



May 15, 2007

Mr. Lyle Oberg
Alberta Minister of Finance
#408 Legislature Building, 10800 - 97th Avenue
Edmonton, Alberta T5K 2B6

RE: PROPOSED CHANGES RESULTING FROM THE REGISTERED REFORM PROJECT

Dear Mr. Oberg,

I was invited by the Alberta Securities Commission (ASC) to attend an information session which was held on October 12, 2006. As CMV has been involved with Exempt Offerings for several years I attended this session, and I also encouraged some of my colleagues to attend.

I left the meeting feeling quite frustrated and bewildered about the suggested direction in which the ASC is attempting to move in terms of 're-regulating' this segment of the industry. I STILL question why the ASC legitimately feels that there is need for such regulation, as I was in no way satisfied with the arguments presented by the ASC representatives at this same meeting. As the rules surrounding raising funds with the use of an Offering Memorandum (OM) were restructured only a year prior to that meeting, are there facts to justify that the current legislation is not meeting the needs of the investing public?

At this same meeting an ASC representative stated that we would be surprised at the number of complaints which they receive. However, I found that to be a rather baseless statement in light of my own experience with the ASC. Approximately a year ago I called the ASC in order to make some enquiries related to a product issuer. I was emailed some information, and in that same email I was thanked for my 'complaint enquiry'. I called the same person at the ASC to clarify that I was not making a complaint. I was told that it didn't matter - all enquiries are considered to be complaints! So now I question whether I should rally my many satisfied clients and have them call the ASC in support of the work we are doing for them with the current fund raising rules - will those calls ALSO be treated as complaints? When does common sense end and when does absurdity begin?



I have operated my own investment firm, CMV Financial Corp for more than 15 years and I have been complaint free for the entire duration. (The ASC obviously knows of our operation, as mentioned earlier I received from them the invitation to the October meeting.) During the past five years we have helped several small business owners to raise many millions of dollars, and simultaneously created investment opportunities for several hundred Alberta Investors. Our clients and we have worked effectively with the 'Exempt Offerings' requirements as specified by National Instrument 45-106. Most of our clients accept the 'Warning' page, yet a few have ceased to do business with us as a result of their concern with signing the 'Warning' page. So in all we would say that the existing regime is having the desired effect from the ASC perspective as our clients are aware of the risks of investing. For if all of our clients were to accept and sign the Warning Page it could be argued by the ASC that it is not a sufficient warning.

I believe that we live in a province whose population, for the most part favours 'free enterprise' over 'regulation' especially when any such regulation is externally driven. Will the capital requirements of this proposed legislation continue to allow Alberta small businesses to raise the capital needed for their continued growth? The proposed implementation of a 'capital requirement' for 'fund raising firms' of \$50,000 to \$200,000 of working capital will have at least a three fold negative effect;

- 1) It will remove many fund raising firms from the market,
- 2) It will increase the cost of raising funds for small businesses,

3) It will make offerings of this nature less appealing to the investing public as the costs will be necessarily passed along to the investors.

As these negative effects will not be good for Albertans, one needs to ask who is behind the implementation of these new regulations? Is it the banks, MFDA and IDA?

One of the proposed changes would require fund raising firms to complete a 'Know Your Client' (KYC) form on each investor. When we questioned the ASC representatives on the workings of this requirement, they could not shed any light on how this would work. In addition to the current 'Eligible Investor' rule, what obscure limit would we need to impose on potential investors to restrict them from investing? If there is to be no such (unknown) limit, why collect the information? If we are offering a single product, what need is there for us to collect KYC information? Most investors already feel this sort of information gathering is invasive!



Another suggested change is the requirement that all persons raising funds are required to have a Securities License. Does this make sense when the exam has so little practical application in this segment of the industry? Most of the offerings are real estate related, and only a few pages of the study manual relate to real estate.

On behalf of CMV's hundreds of satisfied clients, and the investing public in Alberta we urge the regulators to accept that there is a system in place with adequate checks and balances. The bottom line is that our clients are happy and being well served – or is the bottom line that the non-Alberta based banks and brokerage firms are losing too much ground?

Respectfully yours,

**Charles Vander Griendt
President & CEO
CMV Financial Corp.**

cc: Mr. William S. Rice, Q.C., Chair & Chief Executive Officer, Alberta Securities Commission

Mr. Ted Morton, MLA for Foothills – Rockyview

Mr. Dave Wild, Chair, Saskatchewan Financial Services Commission

Ms. Barbara Shourounis, Director, Saskatchewan Financial Services Commission

Mr. Frank Quennell, Minister of Justice, Legislative Office

Mr. Gregory Selinger, Minister of Finance, Legislative Office

Mr. Donald G. Murray, Chair, Manitoba Securities Commission

Ms. Janis Tarchuk, MLA, Legislative Office