

ENFORCEMENT SUMMARY

In the Matter of The Securities Act and in the Matter of Charles MORRISON ("Morrison")

Charges:

On May 12, 2004, Associate Chief Justice Oliphant of the Court of Queen's Bench accepted, concurrently, the guilty pleas of Morrison to eight (8) charges of fraud under the Criminal Code of Canada and guilty pleas to three (3) counts of trading without registration contrary to The Securities Act of Manitoba ("Act").

Summary:

In the late 1980's, Eugene and Diane Gousseau and Ken and Linda Arlt of Arlt Homes Ltd became acquainted with Morrison in his capacity as their life insurance salesman. Both couples developed a very trusting relationship with Morrison. The securities offences arose out of certain conduct of Morrison's in the 1990's, regarding his receipt of large dollar amount cheques from Eugene and Diane Gousseau and Arlt Homes Ltd. In the case of the Gousseaus, the cheques totaled \$370,000; the Arlt Homes cheques totaled \$600,000. The monies had been provided by the victims to Morrison for investments.

As to the Gousseaus, in 1996, 1997 and 1998, the Gousseaus provided Morrison with monies to invest. Morrison recommended to the Gousseaus an investment into a construction company. He assured them it was a good outfit and that there would be good returns.

As to Arlt Homes, in December of 1996, two cheques totalling \$200,000, were given to Morrison to invest. Morrison instructed that the cheques be written payable to MGM Financial Group. The Arlts thought the money was being invested into some type of insurance investment product. The Arlts later asked Morrison for documentation evidencing into what the monies had been invested. Morrison initially told them he had put the money into a money market fund and provided a Financial Overview document stating an investment in MGM Trust Money Market. Some time later, Morrison informed the Arlts that he had put \$100,000 of the \$200,000 into Fraser Sand & Gravel and that he could make them 10% a year. Morrison then provided the Arlts with another Financial Overview, dated January 25, 1999, showing the investment in Fraser Sand & Gravel. Arlt Homes requested that the monies come out of Fraser Sand & Gravel and be reinvested as expected. As matters transpired, this was never done. In addition, in 1998, Arlt Homes had continued to provide Morrison with additional monies totaling a further \$400,000. These monies were to be invested into insurance investment products (funds). In 1999, the Arlts continued to question Morrison as to what had happened to all of the monies that were made payable to MGM Financial Group, or MGM Trust, then totaling \$600,000. As part of his explanation, Morrison told them he had invested some of their money into a company called Remedial Air Systems and provided Arlt Homes with a Promissory Note indicating that Remedial Air Systems Inc. promised to pay MGM Insurance the sum of \$450,000. Morrison also provided another Financial Overview document showing an Arlt Homes investment in MGM of \$600,000, with Remedial Air Systems paying to an Arlt Homes policy \$350,000 over 3 years.

The above mentioned monies totalling \$970,000 were not returned to the respective victims. At all material times, Morrison was not, and had never been, registered to trade in securities under the Act.

Sentence:

Morrison was sentenced on August 24, 2004 for the charges under the Act as well as the Criminal Code charges for fraud. At the time of sentencing, Morrison had \$500,000 in mitigation monies to be paid into court as partial reparation for victims. Of these monies, approximately 72% were to be paid out to the Gousseaus and Arlt Homes. Associate Chief Justice Oliphant accepted the joint recommendations of the Crowns and defence such that Morrison received a Conditional Sentence of 2 years less a day, followed by a 3-year Supervised Probation Order, for the fraud convictions and a suspended sentence of 2 years less a day with a Supervised Probation Order for the securities offences, to be served concurrently with the Conditional Sentence.

Note:

On November 24, 2003, The Manitoba Securities Commission issued Order No. 4333, consented to by Morrison, providing for a denial of exemptions under the Act as against Morrison, commencing November 21, 2003 and continuing thereafter for an indefinite period.

The Manitoba Securities Commission
August 25, 2004