

THE SECURITIES ACT) Order No. 4984
)
Subsection 19(5) and 148.1(1)) January 25, 2006

BRET ALLAN DOBBIN

WHEREAS:

(A) On October 12, 2005, The Manitoba Securities Commission ("Commission") issued a Notice of Hearing giving notice of its intention to hold a hearing ("Proceedings") to consider, inter alia, whether or not it was in the public interest to grant an order pursuant to subsections 19(5) and 148.1(1) of The Securities Act ("Act") with respect to Bret Allan Dobbins ("DOBBIN");

(B) On December 15, 2005, the Commission issued Order No. 4937, with the consent of DOBBIN, providing for a denial of exemptions pursuant to subsection 19(5) of the Act until the hearing matter was heard and a decision rendered;

(C) Staff of the Commission and DOBBIN entered into a Settlement Agreement (a copy of which is attached as Schedule "A") dated January 25, 2006 ("Settlement Agreement"), which proposed settlement of the Proceedings, subject to the approval of the Commission;

(D) DOBBIN has consented to the issuance of this Order and has waived his right to a full hearing;

(E) On January 25, 2006, the Commission held a hearing ("Settlement Hearing") to consider whether or not to approve the Settlement Agreement;

(F) At the Settlement Hearing the Commission approved the Settlement Agreement and is of the opinion that it is in the public interest to make this order.

IT IS ORDERED:

1. **THAT** the Settlement Agreement, Schedule "A", be and the same is hereby approved.

2. **THAT** pursuant to subsection 19(5) of the Act:

(a) subsections 19(1) and 19(3) of the Act do not, with respect to such of the trades referred to in those sections, apply to DOBBIN; and

(b) subsection 19(2) of the Act does not, with respect to such securities referred to in that section, apply to DOBBIN,

for a period of seven (7) years from the date of this order.

3. THAT pursuant to subsection 148.1(1) of the Act, DOBBIN pay an administrative penalty of \$3,000.00, to be paid in two equal instalments each in the amount of \$1,500, the first of which to be paid within 7 days of the date of this Order and the second of which to be paid by no later than June 30, 2006.

4. THAT DOBBIN pay to the Commission costs in the amount of \$500.00 to be paid forthwith.

BY ORDER OF THE COMMISSION

Director, Legal and Enforcement

Settlement Agreement

Bret Allan DOBBIN

and

The Staff of The Manitoba Securities Commission

The Manitoba Securities Commission
1130 - 405 Broadway
Winnipeg, Manitoba
R3C 3L6

SETTLEMENT AGREEMENT

A. Introduction

A1. On October 12, 2005, The Manitoba Securities Commission ("Commission") issued a notice of hearing ("NOH") and Statement of Allegations ("SOA") naming Bret Allan Dobbin ("DOBBIN") as respondent and giving notice of its intention to hold a hearing under The Securities Act ("Act") to consider:

1. whether or not it is in the public interest to order, pursuant to subsection 19(5) of The Securities Act ("Act"), that:

(a) subsections 19(1) and 19(3) of the Act do not, with respect to such of the trades referred to in those sections, apply to DOBBIN;

(b) subsection 19(2) of the Act does not, with respect to such of the securities referred to in that section, apply to DOBBIN;

2. whether or not it is in the public interest to order, pursuant to subsection 148.1(1) of the Act, that DOBBIN pay an administrative penalty;

3. whether or not it is in the public interest to order that the respondent pay the costs of and incidental to the hearing;

4. such further and other matters and the making of such further and other orders as the Commission may deem appropriate.

A2. Discussions have been held between the respondent and staff of the Commission ("Staff") in an effort to settle the matters set out in the NOH and SOA dated October 12, 2005 ("Proceedings"). A settlement ("Settlement") has been reached based on the terms and conditions set forth in this agreement ("Settlement Agreement").

