

**ALBERTA SECURITIES COMMISSION**  
**(the "Commission")**

IN THE MATTER OF *The Securities Act*  
S.A. 1981 c.S-6.1, as amended (the "Act")

-and-

IN THE MATTER OF Sheri Lynn MacMillan  
(the "Respondent")

**SETTLEMENT AGREEMENT AND UNDERTAKING**

**1. INTRODUCTION**

- 1.1 The Staff of the Alberta Securities Commission (the "Staff") conducted an investigation (the "Investigation") into allegations that the Respondent breached the requirements of the Act or rules made pursuant to the Act (the "Rules"), and that she acted contrary to the public interest;
- 1.2 The Investigation confirmed that the Act, the Rules and/or the public interest had been breached; and
- 1.3 The Staff and the Respondent have agreed to resolve the allegations against her in this matter based on the terms and conditions set out herein;

**2. AGREED STATEMENT OF FACTS**

- 2.1 The Respondent is currently registered with the Commission as a salesperson pursuant to subsection 54(1) of the Act and has been so registered since April 17, 1997;
- 2.2 The Respondent was employed by Laurentian Funds Management Inc., a

mutual fund dealer, from April 17, 1997 to May 22, 1997. From May 23, 1997 to September 3, 1999, she was employed by Partners in Planning Financial Services Ltd. Commencing September 14, 1999 the Respondent has been employed by Balanced Planning Investments Corporation.

- 2.3 The Respondent is also a registered life insurance agent with the Alberta Insurance Council and presently holds a licence to sell Life, Sickness & Accident insurance products through Industrial Alliance Pacific Life Insurance Company, formerly North West Life Assurance Company of Canada;
- 2.4 On or about April 14, 1998, the Respondent advised two elderly Alberta residents (the "Investors") to invest \$15,000 in interest bearing, unsecured, non-convertible promissory notes of Pledge Mortgage Corporation ("Pledge"). The Investors contributed a further \$10,000 to Pledge on October 21, 1998 and \$20,000 on November 24, 1998 (collectively, the "Pledge Notes");
- 2.5 As at the date of the initial investment, one of the Investors was 83 years old and the other, 81. Pledge has been unable to meet its monthly interest payment obligations and the Investors have only received one interest cheque in the amount of \$5,000;
- 2.6 The Respondent was not registered pursuant to the Act to trade in securities, at any material time, and she did not provide the Investors with a prospectus prior to the sale of the Pledge Notes;
- 2.7 By reason of the matters described above, the Respondent has breached sections 54(1) and 81(1) of the Act and has acted contrary to paragraphs 2.4, 2.7 and 3.5 of Commission Policy 3.1 and the public interest.

### **3. FACTORS RELEVANT TO SANCTION**

- 3.1 Staff and the Respondent agree that the following factors are relevant to the matter of sanction.
- 3.2 The Respondent has:

- 3.2.1 not been previously sanctioned by the Commission for any breaches of the Act, the Rules or the public policy; and
- 3.2.2 fully cooperated with Staff regarding the Investigation and enforcement of this matter.
- 3.3 In recognition of the fact the Respondent was a junior investment advisor, she made arrangements to practice with 3 senior investment brokers, some or all of whom introduced her to the Pledge investment.
- 3.4 The Respondent cautioned the Investors to limit their investment in Pledge to a maximum of 10% of their investment portfolio, which advice they accepted despite their initial intention to invest significantly more in furtherance of their objective of maximizing their investment return.
- 3.5 The Respondent continues to handle the investment portfolio of the Investors.
- 3.6 The Respondent personally purchased notes in Pledge in the amount of \$35,000 and has not received repayment of any interest or principal.

#### **4. SETTLEMENT TERMS**

- 4.1 The Respondent shall immediately cease trading, if she has not already done so, in the notes of Pledge;
- 4.2 The Respondent's registration to sell mutual funds shall be suspended for a period of 4 months from the date of execution of this Settlement Agreement and Undertaking, and she will not receive any commissions or other remuneration from or related to the sale of mutual funds during that period;
- 4.3 The Respondent shall pay costs of the investigation to the Commission in the amount of \$1500;
- 4.4 The Respondent shall successfully complete, prior to renewing her registration, the Ethical Conduct and Behaviour course for mutual fund salespeople sponsored by the Investment Funds Institute of Canada;

- 4.5 The Respondent shall work under the close supervision of Balanced Planning Investment Corporation for a period of 12 months from the date of execution of this Settlement Agreement and Undertaking.
- 4.6 The Respondent acknowledges that this agreement will remain on her file and may be referred to in any future disciplinary or other enforcement matters;
- 4.7 The Respondent hereby waives any rights that she may have under the Act or otherwise, to a hearing, review, judicial review or appeal of the matters referred to herein;
- 4.8 This Settlement Agreement and Undertaking resolves all matters described herein and the Staff will take no further steps, including the initiation of any proceedings before the Commission, in this regard; and
- 4.9 The Respondent acknowledges that she has had the opportunity to seek independent legal advice with respect to the matters addressed herein and that she understands and voluntarily accepts the terms of settlement.

Signed by Sheri Lynn MacMillan )  
 this 28 day of March, 2001 at )  
 Calgary, Alberta in the presence )  
 of: )  
 )  
 )

“Original Signed” )  
 Witness )

“Original Signed By” )  
 Sheri Lynn MacMillan )

Dated at Calgary, Alberta this )  
 )  
 19<sup>th</sup> day of April, 2001 )

ALBERTA SECURITIES COMMISSION )  
 )  
 “Original Signed By” )  
 David Linder )  
 Executive Director )