



Lyle Oberg
Alberta Minister of Finance
#408 Legislature Building
10800 – 97th Ave.
Edmonton, AB T5K 2B6

**Subject: Canadian Securities Administration (CSA)
Registered Reform Project (RRP) National Instrument 31-103**

Dear Mr. Oberg,

Sitefinders Group of Companies is a real estate development company based in Calgary, Alberta. Our specialization is the creation and development of Commercial and Industrial projects to fulfill the expansion needs of our national and international tenants into primarily small town Alberta. We are a non-registered exempt securities issuer that offers opportunity to small investors to participate in our projects under the direction of an Offering Memorandum. We have been in the development business for 25 years.

It is our great concern an information session that directly influences our way of life was held at the offices of the Alberta Stock Exchange without any notification to the business most directly affected by the proposal announced that day. Had it not been for the notice from another company in the same industry, we would never have known it was occurring. When we approached the committee at the session and asked how we could be included on a mailing list to get these types of news items, we only received blank stares and the statement “we don’t have a clue”. It is very evident that our industry is purposely being kept in the dark with no opportunity to participate in the discussions affecting these dramatic changes proposed.

In November 2000, in response to industry calls for better access to private markets, Alberta and British Columbia announced a private placement exemption harmonization project. Opinions of market participants were sought at focus group meetings held in Calgary and Vancouver over the next few years. After lengthy consultation, the new Private placement rules utilizing Offering Memorandums (OM) for real estate securities were finally implemented in 2005.

It took several years to create this investment vehicle with extensive participation from private investors, developers, industry organizers and administration to create this much sought after regulatory change. After all the effort to create a streamlined, effective, investment vehicle providing all the safeguards necessary for investors, the CSA decided to rewrite certain portions. They struck a committee (RRP) dominated by large securities industry registrants and their national organizations, namely the Investment Dealers Association (IDA) and the Mutual Fund Dealers Association (MFDA). The RRP committee is unilaterally making proposals that exacerbates the years of study and democratic interest group participation which resulted in effective OM investment vehicle.

If the changes as proposed are implemented, the exempt issuers will end up 'paying' a "registrant". Indirectly the RRP is industry's attempt to also force the investing public to use the services of registrants, whether the public needs or wants to.

The RRP is clearly competition legislation and should be viewed as such. What right do these special interests have to 'regulate' their competition?

The CSA must protect the interest of the public as well as the interest of all industry stakeholders and participants, including non-registered exempt securities issuers and intermediaries. The RRP does not do this.

It has come to our attention that enquiries made of the ASC on any matter are counted as a complaint regardless of the item. Is this the basis upon which the perceived need for change is based? There are no statistics to support the claim of many abuses under the OM program. The RRP indicated the complaints are posted on their website yet only a handful are listed. Based on these numbers it is plain that they are penalizing the many for the actions of a few. We have seen no complaints from the public relating to lack of registration, lack of working capital, lack of financial institution bonding, lack of \$50,000. working capital reserve or lack of 'Know Your Client' forms.

The ASC should be exercising their enforcement responsibility more effectively rather than creating rules that create more barriers for legitimate businesses.

Know Your Client (KYC)

To invest \$10,000.00 in a single, fixed term, non-redeemable / non-tradable security the proposed rules of KYC require that the public disclose their financial position to the issuing agency. These forms then would require annual updating at a cost to the investor.

If the investor is in a fixed term deal usually exceeding one year and the security is non-redeemable / non-tradable (as it is in an exempt security that doesn't trade on an exchange), then how is KYC relevant? If the investor's financial status / risk tolerance etc. change, it doesn't matter as they can't get out of the investment anyhow.

KYC reviews create a conflict for single-product issuers and their managers; therefore they must not be used by these parties.

The 'Risk Acknowledgement' form was crafted intentionally to offer the investing public as many red flags as necessary to inform them, with their acknowledgement, that "*The person selling me these securities is not registered with a securities regulatory authority and has no duty to tell me whether this investment is suitable for me.*"

The 'Warning' on this page is a blunt and more than adequate acknowledgement by the subscriber of the inherent risks of the investment. Indeed, subscribers decide many times to stop the investment subscription at this point, showing that it is effective. A further safeguard for the investing public is the opportunity to cancel the purchase within 48 hours.

Investors like the fact that single purpose companies don't push or sell other investments that they know nothing about. There is no question that many investors will choose not to subscribe to exempt securities if they have to paint a financial picture of themselves to a sales representative. Exempt issuers will lose investors because of this rule alone!

Canadian Security Course ('CSC')

This course offers very little to protect the public in the area of exempt securities. The OM is used primarily by the real estate development industry (approximately 90%).

There is very little pertinent information contained in the course (4 pages) that applies to the sale of real estate, mortgages or mortgage funds etc.

Requiring the sales representative of exempt securities to take this course will inevitably leave the investor with a false sense of security. This course is clearly designed for sales people in the securities business as stockbrokers, financial planners, investment advisors etc.

The Working Group must justify this recommendation by providing clear examples of where harm to the public could have been prevented if the sales representative of non-registered exempt issuers had taken the Canadian Securities Course.

Conclusion

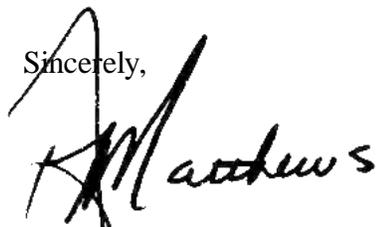
The RRP is a direct reactionary result of large brokerages undermining the success of NI 45-106 that provides opportunity and benefits to the investor. This amazing opportunity was created with a tremendous amount of thought and consultation. It paved the way for investors to benefit from a new array of investments. It also allowed product developers a new source of revenue at a reasonable cost through the Offering Memorandum which simultaneously provided blunt disclosure and protection for the investor.

NI 45-106 is not broken! It requires no amendments! It is accomplishing exactly what the designers created it for. This instrument is in no need of repair!

Thanks to NI 45-106 non-registered as well as registered industry participants are able to offer investments to the public with all the checks and balances in place.

There are several other serious concerns related to the RRP proposed changes. Suffice it to say we expect your direct participation and action in this matter to maintain the status quo.

Sincerely,

A handwritten signature in black ink that reads "Allan Matthews". The signature is written in a cursive, slightly slanted style.

Allan Matthews PhD.

cc.

British Columbia Securities Commission

Alberta Securities Commission

Saskatchewan Financial Services Commission

Manitoba Securities Commission

Ontario Securities Commission

Autorite des marches financiers

New Brunswick Securities Commission

Registrar of Securities, Prince Edward Island

Nova Scotia Securities Commission

Superintendent of Securities, Newfoundland and Labrador

Registrar of Securities, Northwest Territories

Registrar of Securities, Yukon Territory

Registrar of Securities, Nunavut

**Alberta Securities
Commission**

Attention: William (Bill) S.
Rice, Q.C., Chair
4th Floor, 300 – 5th Avenue
SW
Calgary, AB, T2P 3C4

Honourable Lyle Oberg

Minister of Finance
#408 Legislature Building
10800 - 97 Avenue
Edmonton, AB, T5K 2B6

Honourable Ronald

Liepert
Minister of Education
#323 Legislature Building
10800 - 97 Avenue
Edmonton, AB, T5K 2B6

**British Columbia Securities
Commission**

Attention: Douglas M.
Hyndman, Chair
701 West Georgia Street
P.O. Box 10142, Pacific
Centre
Vancouver, BC, V7Y 1L2

**Honourable Carole
Taylor**

Minister of Finance
PO Box 9048
STN PROV GOVT
Victoria, BC, V8W 9E2