A3. Pursuant to the Settlement, Staff agrees to recommend to the Commission that the Proceedings initiated against the respondent be resolved and disposed of in accordance with the terms and conditions of this Settlement Agreement as set forth below. The respondent consents to the Settlement and to the making of the consent order referred to in paragraph D. below, on the terms and conditions set forth in this Settlement Agreement.

B. Statement of Facts

B1. Dobbin was registered as a salesman under the Act from May 17, 2002 to August 13, 2002 with Edward Jones ("Edward Jones").

B2. At all material times, Edward Jones was registered under the Act as an Investment Dealer.

B3. The registration of DOBBIN under the Act did not cover the investments and promissory notes described below.

B4. In or about May or June of 2002, DOBBIN left his business card and an Edward Jones pamphlet in the mailbox at the residence of Mary Giesbrecht ("Giesbrecht"). As a result, Giesbrecht contacted DOBBIN and in June of 2002 became his client.

B5. At the time she became a client, Giesbrecht was 78 years of age and living on her own.

B6. Giesbrecht intended to provide monies to DOBBIN to be invested in Edward Jones.

Giesbrecht – First Set Promissory Notes (\$23,100)

B7. In June of 2002, DOBBIN filled out the details of three cheques drawn on the account of Giesbrecht, all of which were payable from Giesbrecht to DOBBIN's wife ("June Cheques").

B8. The total amount of funds covered by the June Cheques was \$23,100.

B9. Each of the June Cheques bore a notation as to "paying" a percentage rate being 10%, 8%, or 6% depending on the particular cheque.

B10. DOBBIN caused to be issued three Promissory Notes from his wife payable to Giesbrecht, one for each of the three cheques ("First Set Promissory Notes").

B11. At no time did Giesbrecht intend to invest any of her monies with DOBBIN's wife.

B12. At no time did Giesbrecht intend to loan any of her monies to DOBBIN or to his wife.

B13. At all material times, Giesbrecht's intentions had been to provide monies to DOBBIN for the purpose of investing her monies in Edward Jones.

B14. Contrary to the intentions of Giesbrecht, none of the \$23,100 identified above went into investments for Giesbrecht through Edward Jones.

B15. At all material times, DOBBIN and his wife were involved in making loans to various people. The various people included tenants living in rental properties owned by the DOBBINS. For record keeping purposes, the name BNK Financial Services ("BNK") was used by the DOBBINS. BNK was not an incorporated entity.

B16. Of the \$23,100 in monies obtained from Giesbrecht, approximately \$17,500 was used by DOBBIN to make loans to various people; approximately \$5,600 was spent by the DOBBINS on their own expenses.

B17. The loans made to various people were made at annual interest rates ranging from 18% to 28%, being rates considerably higher than that to be paid by DOBBIN and/or his wife to Giesbrecht on her investments.

Giesbrecht – Second Set Promissory Notes (\$39,000)

B18. In furtherance of her intention to invest money in Edward Jones, Giesbrecht gave DOBBIN her chequebook from which DOBBIN wrote 4 cheques, all at the same time, as follows:

Cheque amount	Payor	Payee	Cheque date	
(a) \$9,800	Giesbrecht	Wilken	May 30/02	("Cheque A")
(b) \$9,700	Giesbrecht	Fred Bown	June 1/02	("Cheque B")
(c) \$9,900	Giesbrecht	Mary Reimer	May 15/02	("Cheque C")
(d) \$9,600	Giesbrecht	Karl Schlosser	July 15/02	("Cheque D")
39,000				

B19. The above noted payees were selected by DOBBIN. None of the payees were known to Giesbrecht.

B20. Three of the four payees were tenants residing in properties owned by DOBBIN and had financial difficulties. The fourth payee – the recipient of Cheque A – was a person to whom DOBBIN owed money.

B21. Giesbrecht had not intended to invest any of her monies with the above-noted payees, nor had she intended to make any loans to them.

