



THE MANITOBA
SECURITIES
COMMISSION

March 4, 2021

IN THE MATTER OF: THE SECURITIES ACT

- and -

**AND IN THE MATTER OF: NEIL FRIESEN ALSO KNOWN AS CORNELIUS
FRIESEN, AGATHA FRIESEN AND 5205557
MANITOBA INC.**

**REASONS FOR DECISION
OF THIS SETTLEMENT HEARING PANEL,
THE MANITOBA SECURITIES COMMISSION,
APPROVING SETTLEMENT AGREEMENTS**

Virtual Hearing Date: February 18, 2021

Panel:

Panel Chair:	Mr. J.T. McJannet, Q.C.
Member:	Mr. C.D. Burns
Member:	Mr. D.A. Huberdeau-Reid

Appearances:

K. Laycock

) Counsel for The Manitoba Securities
Commission

) Neil Friesen also known as Cornelius
Friesen and Agatha Friesen, on their
own behalf, via telephone

) No appearance on behalf of 5205557
Manitoba

Background Facts

1. The Manitoba Securities Commission ("MSC") issued a Notice of Hearing dated the 17th day of June, 2020 giving Notice that it will hold a public hearing (the "Hearing") on Wednesday the 9th day of September, 2020 to consider:
 1. whether or not it is in the public interest to order, pursuant to section 148 of The Securities Act ("Act"), that Neil Friesen also known as Cornelius Friesen ("NEIL"), Agatha Friesen ("AGATHA") and/or 5205557 Manitoba Inc. ("5205557") be cease traded;
 2. whether or not it is in the public interest to order, pursuant to section 19(5) of the Act, that:
 - (a) subsection 19(1) of the Act does not, with respect to such of the trades referred to in that section, apply to NEIL, AGATHA and/or 5205557;
 - (b) subsection 19(2) of the Act does not, with respect to such of the securities referred to in that section, apply to NEIL, AGATHA and/or 5205557;
 3. whether or not it is in the public interest to order, pursuant to subsection 148.1(1) of the Act, that 5205557 pay an administrative penalty;
 4. whether or not it is in the public interest to order, pursuant to section 148.3 of the Act, that NEIL and AGATHA resign and be prohibited from becoming or acting as a director or officer of any issuer;
 5. whether or not pursuant to section 148.2 of the Act, that 5205557 be ordered to pay compensation for financial loss;
 6. whether or not it is in the public interest to order that AGATHA and/or 5205557 pay the costs of and incidental to the hearing;
 7. such further and other matters and the making of such further and other orders as the Commission may deem appropriate.

by reason of allegations of staff of MSC (the "Staff") set out in the Statement of Allegations dated the 17th day of June, 2020 (the "Allegations").

2. Neil and Agatha acknowledge that each had executed a Waiver of

Independent Legal Advice as filed at the Hearing and that such Waivers were in full force and effect.

3. Staff and Neil have entered into a Settlement Agreement (the "Neil Agreement") and Staff and Agatha have entered into a Settlement Agreement (the "Agatha Agreement") each regarding Allegations against Neil and Agatha respectively as contained in the Statement of Allegations. Staff, Neil and Agatha jointly submit that it would be in the public interest for this panel to approve such settlements. We agree. In doing so this panel notes that Staff advised this panel that 5205557 was last dissolved in 2010, that as recently as the last 10 days prior to this Hearing, Staff had searched the corporation's record and the authority under which 5205557 had been incorporated, and that 5205557 remained dissolved and had not been revived. Neil stated that he acknowledged that dissolution remained in effect and that 5205557 had not been revived.
4. The facts which are set out in detail in both the Neil Agreement and the Agatha Agreement, include the following:
 - a) Neil and Agatha are married to each other;
 - b) neither Neil nor Agatha have ever been registered under the Securities Act;
 - c) 5205557 has never been registered in any capacity under the Securities Act and has never filed any prospectus, reports, notices and/or applications for exemption under the provisions of The Securities Act;
 - d) from its incorporation in 2005 to date of dissolution, Agatha was a director of 5205557;
 - e) on or about June 1, 2009, Neil became a director of 5205557 and, at all material times, signed documents of 5205557 as its president;
 - f) from October, 2009 to March, 2010, 5205557 received funds from all but two individuals as a result of direct contact between such individuals and Neil only and without any contact with Agatha;
 - g) eleven individuals paid a total of \$167,000. (CAD) and \$100,000. (US) to 5205557 deposited to the accounts of 5205557;
 - h) individuals who deposited funds with 5205557 have received partial payment(s) of principal and/or interest but none have been fully repaid the amount of principal funds they had paid to 5205557 nor full payment of interest on such principal amounts as promised by

5205557;

- i) Staff received from Neil additional personal financial information including a Court of Queen's Bench Order dated December 1, 2020 suspending the discharge of Neil as a bankrupt and which Order acknowledges proof of Neil's personal tax debt exceeding \$200,000.
5. The facts set out in the Neil Agreement include the following:
- a) Neil acknowledges that he and 5205557 acted contrary to the public interest and traded in securities without registration contrary to Section 6 of the Act and without prospectus contrary to Section 37 of the Act;
 - b) Neil represents that 5205557 is dissolved since March 19, 2010, has not been revived and has no funds;
 - c) That upon approval of the Neil Agreement Staff intend to discontinue the proceedings against 5205557.
6. The facts set out in the Agatha Agreement including the following:
- a) That Agatha, as a director of 5205557, a company that traded without registration and without prospectus acted contrary to the public interest;
 - b) Agatha represents that 5205557 is dissolved since March 19, 2010, has not been revived and has no assets;
 - c) Staff has received information as to health expenses, inability to work and other financial information pertaining to Agatha.

Decision

7. This Panel's responsibility at this Hearing is to decide if the negotiated results fall within a range of reasonable outcomes and that approval of the Neil Agreement and the Agatha Agreement would be in the public interest.

In arriving at our decision we have noted and taken into account:

- a) That Neil was the active participant, as against, Agatha's rather nominal role, in the activities carried out and outlined herein in contravention of the provisions of the Securities Act; and
- b) The content set forth in the Fine and Surcharge Order issued by our provincial court and the Court of Queen's Bench Order dated December 1, 2020 both issued against Neil;

- c) That Neil and Agatha have agreed to the provisions set forth in the Neil Agreement and the Agatha Agreement.

Accordingly, we have concluded that the terms and conditions and sanctions as set forth in the Neil Agreement and the Agatha Agreement are reasonable and that it is in the public interest to approve such agreements. The Neil Agreement and the Agatha Agreement are hereby approved. No sanctions are imposed on 5205557 Manitoba Ltd. as that company has been dissolved since 2010 and is not a party to any settlement agreement. This written decision is in relation to the order (verbal) of this Panel made and issued on February 18, 2021.

"J.T. McJannet, Q.C."

J.T. McJannet, Q.C.

Panel Chair

"C.D. Burns"

C.D. Burns

Member

"D.A. Huberdeau-Reid"

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Member