

THE SECURITIES ACT

)

Order No. 4249

)

Section 19(5)

)

August 20, 2003

**Synergy Alliance, LLC; Synergy Alliance Two, LLC; Synergy Alliance Fourteen, LLC;
Synergy Alliance Group, LLC; Synergy Capital Group, LLC; Synergy Equivest Group,
LLC;**

**Synergy Financial Corporation; Synergy Investment Corporation, LLC; Larry W.
Tanner; Darin R. Knee; Billy Davis; Gerald W. Blerot and Bruce Jeffrey Stewart**

WHEREAS:

(A) On February 19th, 2003, The Manitoba Securities Commission ("Commission") issued a Notice of Hearing inclusive of allegations ("Notice of Hearing") 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 that the cease trade Order No. 4054 dated February 19, 2003 issued pursuant to section 148 of the Act against the respondents Synergy Alliance, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Alliance Group, LLC, Synergy Capital Group, LLC, Synergy Equivest Group, LLC, Synergy Financial Corporation, and Synergy Investment Corporation, LLC be extended permanently or for such period of time as the Commission considers necessary;

2. whether or not it is in the public interest to order that the denial of exemptions Order No. 4054 dated February 19, 2003 issued pursuant to section 19(5) of the Act against the respondents Larry W. Tanner ("Tanner"), Darin R. Knee ("Knee"), Billy Davis ("Davis"), Gerald W. Blerot ("Blerot"), and Bruce Jeffrey Stewart ("Stewart") be extended permanently or for such period of time as the Commission considers necessary;

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

(B) Subsequent to the issuance of the Notice of Hearing, the Commission issued Order No. 4071 on March 6, 2003 and Order No. 4154 on June 5, 2003, the latter of which provided for a full hearing to be held on August 21st and 22nd, 2003;

(C) On July 11, 2003, the Supplementary Statement of Allegations of Staff of the Commission ("Supplementary Allegations") were issued;

(D) Staff of the Commission and the respondents Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Alliance Group, LLC, Synergy Equivest Group, LLC, Synergy Investment Corporation, LLC, Tanner, Knee, and Davis entered into a Settlement Agreement (a

copy of which is attached as Schedule "A") dated August 20, 2003 ("Settlement Agreement"), which proposed settlement of the proceedings initiated by the Notice of Hearing as against the said respondents, subject to the approval of the Commission;

(E) Each of the said respondents who are parties to the Settlement Agreement has consented to the issuance of this Order and has waived its/his respective rights to a full hearing;

(F) The Commission has reviewed 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 each of Synergy Alliance Group, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Equivest Group, LLC, and Synergy Investment Corporation, LLC; and

(b) subsection 19(2) of the Act does not, with respect to such securities referred to in that section, apply to each of Synergy Alliance Group, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Equivest Group, LLC, and Synergy Investment Corporation, LLC;

for a period of two years from the date of this order.

3. **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 TANNER; and

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

for a period of two years from the date of this order.

4. **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 KNEE; and

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

for a period of two years from the date of this order.

5. 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 DAVIS; and

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

for a period of six months from the date of this order.

6. THAT Synergy Alliance Group, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Equivest Group, LLC, and Synergy Investment Corporation, LLC, jointly and severally, shall pay to the Commission a contribution of costs in the amount of \$1,000.00 forthwith.

7. THAT TANNER shall pay to the Commission a contribution of costs in the amount of \$1,000.00 forthwith.

8. THAT KNEE shall pay to the Commission a contribution of costs in the amount of \$1,000.00 forthwith.

BY ORDER OF THE COMMISSION

Director, Legal and Enforcement

SETTLEMENT AGREEMENT

Synergy Alliance Group, LLC;
Synergy Alliance Two, LLC; Synergy Alliance Fourteen, LLC;
Synergy Equivest Group, LLC; Synergy Investment Corporation,
LLC;
Larry W. Tanner; Darin R. Knee; Billy Davis

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 February 19, 2003, The Manitoba Securities Commission ("Commission") issued a notice of hearing inclusive of allegations ("Notice of Hearing") giving notice of its intention to hold a hearing under The Securities Act to consider:

1. whether or not it is in the public interest to order that the cease trade Order No. 4054 dated February 19, 2003 issued pursuant to section 148 of The Securities Act ("Act") against the Respondents Synergy Alliance, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Alliance Group, LLC, Synergy Capital Group, LLC, Synergy Equivest Group, LLC, Synergy Financial Corporation, and Synergy Investment Corporation, LLC (collectively referred to as "Synergy Alliance") be extended permanently or for such period of time as the Commission considers necessary;

2. whether or not it is in the public interest to order that the denial of exemptions Order No. 4054 dated February 19, 2003 issued pursuant to section 19(5) of the Act against the Respondents Larry W. Tanner ("Tanner"), Darin R. Knee ("Knee"), Billy Davis ("Davis"), Gerald W. Blerot ("Blerot"), and Bruce Jeffrey Stewart ("Stewart") be extended permanently or for such period of time as the Commission considers necessary;

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

A2. Subsequent to the issuance of the Notice of Hearing, the Commission issued Order No. 4071 on March 6, 2003 and Order No. 4154 on June 5, 2003, the latter of which provided for a full hearing to be held on August 21st and 22nd, 2003.