B22. DOBBIN provided to Giesbrecht four Promissory Notes, one each for each of the four cheques listed above ("Second Set Promissory Notes"). The interest rates to be paid to Giesbrecht pursuant to the Second Set Promissory Notes were:

Principal Amount of Promissory Note	Interest Rate	Corresponding Cheque of Giesbrecht
(a) \$9,800	8.00%	Cheque A
(b) \$9,700	7.00%	Cheque B
(c) \$9,900	9.00%	Cheque C
(d) \$9,600	6.00%	Cheque D
39,000		

B23. In each of the Second Set Promissory Notes, the borrower was named as DOBBIN's wife.

B24. Giesbrecht had not intended to invest any of her monies with DOBBIN's wife.

B25. Giesbrecht's only intentions had been to provide monies to DOBBIN for the purpose of investing her monies in Edward Jones.

B26. Contrary to the intentions of Giesbrecht, none of the \$39,000 identified above went into investments for Giesbrecht through Edward Jones.

B27. DOBBIN used the majority of the \$39,000 obtained from Giesbrecht for the following purposes:

- to make loans to three of the four payees as filed in by DOBBIN on Giesbrecht's four cheques,
- to pay debt owed by DOBBIN, and
- to pay debt owed to DOBBIN.

B28. The remaining monies from the \$39,000, being \$7,461.31 (\$4,700 and \$2,761.31), were redirected back to DOBBIN.

B29. The particulars of the disbursement of the \$39,000 from Giesbrecht are as follows:

Loan #	Source of Funds (Giesbrecht)	Principal of loan	Borrower	Interest Rate	Balance of \$ from Giesbrecht as Source, not used in loan
#1	<i>Cheque B</i>	\$ 5,000	Fred Bown/ Linda Wayne	18.00%	\$4,700 (back to DOBBIN)

#2	<i>Cheque C</i> + Cash	\$11,580	Mary Reimer	18.00%	0
#3	<i>Cheque D</i>	\$ 9,600	Karl Schlosser	12.00%	0 (of the \$9,600, \$6,000 back to DOBBIN for debt owed by Schlosser to DOBBIN)

B30. The Loans made by DOBBIN to the borrowers shown immediately above were made at annual interest rates of either 12% or 18%, being rates considerably higher than that to be paid to Giesbrecht on her investments.

B31. As to the circumstances of Loan #1, DOBBIN gave Giesbrecht's Cheque B to Fred Bown and Linda Wayne to be deposited into their bank account, of which \$5,000 was left in their account representing the loan to them and \$4,700 was returned to DOBBIN.

B32. As to the circumstances of Cheque A, Cheque A was given by DOBBIN to David Wilken ("Wilken"). Of the \$9,800, \$7,038.69 was retained by Wilken in payment of a debt owed by DOBBIN to Wilken. At the direction of DOBBIN, the remaining amount was returned to DOBBIN in the form of a cheque from Wilken made payable to DOBBIN's wife.

Giesbrecht - General

B33. All of the above referred to Promissory Notes were issued during the period of DOBBIN's employment with Edward Jones.

B34. DOBBIN did not inform his employer of the Promissory Notes.

Wilken - Various Promissory Notes

B35. Wilken was the recipient of Cheque A as obtained by DOBBIN from Giesbrecht and described above.

B36. As referenced above at paragraph B32, \$7,038.69 of the \$9,800 cheque was retained by Wilken in payment of debt owed by DOBBIN to Wilken.

B37. The debt owed by DOBBIN was as a result of an arrangement between DOBBIN and Wilken.

B38. The arrangement had been initiated by DOBBIN and consisted of Wilken providing monies to DOBBIN, to be returned together with interest, at an annual rate ranging from 17% - 52% depending on the particular transaction. As part of the transactions, DOBBIN gave Wilken Promissory Notes.

B39. From April of 1999 through to July of 2002, the following such transactions occurred between DOBBIN and Wilken:

Date (on or about)	Amount of Monies Received by DOBBIN from Wilken	Interest Rate to be paid to Wilken
(a) April 1 - 6, 1999	\$4,739	19%
(b) April 13, 1999	\$3,000	18%
(c) February 2001	\$2,000	52%
(d) May 11, 2001	\$2,810	52%
August 8, 2001	\$ 675	52%
May 16, 2002	\$4,453.37	52%
(e) July 17, 2002	\$3,700	17%

B40. In general, the monies obtained from Wilken were then used by DOBBIN to make loans to various people.

