



THE MANITOBA
SECURITIES
COMMISSION

IN THE MATTER OF: THE SECURITIES ACT

-and-

**IN THE MATTER OF: GARY GERALD PALMER and
THE GREAT-WEST LIFE ASSURANCE
COMPANY**

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

**STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE, INTER
ALIA, THAT:**

A. RESPONDENTS

1. Gary Gerald Palmer ("Palmer") at all material times, resided in the City of Winnipeg, in the Province of Manitoba. Palmer is not and has never been registered in any capacity under *The Securities Act* (the "Act").
2. The Great-West Life Assurance Company ("Great-West Life") carries on the business of an insurance company with its head office located in Winnipeg, Manitoba.
3. At all material times Palmer was registered as an insurance agent with the Insurance Council of Manitoba. Palmer carried on business under the name Palmer Financial.

B. DETAILS

1. At all material times Palmer was an agent and representative of Great-West Life. As such, Palmer acted on behalf of Great-West

Life in representing Great-West Life, its products and services to clients.

2. J.D. Raleigh & Company Ltd. ("JDR") was a company incorporated pursuant to the laws of Manitoba. At all material times Palmer was a director and officer of JDR. JDR is not and has never been registered in any capacity under the Act.
3. Palmer between 1997 and 2006 advised several Great-West Life clients (the "Clients") to withdraw funds from Great-West Life accounts and deposit them into JDR.
4. Palmer represented monies deposited into JDR would be invested in a less volatile investment and would offer a better rate of return and/or guaranteed rate of return.
5. Palmer facilitated the withdrawal of Clients' funds from Great-West Life accounts. The funds were provided to Palmer to invest on their behalf (the "Funds"). In addition, some Clients provided Palmer money to invest on their behalf from other sources.
6. The Clients all understood they were to receive a specified rate of return, as represented by Palmer, for their investments.
7. Palmer represented to the Clients he invested the Funds for them in various securities, including GTEE interest deposits, GTEE rate deposits, guaranteed rate accounts and investments with JDR. The securities purported to have specified rates of return over the term of the investment (collectively the "securities").
8. Palmer's representations concerning his investing the Clients' Funds were false.
9. Palmer used some or all of the Clients' Funds for his own personal use.
10. Palmer received and misappropriated over \$1,000,000.00 of the Clients' Funds. In addition, some of the Clients incurred tax liabilities as a result of monies being withdrawn from the Great-West Life accounts.
11. Palmer from time to time would issue statements to the Clients as to the value of their investments. These statements were false.

12. Many of the Clients were led to believe by Palmer that their investments in the securities were associated with Great-West Life.
13. On June 8, 2010 Palmer pled guilty to 15 counts of fraud contrary to Section 380 (1)(a) of the Criminal Code of Canada.
14. On November 22, 2010, Palmer was sentenced on the foregoing charges which included a period of incarceration of 8 years concurrent on several counts of fraud contrary to Section 380 (1)(a) of the Criminal Code of Canada.

C. COMPENSATION FOR FINANCIAL LOSS

1. The Director of the Commission has received applications for claims against Great-West Life and Palmer for compensation for financial loss in favour of each of L.M., E.K., C.H., R.H. and P.J. The Director requests that the Commission order financial loss compensation to each of the claimants in an amount to be determined at the hearing.

D. ALLEGATIONS

1. Staff of the Commission allege:
 - a) Palmer traded in securities without registration and without filing a preliminary prospectus or prospectus;
 - b) The conduct of Palmer, as set out above, was contrary to the public interest

and due to the forgoing allegations Palmer should not be entitled to use any of the exemptions set out in the Act and should not be entitled to participate in the exempt markets in the future, and furthermore Palmer should be ordered to pay compensation for financial loss pursuant to Section 148.2 of the Act, and still further that an administrative penalty pursuant to Section 148.1(1) of the Act should be ordered against Palmer.

2. As against Great-West Life, Staff of the Commission allege that the contravention or failure to comply as itemized in section 148.2(3)(a) of the Act on the part of Palmer occurred while Palmer was acting on behalf of Great-West Life and that, accordingly, pursuant to section 148.2(4) of the Act, Great-West Life be jointly

and severally required to pay any compensation for financial loss ordered to be paid to L.M., E.K., C.H., R.H. and P.J. pursuant to section 148.2(3) of the Act.

3. Such further and other matters as counsel may advise and the Commission may permit.

Dated at Winnipeg, Manitoba this 22nd of July, 2011


Director, Legal and Enforcement

TO: GARY GERALD PALMER

AND TO: THE GREAT-WEST LIFE ASSURANCE COMPANY