

May 14, 2008

To: British Columbia Securities Commission

Alberta Securities Commission

Saskatchewan Financial Services Commission

Manitoba Securities Commission

Ontario Securities Commission

Autorité des marchés 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

c/o the following:

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Ladies and Gentlemen:

**RE: Comments CANADIAN SECURITIES ADMINISTRATORS
(CSA) REGISTERED REFORM PROJECT (RRP) / National Instrument
31-103 and 31-103 CP (revised Feb. 29, 2008)**

I am writing to express my personal concerns as an independent consultant marketing exempt securities on behalf of a Genesis Land Development Corp. - Limited Partnerships. I would like to voice my opinions on the subject project and national instrument, especially with respect to the proposals regarding "Market Exempt Dealers and Representatives".

The primary business of Genesis Land Development Corp. is the development of major urban communities to accommodate the growing need for housing in Calgary's booming economy. Genesis has four (4) major communities in the Calgary Metro Area, including Bayside and

Canals in Airdrie, as well as Sherwood and Taralake inside the city of Calgary. As a public company, Genesis could use their stock to raise funds for expansion, but this is NOT an economically viable option at this time, due to the fact that they are trading at a considerable discount to net asset value.

Genesis uses prospectus exempt securities to raise equity capital (through the form of limited partnerships), that allows Genesis to purchase land holdings that we take through the development approval and servicing process. There has been more than \$82 million over the past three and a half years. To date, Genesis Land Development Corp. has completed development of more than 3500 home sites (nearly all in the Calgary area).

While the revised changes are definitely an improvement over the original proposed policy, there are still a number of inconsistencies and areas that are deficient. Changes are still required to provide a realistic framework to make 31-103 effective for all parties involved.

While Genesis believes that the existing LEGISLATION NI-45-106 IS ALREADY EFFECTIVE, it is obvious that most of the Securities commissions (with the notable exceptions of British Columbia and Manitoba) want to impose licensing of personnel and agencies selling prospectus exempt securities.

Having accepted that some sort of regulation will be imposed regardless of my opinion, here are my concerns on the specific policies proposed (in the revised document of Feb. 28, 2008)

1) **The CSC course is nearly USELESS as a training tool for selling exempt securities – especially for real estate investments.**

A hybrid course of real estate securities would be far more useful in this regard versus the requirement of issuer's salespersons to pass the Canadian Securities Course (CSC). The CSC course is designed for individuals who want to become financial advisors, provide financial advice, and market a variety of products. Genesis and its sales staff are NOT interested in selling any investments other than those offered specifically by our company. The CSC course offers NO further protection to the investing public, as the content of the CSC course contains approximately three pages (out of many hundreds) on real estate items.

It was suggested at a briefing on April 22, 2008 by an ASC staff member that some "entrepreneurial" opportunity existed for someone to design and market the course. This of course borders on being ludicrous as everyone knows that the courses come under intense

scrutiny by the commissions, and that the ONLY realistic solution is to have the CSI (in conjunction with the securities commissions and industry members and not IDA members who have literally minimal knowledge of real estate investments – because very few of them have marketed the product) design and approve such a course.

2) **Requirement for every client to provide full disclosure of his/her personal financial details (“Know Your Client rules”)**

I will reiterate this again, since Genesis only sells ONE product and is NOT interested in managing an individual’s portfolio, they DO NOT want to know about the investor’s personal financial affairs, as long as they are qualified to purchase our market exempt securities (which he or she declares on the subscription form). Also, clients would vehemently object to providing their personal financial details to someone who has NO need for them and CANNOT give them advice on their financial portfolio. This requirement will only drive clients away from investing since nearly ALL clients value their financial privacy. The requirements outlined in NI45-106 are quite clear; WE ARE NOT GIVING FINANCIAL ADVICE.

3) **Requirement for more detailed information when a exempt market dealer handles a cheque (even though the cheque is written to a lawyer in trust – and NOT to the dealer itself)**

Division 2: Solvency requirements

Exemption for certain exempt market dealers

4.17 This Division does not apply to an exempt market dealer that does not handle, hold, or

have access to any client assets, including cheques and other similar instruments.

This should be changed such that dealers handling funds and merely acting as a courier to the issuer or a lawyer should also qualify for this exemption in Division 2 section 4.17.

4) **The Know Your Client Rules in section 5.3 are vague.**

Even if I am required to obtain information from a client to ensure conformance with the qualifying conditions of purchasing exempt securities (such as meeting eligible or accredited investor criteria), the rules are not clear. Maybe a reduced table (not of the same detail as opening an equity account with a brokerage house) could be used to establish client qualifications – (ex. Net worth exceeding \$1,000,000 - liquid securities – which is already one of the criteria stated for accredited investors).

Thank you for your consideration of my comments

Yours sincerely,

Sent by E-mail

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