



IN THE MATTER OF: THE SECURITIES ACT

-and-

**IN THE MATTER OF: NEIL FRIESEN also known as
CORNELIUS FRIESEN, AGATHA
FRIESEN AND 5205557 MANITOBA INC.**

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

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

A. REGISTRATION

1. Neil Friesen also known as Cornelius Friesen ("NEIL") is not and has never been registered in any capacity under The Securities Act of Manitoba ("Act").
2. Agatha Friesen ("AGATHA") is not and has never been registered in any capacity under the Act.
3. 5205557 Manitoba Inc. ("5205557") is not now and has never been registered in any capacity under the Act.
4. At all material times, 5205557 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.
5. At all material times, 5205557 had not filed any reports under clause 7 of the Regulation to the Act ("Regulation") or any notice under clause 91 of the Regulation with respect to any trades under section 19 of the Act or clauses 90 or 91 of the Regulation.

B. DETAILS

6. On November 18, 2005, 5205557 was incorporated under the laws of Manitoba. Subsequently, 5205557 was dissolved on March 25, 2008, revived on November 24, 2008, and eventually dissolved without revival on March 19, 2010.

7. From its incorporation in 2005 and thereafter at all material times, AGATHA was a director of 5205557.
8. On or about June 1, 2009, NEIL became a director of 5205557. At all material times, NEIL signed documents on behalf of 5205557 as its president.
9. At all material times, NEIL and AGATHA were residents of Manitoba and married to each other.
10. From October 2009 to March 2010, various individuals provided funds to 5205557 ("investors").
11. In all but two cases, the funds were raised with direct contact between the investor and NEIL.
12. As to the one case that was an exception, the funds were raised through direct contact with a man described to investor EF as working for NEIL. In the case of EF, it was also that associate of NEIL's who explained the investment to the investor and took the investment funds cheque from EF.
13. As to the second case that was an exception, the investment was made by investor EP hearing about it from another investor, EP's brother. EP never signed or initialled his Loan Agreement at all, but the document was signed by NEIL as president for 5205557. The investment funds were given by EP to 5205557 by wire transfer from a credit union account of EP's to a bank account of 5205557.
14. Except for EP, described above, each investor executed a document called a loan agreement with 5205557 stated as borrower and signed by NEIL as president of 5205557 ("Loan Agreements").
15. In most cases, the Loan Agreement was presented by NEIL to the investor for the investor to sign and NEIL received from the investor the investments funds either directly or through a person working for him.
16. The Loan Agreements provided that 5205557 was to pay the principal of the loan amount invested and interest within 13 to 24 months.
17. The rate of return to each investor was stated to be from 2% to 3% per month depending upon the specific agreement.
18. As presented to the investor for signing, the Loan Agreements included declarations that the investor was a friend or business associate of one of the members of the board of directors of 5205557 and that the

investor had been fully informed that 5205557 was not making an offering of securities.

19. At the time of investing in 5205557, each of the investors had neither a close friendship with NEIL or AGATHA nor a close business relationship with either of them or 5205557.
20. Prior to investing, each of the investors had previously purchased financial products from NEIL or had had no dealings with the respondents.
21. The investments made can be summarized as follows:

	Investor	Amount (CAD)	Amount (USD)	Approximate Date Invested	Interest rate	Term
1	VB	\$10,000		Feb. 23/10	2.5%/mth (30% annual)	13-24 mths
2	DC		\$70,000	Oct. 7/09	3%/mth (36% annual)	13-24 mths
3	JD	\$ 5,000 <u>\$ 5,000</u> \$10,000		Oct. 16/09 Mar. 1/10	3%/mth (36% annual) 2%/mth (24% annual)	13-24 mths
4	JCE	\$25,000		Oct. 20/09	3%/mth (36% annual)	13-24 mths
5	WE	\$25,000		Oct. 20/09	3%/mth (36% annual)	13-24 mths
6	EF	\$20,000		Feb. 22/10	2.5%/mth (30% annual)	13-24 mths
7	JH		\$30,000	Oct. 9/09	3%/mth (36% annual)	13-24 mths
8	GP	\$10,000		Jan. 27/10	2%/mth (24% annual)	13-24 mths
9	Manitoba Ltd. Co. c/o PP	\$20,000 <u>\$20,000</u> \$40,000		Dec.21/09 Feb. 19/10	2%/mth (24% annual) 2.5%/mth (30% annual)	13-24 Mths
10	EP	\$15,000		Oct. 30/09	3%/mth (36% annual)	13-24 mths
11	LKW	\$ 2,000 <u>\$10,000</u> \$12,000		Jan. 15/10 Mar. 11/10	2.5%/mth (30% annual) 2%/mth (24% annual)	13-24 mths
	TOTAL	\$167,000 CAD	\$100,000 USD			

22. The funds raised were deposited to the accounts of 5205557, from which various cheques were issued payable to One World United Inc. ("OWU") and One World United Loyalty Ltd. ("OWUL").
23. OWU and OWUL had been established by a business associate of NEIL. OWU and OWUL were dissolved in 2011 and 2012 respectively.
24. At the time of investing in 5205557, none of the investors had any involvement with 5205557 or how each of their respective returns would be generated.
25. At the time of investing in 5205557, the investors had each understood various things as to what use their money would be put, including for something to do with a phone, for the start-up of a business selling memberships to a card, for the purchase of OWU gift cards, to be invested with or to support or fund OWU, or to specifically not be invested with OWU.
26. The investors did not have any direct involvement with AGATHA to invest.
27. The investors received a payment or payments of interest and/or principal but none of the investors were fully repaid, such that each investor was owed all or a portion of both principal and interest.
28. The Director, Legal and Enforcement ("Director") of the Commission has received applications for claims for compensation for financial loss. The Director requests that the Commission order financial loss compensation to the claimants in amounts to be determined at or prior to the hearing.
29. On or about January 30, 2017, NEIL filed for bankruptcy.

C. ALLEGATIONS

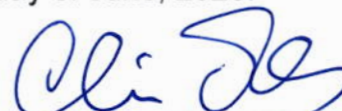
1. Staff of the Commission allege that, due to any or all of the foregoing allegations:
 - (a) each respondent acted contrary to the public interest; and
 - (b) NEIL and/or 5205557:
 - (i) traded in securities without registration contrary to section 6 of the Act; and

- (ii) traded without prospectus contrary to section 37 of the Act;

and that therefore:

- (c) each respondent should be cease traded pursuant to section 148 of the Act;
 - (d) each respondent should be denied the use of exemptions pursuant to section 19(5) of the Act;
 - (e) 5205557 should pay an administrative penalty pursuant to section 148.1 of the Act;
 - (f) 5205557 should pay financial loss compensation to claimants pursuant to section 148.2 of the Act;
 - (g) NEIL and AGATHA should each be ordered to resign and be prohibited from acting as a director or officer of any issuer pursuant to section 148.3 of the Act; and
 - (h) AGATHA and 5205557 should pay jointly and severally costs to the Commission.
2. Such further and other matters as counsel may advise and the Commission may permit.

DATED at Winnipeg, Manitoba this 17th day of June, 2020.



Director

**TO: NEIL FRIESEN
a.k.a CORNELIUS FRIESEN**

AND TO: AGATHA FRIESEN

AND TO: 5205557 MANITOBA INC.