A3. On July 11, 2003, the Supplementary Statement of Allegations of Staff of the Commission ("Supplementary Allegations") were issued.

A4. Discussions have been held between some of the respondents and staff of the Commission ("Staff") in an effort to settle the matters set out in the Notice of Hearing and the Supplementary Allegations ("Proceedings"). A settlement ("Settlement") has been reached based on the terms and conditions set forth in this agreement ("Settlement Agreement") as between Staff and these respondents who are parties to this Settlement Agreement.

A5. Pursuant to the Settlement, Staff agree to recommend to the Commission that the Proceedings initiated against the respondents who are parties to this Settlement Agreement be resolved and disposed of in accordance with the terms and conditions of this Settlement Agreement. The respondents consent, each for themselves, 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.

Statement of Facts

B1. Synergy Alliance Group, LLC is a Limited Liability Corporation incorporated under the laws of the States of Nevada and Florida, U.S.A., with an address of 1025 Semoran Boulevard – Suite 1093, Winter Park, Florida, U.S.A. ("Semoran Boulevard Address").

B2. Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Equivest Group, LLC, and Synergy Investment Corporation, LLC are Limited Liability Corporations incorporated under the laws of the State of Nevada, U.S.A., all with the Semoran Boulevard Address.

B3. Larry W. Tanner ("TANNER") operates out of the Semoran Boulevard Address and is described as the:

- President of Synergy Capital Group, LLC
- Managing Manager and/or agent for Synergy Alliance Group, LLC out of Florida
- Manager of Synergy Alliance Two, LLC and of Synergy Alliance Fourteen, LLC
- Managing Manager for Synergy Equivest Group, LLC.

B4. Darin R. Knee ("KNEE") is described as the President of Synergy Alliance Two, LLC and of Synergy Alliance Fourteen, LLC and is located at the Semoran Boulevard Address.

B5. Billy Davis ("DAVIS") is a businessman with Development Company, LLC also operating out of the Semoran Boulevard Address.

B6. At all material times none of Synergy Alliance Group, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Equivest Group, LLC, Synergy Investment Corporation, LLC, TANNER, KNEE, or DAVIS were registered to trade in securities under The Securities Act ("Act").

B7. At all material times none of Synergy Alliance Group, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Equivest Group, LLC, or Synergy Investment Corporation, LLC had filed a preliminary prospectus or a prospectus with the Commission, nor had any of them applied for or been granted an exemption order under section 20 of the Act.

B8. Synergy Alliance Group, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Equivest Group, LLC, and Synergy Investment Corporation, LLC did not file 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.

February 8, 2003 meeting

B9. On February 8, 2003, Mr. Dann, Mr. Hildebrand, and Mr. Barnabe attended a presentation about an investment proposal held at a hotel in Winnipeg, Manitoba.

B10. At the February 8th meeting, TANNER:

- described an investment proposal whereby the investor provides funds to a Synergy Alliance company and receives shares in return and, furthermore, whereby the Synergy Alliance company in turn provides funding to a project, which upon completion results in funds back to the Synergy Alliance company, with which the Synergy Alliance company then repurchases the shares from the investor at a pre-determined buy back amount called a multiple, resulting in a return to the investor of between 3:1 and 8:1 depending upon the amount initially invested within approximately 24 months;
- explained they had a number of projects and if one failed the others would kick in to supply to the investor his return ratio
- stated the minimum amount of investment was \$10,000 USD
- stated the return on \$10,000 was 3:1
- advised that to obtain forms to invest, contact KNEE at Synergy's office, and provided the phone number to do so.

B11. At the February 8th meeting, DAVIS also spoke. He was interested in raising money for his own venture through Synergy. DAVIS described how he owned property on Rum Cay Island in the Bahamas. DAVIS needed money from Synergy to make improvements and then sell the improved lots at a much higher price.

B12. DAVIS encouraged those at the meeting to invest in Synergy.

B13. At the February 8th meeting, the business cards of TANNER and DAVIS and a brochure on Rum Cay Island were distributed.

