



THE SECURITIES ACT)
)
Sections 148, 19(5) and 148.3)

Order No. 7541

February 18, 2021

AGATHA FRIESEN

WHEREAS:

(A) On June 17, 2020, a Notice of Hearing issued, by reason of a Statement of Allegations of staff of The Manitoba Securities Commission ("Commission") also dated June 17, 2020, whereby the Commission gave notice of its intention to hold a hearing to consider whether or not orders should be made under The Securities Act ("Act") against Agatha Friesen ("Agatha FRIESEN");

(B) This hearing matter previously came before a panel of the Commission on September 9, 2020 and on October 8, 2020 at which time hearing dates were set for March 1 – 5, 2021 inclusive;

(C) Staff of the Commission and Agatha FRIESEN entered into a Settlement Agreement (a copy of which is attached as Schedule "A") dated February 16, 2021 ("Settlement Agreement"), which proposed settlement of this hearing matter, subject to the approval of the Commission;

(D) Agatha FRIESEN has consented to the issuance of this Order and has waived her rights to counsel and to a full hearing;

(E) On February 18, 2021, the Commission held a hearing ("Settlement Hearing") to consider whether or not to approve the Settlement Agreement;

(F) At the Settlement Hearing, the Commission approved the Settlement Agreement and the Commission is of the opinion that it is in the public interest to make this order.

IT IS ORDERED:


1. **THAT** the Settlement Agreement, Schedule "A", be and the same is hereby approved.
2. **THAT**, pursuant to section 148 of the Act, Agatha FRIESEN cease trading in securities permanently.
3. **THAT**, pursuant to subsection 19(5) of the Act:

- (i) subsection 19(1) of the Act, with respect to such of the trades referred to in that subsection, does not apply to Agatha FRIESEN, and
- (ii) subsection 19(2) of the Act, with respect to such securities referred to in that subsection, does not apply to Agatha FRIESEN,

permanently.

4. THAT, pursuant to section 148.3 of the Act, Agatha FRIESEN resign any positions she may hold as a director or officer of any issuer and be permanently prohibited from becoming or acting as a director or officer of any issuer.

BY ORDER OF THE COMMISSION



Director



THE MANITOBA
SECURITIES
COMMISSION

SCHEDULE "A" TO ORDER

Settlement Agreement

AGATHA FRIESEN

and

The Staff of The Manitoba Securities Commission

**The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5**

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SETTLEMENT AGREEMENT

A. Introduction

- A1. On June 17, 2020, The Manitoba Securities Commission ("Commission") issued a Notice of Hearing ("NOH") and Statement of Allegations ("SOA") naming Agatha Friesen as one of the respondents and giving notice of its intention to hold a hearing under *The Securities Act* ("Act"), as against Agatha Friesen, to consider:
1. whether or not it is in the public interest to order, pursuant to section 148 of the Act, that Agatha Friesen be cease traded;
 2. *whether or not it is in the public interest to order, pursuant to section 19(5) of the Act, that:*
 - (a) subsection 19(1) of the Act does not, with respect to such of the trades referred to in that section, apply to Agatha Friesen;
 - (b) subsection 19(2) of the Act does not, with respect to such of the securities referred to in that section, apply to Agatha Friesen;
 3. whether or not it is in the public interest to order, pursuant to section 148.3 of the Act, that Agatha Friesen resign and be prohibited from becoming or acting as a director or officer of any issuer;
 4. whether or not it is in the public interest to order that Agatha Friesen pay the costs of and incidental to the hearing;
 5. such further and other matters and the making of such further and other orders as the Commission may deem appropriate.
- A2. Discussions have been held between Agatha Friesen ("respondent") and Staff in an effort to settle the matters set out in the NOH and SOA ("Proceedings"). A settlement ("Settlement") has been reached based on the terms and conditions set forth in this agreement ("Settlement Agreement").
- A3. Pursuant to the Settlement, Staff agree to recommend to the Commission that the Proceedings initiated against the respondent be resolved, as against this one respondent only, and disposed of in accordance with the terms and conditions of this Settlement Agreement as set forth below. The respondent consents to the Settlement and to the making of the consent

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order referred to in Part D. below. on the terms and conditions set forth in this Settlement Agreement.

