

IN THE MATTER OF: THE SECURITIES ACT

-and-

**IN THE MATTER OF: SHELDON TERRY HEIDEBRECHT
AND MARGARET KONIUCK-PETZOLD**

**STATEMENT OF ALLEGATIONS OF STAFF OF THE
MANITOBA SECURITIES COMMISSION**

STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE THAT:

A. REGISTRATION

1. Sheldon Heidebrecht ("Heidebrecht") at all material times was a resident of Winnipeg, Manitoba.
2. At all material times, Heidebrecht was not registered to trade in securities under *The Securities Act* of Manitoba (the "Act"). Heidebrecht was previously registered under the Act as a salesperson with Portfolio Strategies Corporation ("Portfolio Strategies") and was dismissed on May 18, 2005. Heidebrecht's registration under the Act was suspended on May 18, 2005.
3. Margaret Koniuck-Petzold ("Koniuck-Petzold") at all material times was a resident of Winnipeg, Manitoba.
4. At all material times, Koniuck-Petzold was registered under the Act as a Branch Manager with Portfolio Strategies. Koniuck-Petzold is currently registered as a Salesperson with Portfolio Strategies.

B. DETAILS

1. At all material times, Koniuck-Petzold operated a company Third Millennium Group Benefits Inc. ("Third Millennium") which provides private health care services and administration for small businesses.
2. In or about the fall of 2005, Heidebrecht began working for Koniuck-Petzold in relation to Third Millennium.
3. In November 2005, Heidebrecht met with M.W. of the B.H. Colony ("Colony") at Sandy Lake, Saskatchewan in relation to Third Millennium business. At this meeting, Heidebrecht and M.W. discussed investments. Heidebrecht told M.W. that he could offer a better return on the Colony's investments than what their bank was providing. Heidebrecht also told M.W. that he had approximately \$30 million invested for various Mennonite groups.

4. After their meeting, Heidebrecht had several telephone conversations with M.W. Heidebrecht told M.W. that he took over a company from his father which was in the financial business and that the Colony's investments would go into Tri-Vista Financial Corporation.

5. Heidebrecht also stated to M.W. that Tri-Vista Financial Corporation had between \$27 million and \$30 million in it from local Mennonite groups that Heidebrecht was working with. This statement was not true.

6. The Colony had a \$1,000,000.00 GIC coming due, and they decided to invest with Heidebrecht as he offered a better return than their bank.

7. M.W. agreed to meet with Heidebrecht on December 15, 2005 in Regina to invest the Colony's million dollars with Heidebrecht.

8. Prior to the December 15, 2005 meeting, Heidebrecht informed Koniuck-Petzold that M.W. and the Colony were interested in getting a better rate on their GIC investment. Koniuck-Petzold told Heidebrecht that she would be interested in investing the Colony's money.

9. Heidebrecht and Koniuck-Petzold also discussed an arrangement whereby the Colony's money would be deposited into an account of Tri-Vista Financial, a company which was to be owned by Heidebrecht, and that the money would then be invested to earn the Colony a rate of return.

10. On or about December 15, 2005, Heidebrecht and Koniuck-Petzold met with M.W. and B.K. of the Colony in Regina, Saskatchewan. M.W. and B.K. indicated they were prepared to invest one million dollars of the Colony's money with Heidebrecht as he offered them a better return than what the Colony was receiving from their bank. They also indicated it was important that the Colony's investment be secure.

11. At the December 15, 2005 meeting, M.W. and B.K. were presented a document by Heidebrecht and Koniuck-Petzold entitled "Tri-Vista Financial Inc. – Guaranteed Investment Contract – Application". Koniuck-Petzold completed this document for the Colony.

12. The terms of the Guaranteed Investment Contract with Tri-Vista Financial Inc. included an investment in the amount of \$1,000,000.00 for a five year term maturing December 14, 2010 with an interest rate of 4.85% compounded annually. The Guaranteed Investment Contract – Application was non-redeemable and referred to a total of \$1,267,191.00. The document was signed by M.W. and B.K. on behalf of the Colony.

13. No documentation, other than the Tri-Vista Financial Inc.- Guaranteed Investment Contract Application was provided to M.W. and B.K. at the December 15, 2005 meeting. Heidebrecht said he would send M.W. literature from the company and how it worked. None was forwarded to M.W.

14. M.W. and B.K. on December 15, 2005 provided a cheque from the Colony to Tri-Vista Financial Inc. in the amount of \$1,000,000.00. Koniuck-Petzold wrote out the cheque for the Colony.

15. 5206767 Manitoba Ltd. was incorporated pursuant to *The Corporations Act* of Manitoba on November 21, 2005. On December 19, 2005, pursuant to *The Corporations Act* of Manitoba, an amendment to the Articles of 5206767 Manitoba Ltd. was filed with the name of the Corporation being changed to Tri-Vista Financial Inc.

16. Danny Heidebrecht, Heidebrecht's father, was listed as the director and president of Tri-Vista Financial Inc. Danny Heidebrecht was asked to be a director of Tri-Vista Financial Inc. by Heidebrecht.

17. Subsequent to receiving the cheque from M.W. and B.K., Heidebrecht and Danny Heidebrecht went to a branch of the Assiniboine Credit Union in Winnipeg to open an account for the purposes of depositing the Colony's \$1,000,000.00 cheque.

18. The Colony's funds that were deposited into the Tri-Vista Financial Inc. bank account were subsequently frozen by the Credit Union and were returned to the Colony.

19. Both Heidebrecht and Koniuck-Petzold stated to Staff of The Manitoba Securities Commission that the other created the Tri-Vista Financial Inc. Guaranteed Investment Contract application.

20. At no time did Koniuck-Petzold advise her sponsoring firm, Portfolio Strategies, of the matters set out in these allegations.

C. ALLEGATIONS

1. Staff of the Commission allege that:

- a) Heidebrecht traded in securities without having been registered and without prospectus in contravention of the Act;
- b) Koniuck-Petzold traded in securities other than those specifically authorized by her registration under the Act;
- c) Koniuck-Petzold conducted trades in securities without the knowledge or consent of her dealer, Portfolio Strategies;
- d) Koniuck-Petzold assisted Heidebrecht in arranging the foregoing transaction with the Colony when she knew or ought to have known that Heidebrecht was not registered to trade in securities.
- e) Koniuck-Petzold traded in securities, or assisted Heidebrecht in trading in securities, which were unsuitable for the Colony.

f) The conduct of Heidebrecht and Koniuck-Petzold, as set out above, was contrary to the public interest.

and due to the allegations, Heidebrecht and Koniuck-Petzold should not be entitled to use of any of the exemptions set out in the Act, should not be able to participate in the exempt markets in the future and should be ordered to pay an administrative penalty pursuant to section 148.1(1) of the Act. Further, due to the allegations, Koniuck-Petzold's registration under the Act as a salesperson should be suspended or cancelled.

2. Such further and other allegations as Staff may advise and the Commission may permit.

DATED at Winnipeg, Manitoba this 21st day of February, 2007.

Director, Legal and Enforcement

TO: SHELDON TERRY HEIDEBRECHT
AND
TO: MARGARET KONIUCK-PETZOLD