Post-February 8th meeting

(Contact with Mr. Dann)

B14. On or about February 10, 2003, KNEE sent to Mr. Dann by facsimile transmission the following documents:

(a) a cover page that:

- bore the name of Synergy Alliance Group, LLC
- identified the transmission as having been sent from a fax number in Florida stated as belonging to Synergy Alliance Group, LLC
- identified KNEE as having sent the transmission
- purported to have been authored by TANNER as Managing Manager

- attached a Founding Member Subscription Agreement ("Subscription Agreement") and a Registered Limited Liability Company Agreement ("Registered LLC Agreement")
- provided instructions for the completion of the Subscription Agreement and the Registered LLC Agreement
- directed the return of the complete agreements, together with the consideration, to Synergy Investment Corporation in Florida
- identified KNEE and TANNER as contacts in the event of any questions;

(b) a Subscription Agreement that:

- identified the parties as Synergy Alliance Two, LLC, naming KNEE as president, and Mr. Dann
- stated the amount of consideration as \$15,000.00 USD and the return investment ratio as 3.25 to 1
- identified BLEROT as the founding member in relation to Mr. Dann; and

(c) a Registered LLC Agreement that provided for the issuance of shares upon the making of a contribution to the capital of the applicable Synergy Alliance company by the investor, referred to as a "Founding Member".

(Contact with Mr. Hildebrand)

B15. On or about February 10 or 11, 2003, KNEE participated in a 3-way telephone call between himself, Mr. Hildebrand and Gerald W. Blerot.

B16. Following the 3-way call, on or about February 12 and/or 13, 2003, KNEE sent to Mr. Hildebrand by facsimile transmission the following documents:

(a) a cover page that:

- bore the name of Synergy Equivest Group, LLC
- identified the transmission as having been sent from a fax number in Florida stated as belonging to Synergy Alliance Group, LLC
- identified KNEE as having sent the transmission
- purported to have been authored by TANNER as Managing Manager
- provided instructions for the completion of the Subscription Agreement and the Registered LLC Agreement
- directed the return of the completed agreements to Synergy Investment Corporation in Florida
- directed the forwarding of the consideration for the investment either to Synergy Investment Corporation or to a bank account in the name of Synergy Equivest Group, LLC
- identified KNEE and TANNER as contacts in the event of any questions;

(b) a Subscription Agreement that:

- identified the parties as Synergy Alliance Fourteen, LLC, naming KNEE as president, and Mr. Hildebrand
- stated the amount of consideration as \$75,000.00 USD and the return investment ratio as 5.0 to 1
- identified BLEROT as the founding member in relation to Mr. Hildebrand;

(c) a Registered LLC Agreement that provided for the issuance of shares upon the making of a contribution to the capital of the applicable Synergy Alliance company by the investor, referred to as a "Founding Member"; and

(d) a document entitled *Synergy Alliance, LLC, Founding Member Buy-Back Summaries* that set out the amount of return on investment, or "Buy-Back Multiples", which, depending upon the amount invested, started at 3:1, for a minimum investment of \$10,000, up to as high as 8:1.

Trading to an Investigator of the Commission

B17. On or about February 12, 2003, an Investigator with the Commission, using an alias, contacted KNEE at Synergy by telephone.

B18. KNEE confirmed he was the one from whom documentation could be obtained in order to invest.

B19. KNEE explained the investment scenario and payback of shares including the following:

- the minimum investment was \$10,000 USD
- you are purchasing shares into Synergy at 5¢ a share
- if for example the rate of return is 5:1, then Synergy agrees to repurchase all the shares at 25¢ a share, based on the gross revenue Synergy receives from the project into which Synergy invests
- the amount of return, or multiple, cannot change
- it is an equity investment.

B20. On or about February 13, 2003, KNEE sent to the Investigator by facsimile transmission the following documents:

(a) a cover page that:

- bore the name of Synergy Equivest Group, LLC
- identified the transmission as having been sent from a fax number in Florida stated as belonging to Synergy Alliance Group, LLC
- identified KNEE as having sent the transmission
- purported to have been authored by TANNER as Managing Manager
- attached a Subscription Agreement and a Registered LLC Agreement

- provided instructions for the completion of the Subscription Agreement and the Registered LLC Agreement
- directed the return of the completed agreements to Synergy Investment Corporation in Florida
- directed the forwarding of the consideration for the investment either to Synergy Investment Corporation or to a bank account in the name of Synergy Equivest Group, LLC
- identified KNEE and TANNER as contacts in the event of any questions;

(b) a Subscription Agreement that:

- identified the parties as Synergy Alliance Fourteen, LLC, naming KNEE as president, and the Investigator
- stated the amount of consideration as \$75,000.00 USD and the return investment ratio as 5.0 to 1
- identified BLEROT as the founding member in relation to the Investigator; and

(c) a Registered LLC Agreement that provided for the issuance of shares upon the making of a contribution to the capital of the applicable Synergy Alliance company by the investor, referred to as a "Founding Member".