C. Acknowledgements

C1. DOBBIN acknowledges and agrees that he acted contrary to the public interest by:

- (a) trading in securities without registration or beyond the scope of his registration contrary to section 6 of the Act;
- (b) failing to follow the instructions of his client Giesbrecht to invest her monies in investments in Edward Jones;
- (c) failing to avoid personal financial dealings with his client Giesbrecht;
- (d) failing to disclose to his employer the seven Promissory Notes provided to Giesbrecht or any of them and the circumstances surrounding the issuance of the Promissory Notes;
- (e) failing to disclose to his employer the Promissory Note provided to Wilken in July of 2002 and/or the investment activity of Wilken with DOBBIN which remained outstanding during DOBBIN's employment with Edward Jones;
- (f) failing to disclose to his employer that he was in the business of loaning monies for profit while employed as a registrant with Edward Jones.

D. Terms of Settlement

D1. In order to effect a resolution of the issues raised by the NOH, Staff and the respondent have entered into this Settlement Agreement. Upon this basis, Staff seek an order ("Consent Order") from the Commission pursuant to subsections 19(5) and 148.1(1) of the Act that:

- (a) the Settlement Agreement be approved;

(b) pursuant to subsection 19(5) of the Act:

(i) subsections 19(1) and 19(3) of the Act do not, with respect to such of the trades referred to in those sections, apply to DOBBIN; and

(ii) subsection 19(2) of the Act does not, with respect to such securities referred to in that section, apply to DOBBIN,

for a period of seven (7) years from the date of the order;

(c) pursuant to subsection 148.1(1) of the Act, DOBBIN pay an administrative penalty of \$3,000.00, to be paid in two equal instalments each in the amount of \$1,500, the first of which to be paid within 7 days of the date of the Order and the second of which to be paid by no later than June 30, 2006;

(d) DOBBIN pay to the Commission costs in the amount of \$500.00 to be paid forthwith upon approval of the Settlement Agreement.

D2. Staff have received confirmation that the monies which were the subject of the Statement of Allegations have been returned to Giesbrecht and/or her estate and to Wilken in full by DOBBIN.

E. Procedure for Approval of Settlement

E1. The approval of this Settlement Agreement and the making of the Consent Order set out in this Settlement Agreement shall be sought at a public hearing pursuant to the NOH.

E2. Staff and the respondent agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted to the Commission in connection with the Proceedings and the respondent hereby waives his right to a full hearing and appeal of this matter.

E3. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the Consent Order referred to in paragraph D. above is not made by the Commission, Staff will be entitled to proceed with the hearing commenced by the NOH unaffected by this Settlement Agreement or the settlement discussions. If this Settlement Agreement is not approved or the Consent Order set out in paragraph D. above is not made by the Commission, the terms of this Settlement Agreement will not be raised in the Proceedings or in any other proceeding.

E4. Staff and the respondent agree that if this Settlement Agreement is approved by the Commission and the Consent Order made upon the terms set out in this Settlement Agreement, this Settlement Agreement will be a public document.

E5. The respondent agrees that he will not raise in any proceeding this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as a basis for an attack on

the Commission's jurisdiction, alleged bias, alleged unfairness or any other challenge that may be available.

E6. If this Settlement Agreement is approved by the Commission and the Consent Order is made upon the terms set out in this Settlement Agreement, neither Staff nor the respondent will make any statement inconsistent with this Settlement Agreement.

DATED at Winnipeg, Manitoba, this day of January, 2006.

Witness

Bret Allan Dobbin

DATED at Winnipeg, Manitoba, this day of January, 2006.

Staff of the Manitoba Securities Commission

per: Director, Legal and Enforcement