



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
THE *SECURITIES ACT*, RSO 1990, c S.5**

- and -

**IN THE MATTER OF
DOUGLAS JOHN VERMEEREN**

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

Staff of the Ontario Securities Commission (“Staff”) allege:

I. OVERVIEW

1. On June 14, 2016, Douglas John Vermeeren (“Vermeeren” or the “Respondent”) entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission (the “ASC”) (the “Settlement Agreement”).
2. Pursuant to the Settlement Agreement, Vermeeren agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the Settlement Agreement, pursuant to paragraph 5 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990, c S.5 (the “Act”).

II. THE ASC PROCEEDINGS

Agreed Facts

4. In the Settlement Agreement, Vermeeren agreed with the following facts:

Parties

5. The Respondent is a resident of Calgary, Alberta. At all material times, the Respondent was the sole director and officer of Calgary-based Monthly Millionaire Mentor Ltd. (“MMM”).

*Circumstances*Illegal Trading

6. From approximately December 2011 to April 2014, the Respondent entered into loan agreements, some evidenced by promissory notes (the “Loan Agreements”), with at least 43 investors from Alberta and elsewhere in Canada. The Respondent raised in excess of \$735,000 pursuant to the Loan Agreements.
7. The terms of the Loan Agreements varied from 3 to 24 months at varying interest rates of 7% to 10%. The Loan Agreements named either the Respondent, MMM or the Respondent’s trade name, Business Boost, as the “Borrower.”
8. Some investors received periodic updates entitled “Investment Report” from the Respondent. The Investment Reports indicated the total amount of returns on each investment as well as details of the investment, including the “investment description,” “investment date,” and “investment amount.”
9. Investors understood that their funds would be used for loans to third parties, usually small businesses. The Investment Reports described these loans as “venture capital lending.”
10. The Respondent gave presentations to potential investors, met with investors, handled investor money and communicated with investors regarding their investments.
11. Investors provided money to the Respondent, to be used by the Respondent, to gain profit from third party lending or “venture capital lending.” The investors expected the Respondent to make the efforts required to satisfy the obligations to pay interest on the monies given to the Respondent. Investors were not required to do anything whatsoever to help generate the profits other than to provide their investment funds to the

Respondent. The venture capital lending was to be a common enterprise, with investors relying significantly on the efforts of the Respondent to realize the expected profits.

12. The investments detailed above constituted trades in securities, as those terms are defined in the Alberta *Securities Act*, RSA 2000, c S-4 (the “Alberta Act”). Further, the Respondent, by his conduct, was engaging in, or holding himself out as engaging in, the business of trading in securities or exchange contracts. These securities had not been previously issued, and these trades were distributions under the Alberta Act.
13. At all material times, neither the Respondent nor MMM was registered as a dealer in accordance with Alberta securities laws.
14. At the time of and in relation to the trades described above, no preliminary prospectus and no final prospectus had been filed with or received by the Executive Director of the ASC.

Misleading or Untrue Statements

15. The Respondent made statements to an investor or investors that he knew or reasonably ought to know were misleading or untrue. The Respondent stated that:
 - a. the invested funds would be used for “capital lending” or “venture capital lending”; and
 - b. there were no risks associated with the investment or that their investments were “guaranteed”; and the Respondent never lost money for investors.
16. The Respondent made knowingly, or ought reasonably to have known that, the statements referred to in paragraph 15 were misleading or untrue, in that:
 - a. a portion of the invested funds was used to pay personal expenses of the Respondent or to pay returns to prior investors; and
 - b. there was no basis for the representation that the investments involved no risk nor were guaranteed; and some investors lost some or all of the amounts invested with the Respondent.

Fraud

17. The Respondent directly or indirectly engaged or participated in acts, practices, or courses of conduct relating to the aforementioned securities that he knew or reasonably ought to have known would perpetrate a fraud on investors. The particulars of the fraudulent conduct engaged by the Respondent include commingling investor funds into the Respondent's personal account and corporate accounts controlled by the Respondent. Some funds from these accounts were used for personal expenditures and to pay investors. The Respondent did not keep adequate accounting records, making it difficult to determine the precise scope of the fraudulent use of investor funds.
18. Some of the investor funds were used for third party lending.

Breach of Alberta Securities Commission Order

19. On March 14, 2013, the ASC issued an interim cease trade order (the "ICTO") against MMM and the Respondent. The ICTO was extended "until an enforcement proceeding in this matter is concluded and a decision rendered [by the ASC]...".
20. The Respondent raised funds from additional investors in breach of the ICTO.

Admitted Breaches of Alberta Securities Laws

21. Based on the Agreed Facts, the Respondent admits he:
 - a. breached section 75(1)(a) of the Alberta Act by trading in securities without being registered and without an exemption from that requirement;
 - b. breached section 110(1) of the Alberta Act by trading securities without filing a preliminary prospectus or a prospectus and without an exemption from that requirement;
 - c. breached section 93(b) of the Alberta Act by directly or indirectly engaging or participating in an act, practice, or course of conduct relating to the aforementioned securities that he knew or reasonably ought to have known perpetrated a fraud on investors;

- d. breached subsection 92(4.1) of the Alberta Act by making statements that he knew or reasonably ought to have known were misleading or untrue, or which failed to state a fact necessary to make a statement not misleading, and which would reasonably be expected to have a significant effect on the market price or value of the aforementioned securities; and
- e. breached section 93.1 of the Alberta Act by trading in and distributing securities in contravention of an ASC Order banning him from doing so.

The Settlement Agreement and Undertakings

- 22. Pursuant to the Settlement Agreement, Vermeeren agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta. Vermeeren agreed and undertook to:
 - a. Pay to the ASC the total amount of \$120,000 in settlement of all allegations against him, and \$10,000 for the costs of the ASC's investigation;
 - b. Cease trading in and purchasing securities or derivatives for a period of ten years from the execution of the Settlement Agreement, except that this does not preclude the Respondent, in his personal capacity or for the benefit of his family only, from trading in or purchasing exchange-listed securities through a registrant (who has first been given a copy of the Settlement Agreement) in one or more personal or family accounts maintained with that registrant;
 - c. Resign from any positions that he holds as a director or officer of any issuer, registrant or investment fund manager in Alberta or elsewhere in Canada, and refrain from becoming or acting as a director or officer (or both) of any issuer, registrant or investment fund manager in Alberta or elsewhere in Canada, for a period of ten years, except that he may become or continue to act as a director or officer (or both) of any issuer that does not issue or propose to issue securities to the public; and

- d. Enter into or consent to, and have his spouse enter into or consent to, such further and other agreements or documents required by the Executive Director of the ASC, or his delegate, to implement and secure the orderly payment of the \$130,000.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

23. The Respondent is subject to an order of the ASC imposing sanctions, conditions, restrictions or requirements upon him.
24. Pursuant to paragraph 5 of subsection 127(10) of the Act, an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements on the person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.
25. Staff allege that it is in the public interest to make an order against the Respondent.
26. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.
27. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission's *Rules of Procedure*.

DATED at Toronto, this 2nd day of August, 2016.