B21. On February 12, 2003, the Investigator spoke with TANNER who confirmed that:

- they have a subscription where they buy back their shares from their members
- the multiples are guaranteed but the time frames are not
- the minimum investment is \$10,000.00 USD
- they have some Canadian investors.

Acknowledgements

C1. Synergy Alliance Group, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Equivest Group, LLC, and Synergy Investment Corporation, LLC, each for itself, acknowledges and agrees that it traded in securities without having been registered and without prospectus in contravention of sections 6 and 37 of the Act and thereby acted contrary to the public interest.

C2. TANNER, KNEE, and DAVIS, each for himself, acknowledges and agrees that he traded in securities without having been registered and without prospectus in contravention of sections 6 and 37 of the Act and thereby acted contrary to the public interest.

C3. TANNER for Synergy Capital Group, LLC represents that while the business card he distributed at the February 8, 2003 meeting bore the name of Synergy Capital Group, LLC, and identified him as being president of said company, Synergy Capital Group, LLC is not involved in the investment proposal and the conduct described herein. Based on the representations of

TANNER, staff will not proceed with the Notice of Hearing as against Synergy Capital Group, LLC. Furthermore, staff will not pursue a claim for costs as against DAVIS.

Terms of Settlement

D1. In order to effect a resolution of the issues raised by the Proceedings, Staff and the respondents, each for themselves, have entered into this Settlement Agreement. Upon this basis, Staff seek an order ("Consent Order") from the Commission that:

1. The Settlement Agreement be approved;

2. 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 each of Synergy Alliance Group, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Equivest Group, LLC, and Synergy Investment Corporation, LLC; and

(b) subsection 19(2) of the Act does not, with respect to such securities referred to in that section, apply to each of Synergy Alliance Group, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Equivest Group, LLC, and Synergy Investment Corporation, LLC;

for a period of two years from the date of the order.

3. 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 TANNER; and

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

for a period of two years from the date of the order.

4. 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 KNEE; and

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

for a period of two years from the date of the order.

5. 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 DAVIS; and

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

for a period of six months from the date of the order.

6. Synergy Alliance Group, LLC, Synergy Alliance Two, LLC, Synergy Alliance Fourteen, LLC, Synergy Equivest Group, LLC, and Synergy Investment Corporation, LLC, jointly and severally, shall pay to the Commission a contribution of costs in the amount of \$1,000.00 forthwith.

7. TANNER shall pay to the Commission a contribution of costs in the amount of \$1,000.00 forthwith.

8. KNEE shall pay to the Commission a contribution of costs in the amount of \$1,000.00 forthwith.

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 Notice of Hearing.

E2. Staff and the respondents, each for themselves, 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 as against the respondents who are parties to this Settlement Agreement and each of the respondents for itself/himself hereby waives its/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 Notice of Hearing 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 respondents, each for themselves, 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 respondents, each for themselves, agree that it/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 respondents who are parties to this Settlement Agreement will make any statement inconsistent with this Settlement Agreement.

F. Execution of Settlement Agreement

F1. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

DATED at "Winter Park, FL", this "19th" day of August, 2003.

"Janice L. Ware"
Witness

"Larry W. Tanner"
Larry W. Tanner

DATED at "Winter Park, FL", this "19th" day of August, 2003.

"Janice L. Ware"
Witness

"Darin Knee"
Darin R. Knee

DATED at " ", this " " day of August, 2003.

Witness

Bill Davis

DATED at "Winter Park, FL", this "19th" day of August, 2003.

"Janice L. Ware"
Witness

Synergy Alliance Group, LLC
per: "Darin Knee, Managing Member"

DATED at "Winter Park, FL", this "19th" day of August, 2003.

"Janice L. Ware"
Witness

Synergy Alliance Two, LLC
per: "Darin Knee, Managing Member"

DATED at "Winter Park, FL", this "19th" day of August, 2003.

"Janice L. Ware"
Witness

Synergy Alliance Fourteen, LLC
per: "Darin Knee, Managing Member"

DATED at "Winter Park, Fl", this "19th" day of August, 2003.

"Janice L. Ware"
Witness

Synergy Equivest Group, LLC
per: "Darin Knee, Managing Member"

DATED at "Winter Park, Fl", this "19th" day of August, 2003.

"Janice L. Ware"
Witness

Synergy Investment Corporation, LLC
per: "Darin Knee, Managing Member"

DATED at Winnipeg, Manitoba, this "19th" day of August, 2003.

Staff of the Manitoba Securities Commission
per: "Douglas R. Brown"
Director, Legal and Enforcement