B. Statement of Facts:

- B1. Agatha Friesen is and has at all material times been married to Neil Friesen also known as Cornelius Friesen ("Neil Friesen") one of the respondents in the Proceedings.
- B2. Agatha Friesen and Neil Friesen each are not and have never been registered in any capacity under the Act.
- B3. 5205557 Manitoba Inc. is not now and has never been registered in any capacity under the Act.
- B4. At all material times, 5205557 Manitoba Inc. had not filed a preliminary prospectus, or a prospectus, with the Commission, nor had it applied for or been granted an exemption order under section 20 of the Act.
- B5. At all material times, 5205557 Manitoba Inc. had not filed any reports under clause 7 of the Regulation to the Act ("Regulation") or any notice *under clause 91 of the Regulation with respect to any trades under section 19 of the Act or clauses 90 or 91 of the Regulation.*
- B6. On November 18, 2005, 5205557 Manitoba Inc. was incorporated under the laws of Manitoba. Subsequently, 5205557 Manitoba Inc. was dissolved on March 25, 2008, revived on November 24, 2008, and eventually dissolved without revival on March 19, 2010.
- B7. From its incorporation in 2005 and thereafter at all material times, Agatha Friesen was a director of 5205557 Manitoba Inc.
- B8. On or about June 1, 2009, Neil Friesen became a director of 5205557 Manitoba Inc. At all material times, Neil Friesen signed documents on behalf of 5205557 Manitoba Inc. as its president.
- B9. At all material times, Agatha Friesen was a resident of Manitoba.
- B10. From October 2009 to March 2010, various individuals provided funds to 5205557 Manitoba ("investors"). In all but two cases, the funds were raised with direct contact between the investor and Neil Friesen, not *Agatha Friesen.*

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- B11. As to the one case that was an exception, the funds were raised through direct contact with a man described to investor EF¹ as working for Neil Friesen. In the case of EF, it was also that associate of Neil Friesen's who explained the investment to the investor and took the investment funds cheque from EF.
- B12. As to the second case that was an exception, the investment was made by investor EP hearing about it from another investor, EP's brother. EP never signed or initialled his Loan Agreement at all, but the document was signed by Neil Friesen as president for 5205557 Manitoba Inc. The investment funds were given by EP to 5205557 Manitoba Inc. by wire transfer from a credit union account of EP's to a bank account of 5205557 Manitoba Inc.
- B13. Except for EP, described above, each investor executed a document called a loan agreement with 5205557 Manitoba Inc. stated as borrower and signed by Neil Friesen as president of 5205557 Manitoba Inc. ("Loan Agreements").
- B14. In most cases, the Loan Agreements were presented by Neil Friesen to the investor for the investor to sign and Neil Friesen received from the investor the investments funds either directly or through a person working for him.
- B15. The Loan Agreements provided that 5205557 Manitoba Inc. was to pay the principal of the loan amount invested and interest within 13 to 24 months.
- B16. The rate of return to each investor was stated to be from 2% to 3% per month depending upon the specific agreement.
- B17. As presented to the investor for signing, the Loan Agreements included declarations that the investor was a friend or business associate of one of the members of the board of directors of 5205557 Manitoba Inc. and that the investor had been fully informed that 5205557 Manitoba Inc. was not making an offering of securities.
- B18. At the time of investing in 5205557 Manitoba Inc., each of the investors had neither a close friendship nor a close business relationship with a member of the board of directors of 5205557 Manitoba Inc.
- B19. Prior to investing, each of the investors had either previously purchased financial products from Neil Friesen or had had no dealings with the respondents at all.

