

IN THE MATTER OF: KENNETH DRIEDGER ("Driedger")

STATEMENT OF ALLEGATIONS OF STAFF OF THE
MANITOBA SECURITIES COMMISSION

STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE THAT:

A. STATEMENT OF FACTS

1. At all material times, Kenneth Driedger ("Driedger") was not registered to trade in securities under The Securities Act of Manitoba (the "Act").
2. On April 26, 2005, Driedger pled guilty in the Provincial Court of Manitoba to nine counts of trading in securities without being registered, contrary to section 6(1) of the Act and 8 charges of trading without prospectus contrary to section 37(1) of the Act.
3. The charges before the court to which Driedger pled guilty were as follows:

COUNT 1:

KENNETH DRIEDGER, between the 1st day of December, 2000 and the 30th day of July, 2001, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in a security to MYRON DERKSEN without being duly registered under The Securities Act, to wit: an investment contract for consideration of \$10,000.00 (U.S.D.), contrary to Section 6(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 2:

KENNETH DRIEDGER, between the 1st day of December, 2000 and the 30th day of July, 2001, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in an investment contract in the course of a primary distribution to the public of the said security, both before a preliminary prospectus and a prospectus in respect of the offering of the said security had been filed with The Manitoba Securities Commission and receipts for such preliminary prospectus and prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an investment contract for consideration of \$10,000.00 (U.S.D.) to MYRON DERKSEN contrary to Section 37(1) of The Securities Act, and did thereby commit an offence contrary to Section 136 (1)(c) of The Securities Act.

COUNT 3:

KENNETH DRIEDGER, between the 1st day of March, 2000 and the 30th day of September, 2000, both dates inclusive, at or near the Town of Carman, in the Province of Manitoba, did trade in a security to CLIFFORD AND ANNE FRIESEN without being duly registered under The Securities Act, to wit: an investment contract for consideration of \$10,000.00 (U.S.D.),

contrary to Section 6(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 4:

KENNETH DRIEDGER, between the 1st day of March, 2000 and the 30th day of September, 2000, both dates inclusive, at or near the Town of Carman, in the Province of Manitoba, did trade in an investment contract in the course of a primary distribution to the public of the said security, both before a preliminary prospectus and a prospectus in respect of the offering of the said security had been filed with The Manitoba Securities Commission and receipts for such preliminary prospectus and prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an investment contract for consideration of \$10,000.00 (U.S.D.) to CLIFFORD AND ANNE FRIESEN contrary to Section 37(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 5:

KENNETH DRIEDGER between the 1st day of September, 1999 and the 31st day of January, 2001, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in a security to HENRY PENNER, to wit: an investment contract for valuable consideration when he was not registered under The Securities Act contrary to Section 6(1) of The Securities Act and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 6:

KENNETH DRIEDGER between the 1st day of September, 1999 and the 31st day of January, 2001, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in an investment contract in the course of a primary distribution to the public of the said security, before a receipt for both a preliminary prospectus and a prospectus had been obtained from the Director of The Manitoba Securities Commission, to: the trade of an investment contract to HENRY PENNER for valuable consideration, contrary to Section 37(1) of The Securities Act, and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 17:

KENNETH DRIEDGER between the 1st day of October, 1999 and the 30th day of April, 2000, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in a security to WAYNE PETERS to wit: an investment contract for consideration of \$5,000.00 (U.S.D.) when he was not registered under The Securities Act, contrary to Section 6(1) of The Securities Act and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 18:

KENNETH DRIEDGER between the 1st day of October, 1999 and the 30th day of April, 2000, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in an investment contract in the course of a primary distribution to the public of the said security, before a receipt for both a preliminary prospectus and a prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an investment contract to WAYNE PETERS for consideration of \$5,000.00 (U.S.D.), contrary to Section 37(1) of The

Securities Act, and thereby did commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 19:

KENNETH DRIEDGER between the 1st day of April, 2000 and the 31st day of August, 2000, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in a security to PETER BERGEN to wit: an investment contract for consideration of \$10,000.00 (U.S.D.) when he was not registered under The Securities Act, contrary to Section 6(1) of The Securities Act and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 20:

KENNETH DRIEDGER between the 1st day of April, 2000 and the 31st day of August, 2000, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in an investment contract in the course of a primary distribution to the public of the said security, before a receipt for both a preliminary prospectus and a prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an investment contract to PETER BERGEN for consideration of \$10,000.00 (U.S.D.), contrary to Section 37(1) of The Securities Act, and thereby did commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 21:

KENNETH DRIEDGER between the 1st day of June, 2000 and the 30th day of November, 2000, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in a security to JOHN OLFERT to wit: an investment contract for valuable consideration when he was not registered under The Securities Act, contrary to Section 6(1) of The Securities Act and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 22:

KENNETH DRIEDGER between the 1st day of June, 2000 and the 30th day of November, 2000, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in an investment contract in the course of a primary distribution to the public of the said security, before a receipt for both a preliminary prospectus and a prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an investment contract to JOHN OLFERT for valuable consideration, contrary to Section 37(1) of The Securities Act, and thereby did commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 25:

KENNETH DRIEDGER between the 1st day of June, 2000 and the 28th day of February, 2001, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in a security to KRZYSZTOF STASICA to wit: an investment contract for consideration of \$10,000.00 (U.S.D.) when he was not registered under The Securities Act, contrary to Section 6(1) of The Securities Act and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 26:

KENNETH DRIEDGER between the 1st day of June, 2000 and the 28th day of February, 2001, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in an investment contract in the course of a primary distribution to the public of the said security, before a receipt for both a preliminary prospectus and a prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an investment contract to KRZYSZTOF STASICA for consideration of \$10,000.00 (U.S.D.), contrary to Section 37(1) of The Securities Act, and thereby did commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 27:

KENNETH DRIEDGER between the 1st day of June, 2000 and the 28th day of February, 2001, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in a security to DANUTA STASICA to wit: an investment contract for consideration of \$10,000.00 (U.S.D.) when he was not registered under The Securities Act, contrary to Section 6(1) of The Securities Act and did thereby commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 28:

KENNETH DRIEDGER between the 1st day of June, 2000 and the 28th day of February, 2001, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in an investment contract in the course of a primary distribution to the public of the said security, before a receipt for both a preliminary prospectus and a prospectus had been obtained from the Director of The Manitoba Securities Commission, to wit: the trade of an investment contract to DANUTA STASICA for consideration of \$10,000.00 (U.S.D.), contrary to Section 37(1) of The Securities Act, and thereby did commit an offence contrary to Section 136(1)(c) of The Securities Act.

COUNT 39:

KENNETH DRIEDGER between the 1st day of June, 2000 and February 28, 2001, both dates inclusive, at or near the City of Winkler, in the Province of Manitoba, did trade in a security, to wit: an investment contract by attempting to sell or dispose of or by engaging in other dealings in or solicitation in respect of said security for valuable consideration or by such act, advertisement, conduct or negotiation directly or indirectly in furtherance of any of the foregoing, while not registered under The Securities Act, contrary to Section 6(1) of The Securities Act, and did thereby commit an offence pursuant to Section 136(1)(c) of The Securities Act.

4. On April 26, 2005, Judge Cummings imposed a fine of \$11,000.00 and Driedger was ordered to pay the fine by April 1, 2006.

5. The Director, Legal and Enforcement ("Director") of the Commission has received an application from M.D. and C.F. for compensation for financial loss. The Director requests that the Commission order financial loss compensation in an amount to be determined at or prior to the hearing.

B. ALLEGATIONS

1. Staff of the Commission allege that Driedger traded in securities without having been registered in contravention of section 6(1) of the Act and that due to these allegations, it is in the public interest that Driedger not be entitled to use of the exemptions set out in the Act and should not be entitled to participate in the exempt markets in Manitoba in the future. Furthermore, Staff submit that Driedger should be ordered to pay M.D. and C.D. compensation for financial loss pursuant to subsection 148.2(3) of the Act.

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

DATED at Winnipeg, Manitoba this 6th day of October, 2005.

Director, Legal and Enforcement

TO: Kenneth Driedger