1 Attached as Schedule "A" to this Settlement Agreement is an Identification Sheet identifying persons and/or entity generically described in the body of this Settlement Agreement by capitals or otherwise.

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B20. The investments made can be summarized as follows:

| | Investor | Amount (CAD) | Amount (USD) | Approximate Date Invested | Interest rate | Term |
|----|-----------------------------|---|-------------------------|------------------------------|--|---------------|
| 1 | VB | \$10,000 | | Feb. 23/10 | 2.5%/mth (30% annual) | 13-24 mths |
| 2 | DC | | \$70,000 | Oct. 7/09 | 3%/mth (36% annual) | 13-24 mths |
| 3 | JD | \$ 5,000 <u>\$ 5,000</u> \$10,000 | | Oct. 16/09 Mar. 1/10 | 3%/mth (36% annual) 2%/mth (24% annual) | 13-24 mths |
| 4 | JCE | \$25,000 | | Oct. 20/09 | 3%/mth (36% annual) | 13-24 mths |
| 5 | WE | \$25,000 | | Oct. 20/09 | 3%/mth (36% annual) | 13-24 mths |
| 6 | EF | \$20,000 | | Feb. 22/10 | 2.5%/mth (30% annual) | 13-24 mths |
| 7 | JH | | \$30,000 | Oct. 9/09 | 3%/mth (36% annual) | 13-24 mths |
| 8 | GP | \$10,000 | | Jan. 27/10 | 2%/mth (24% annual) | 13-24 mths |
| 9 | Manitoba Ltd. Co. c/o PP | \$20,000 <u>\$20,000</u> \$40,000 | | Dec.21/09 Feb. 19/10 | 2%/mth (24% annual) 2.5%/mth (30% annual) | 13-24 Mths |
| 10 | EP | \$15,000 | | Oct. 30/09 | 3%/mth (36% annual) | 13-24 mths |
| 11 | LKW | \$ 2,000 <u>\$10,000</u> \$12,000 | | Jan. 15/10 Mar. 11/10 | 2.5%/mth (30% annual) 2%/mth (24% annual) | 13-24 mths |
| | TOTAL | \$167,000 CAD | \$100,000 USD | | | |

B21. The funds raised were deposited to the accounts of 5205557 Manitoba Inc., from which various cheques were issued payable to One World United Inc. ("OWU") and One World United Loyalty Ltd. ("OWUL").

B22. OWU and OWUL had been established by a person known to Neil Friesen. OWU and OWUL were dissolved in 2011 and 2012 respectively.

B23. At the time of investing in 5205557 Manitoba Inc., none of the investors had any involvement with 5205557 Manitoba Inc. or how each of their respective returns would be generated.

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- B24. At the time of investing in 5205557 Manitoba Inc., the investors had each understood various things as to what use their money would be put including for something to do with a phone, for the start-up of a business selling memberships to a card, for the purchase of OWU gift cards, to be invested with or to support or fund OWU, or to specifically not be invested with OWU.
- B25. The investors received a payment or payments of interest and/or principal but none of the investors were fully repaid, such that each investor was owed all or a portion of both principal and interest.
- B26. Staff and Agatha Friesen agree to the making of the consent order referred to in Part D. below.

C. Acknowledgements

- C1. Agatha Friesen acknowledges that as a director of 5205557 Manitoba Inc. a company that traded without registration and without prospectus she acted contrary to the public interest and traded in securities without registration contrary to section 6 of the Act and without prospectus contrary to section 37 of the Act.
- C2. Agatha Friesen represents to staff that as at the time of entering into this Settlement Agreement, 5205557 Manitoba Inc. is discontinued, since March 19, 2010 has not been revived and has to the best of her *knowledge no assets*.

D. Terms of Settlement

- D1. In order to effect a resolution of the issues raised by the Proceedings, Staff and the respondent have entered into this Settlement Agreement. Upon this basis, Staff and Agatha Friesen seek an order ("Consent Order") from the Commission pursuant to the Act that:
- (a) the Settlement Agreement be approved;
 - (b) pursuant to section 148 of the Act, Agatha Friesen cease trading in securities permanently;
 - (c) pursuant to subsection 19(5) of the Act:
 - (i) subsection 19(1) of the Act, with respect to such of the trades referred to in that subsection, does not apply to Agatha Friesen, and

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- (ii) subsection 19(2) of the Act, with respect to such securities referred to in that subsection, does not apply to Agatha Friesen

permanently.

- (d) pursuant to section 148.3 of the Act, Agatha Friesen resign any positions she may hold as a director or officer of any issuer and be permanently prohibited from becoming or acting as a director or officer of any issuer.

D2. Staff have received information as to health expenses, inability to work and other financial information pertaining to Agatha Friesen all of which have been considered by Staff, together with the respondent's consent to orders of cease trade, denial of exemptions and director and officer resignation and prohibition as stated above, in Staff's decision not to pursue an order of costs.

D3. Staff have also received as to the husband of Agatha Friesen, a copy of a Court of Queen's Bench Order dated December 1, 2020 suspending the *discharge of Neil Friesen as a bankrupt with conditions over 36 months* including that he pay into the estate any surplus income payments owing. The Order further acknowledges proof of his personal income tax debt exceeding \$200,000.00 and representing more than 75% of his total unsecured proven claims in bankruptcy.

E. Procedure for Approval of Settlement

E1. The approval of this Settlement Agreement and the making of the Consent Order set out in this Settlement Agreement shall be sought at a public hearing pursuant to the NOH.

E2. Staff and the respondent agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted to the Commission in connection with the Proceedings and the respondent hereby waives her respective rights to a full hearing and appeal of this matter.

E3. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the Consent Order referred to in Part D. above is not made by the Commission, Staff will be entitled to proceed with the hearing commenced by the NOH unaffected by this Settlement Agreement or the settlement discussions. If this Settlement Agreement is not approved or the Consent Order set out in Part D. above is not made by the Commission, the terms of this Settlement Agreement shall remain

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confidential and will not be raised in the Proceedings or in any other proceeding and any admissions contained in this Settlement Agreement shall be considered as without prejudice communications and in furtherance of settlement discussions, which will not be binding upon the parties and which will be inadmissible in any proceeding whatsoever.

- E4. Staff and the respondent agree that if this Settlement Agreement is approved by the Commission and the Consent Order made upon the terms set out in this Settlement Agreement, this Settlement Agreement will be a public document. The Consent Order and/or approved Settlement Agreement may form the basis for parallel orders in other jurisdictions in Canada. *The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the respondent(s). Respondents should contact the securities regulator of any other jurisdiction in which the respondent(s) may intend to engage in any securities related activities, prior to undertaking such activities.*
- E5. The respondent agrees that she will not raise in any proceeding this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as a basis for an attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other challenge that may be available.
- E6. If this Settlement Agreement is approved by the Commission and the Consent Order is made upon the terms set out in this Settlement Agreement, neither Staff nor the respondent will make any statement inconsistent with this Settlement Agreement.

DATED at Winnipeg, Manitoba, this 15th day of February, 2021.

Henry Rompp
Witness

Agatha Friesen
Agatha Friesen

DATED at Winnipeg, Manitoba, this 15th day of February, 2021.

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16:00 CB

Staff of the Manitoba Securities Commission

per: [Signature]
Director

Schedule "A" to Settlement Agreement

IDENTIFICATION SHEET

1. VB = Victor Boettcher
2. DC = David Canning
3. JD = Jacob Dueck
4. JCE = Judith Caroline Ens
5. WE = William Ens
6. EF = Eva Funk
7. JH = John Herzberg
8. GP = Glendon Pearson
9. Manitoba Ltd. Co. c/o PP = 4042450 Manitoba Ltd. c/o Paul Perchaluk
10. EP = Edwin Peters
11. LKW = *Lai-Kuen Woo*

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