

THE SECURITIES ACT ) Order No. 5176  
 )  
Section 20(1) ) August 30, 2006

## THE MANITOBA CLUB

### WHEREAS:

(A) The Manitoba Club (the "Applicant") applied to The Manitoba Securities Commission (the "Commission") under Section 20(1) of The Securities Act, R.S.M. 1988, c.S50 (the "Act") for an order granting an exemption from the registration requirement and prospectus requirement of the Act in connection with trades in certain promissory notes (the "Notes"), subject to the terms and conditions hereinafter set forth.

(B) The Applicant has represented to the Commission that:

1. The Applicant was originally incorporated under provisions of its active incorporation, c. 51 of Statutes of Manitoba, 1875 and most recently was continued as a corporation consisting of members (as defined in such Act) under The Manitoba Club Act (Manitoba) RSM 1990, c. 92 ("MC Act") and operates out of premises located at 194 Broadway, Winnipeg, Manitoba.
2. The Applicant is not a reporting issuer in the Province of Manitoba and is comprised of members as defined in its act of incorporation and pursuant to the by-laws of the Applicant (a "Member"), a copy of which has been provided for the information of the Commission.
3. The Applicant has authority, pursuant to Section 6 of the MC Act to borrow money and to "sell any bonds, debentures or other instruments" as may be necessary for that purpose and, further, has the power under Section 8 to "draw, make, accept, sign and endorse bills of exchange, promissory notes, cheques and orders for payment of money as may be necessary for the purposes of the Club" subject to a limitation under the MC Act, which is not applicable in this instance.
4. Pursuant to the by-law of the MC Act, persons may qualify to be a "member" through a process of nomination by a current Member of the Club and approval by the Board of Governors of the Club and, as a Member or a "resident member" under Subsection 3(2) of the MC Act, has a say in the operation of the Applicant similar to a shareholder of a company. For all intents and purposes, as a result, the Applicant operates on a basis equivalent to a "private company" save and except that there is no restriction as to the number of Members which would be contained in the Articles of Incorporation of a "private company" as defined in the Act particularly, having not more than fifty (50) shareholders (Members).

5. Pursuant to the proposed capital campaign of the Applicant, the Applicant proposes to issue promissory notes to certain members ("Notes"). There will be no obligation on the part of Members to participate or have issued to them any Notes. The Notes have terms and conditions attached thereto which would include the payment of interest on such promissory notes following an initial interest free time frame as a result of the payment of interest.

6. In addition, in some circumstances the corporate organization of which a Member is a part of or employed by may be the party approved in connection with the company, such as a large institution or, in the case of smaller entities, it may be the case that the company controlled by the Member may be the subscriber for such promissory note, as a number of Members have the dues and membership costs paid for by companies controlled by them. (Such companies being "Affiliated Corporate Entities")

7. It cannot be said that "no part of the net earnings" of the Applicant would "enure to the benefit of any security holder" being a holder of a promissory note and, therefore, the Applicant would not be entitled to rely upon the exemption contained in Subsection 19(2)(f) of the Act. As well, as the payment of interest might be construed as a deduction from the gross earnings of the Applicant.

8. The proposed capital campaign of the Club is being carried out by certain members of the "Building New Traditions Committee" comprised of Honourary Co-Chairs, Co-Chairs, National Council Advisory Group, Cabinet and Past Presidents Council. Attached as Schedule "A" to this Application is a list of those individuals who will or may contact Members with respect to the issuance of Notes.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested;

**IT IS ORDERED:**

**1. THAT**, under subsection 20(1) of the Act trades in Notes by the Applicant to Members and Affiliated Corporate Entities are exempt from Sections 6 and 37 of the Act.

**2. THAT**, the fee for this order shall be \$550.00.

BY ORDER OF THE COMMISSION

Deputy Director - Legal

SCHEDULE "A"

Kathleen Richardson  
Lawrie Pollard

Evelyn Jacks  
Hubert Kleysen

Hon. Pearl McGonigal  
Art Mauro  
Sandy Riley  
Doneta Brotchie  
Hartley Richardson  
Brock Alexander  
Gail Asper  
Dick Bonnycastle  
Senator Douglas Everett  
Gregg Hanson  
Gordon Osler  
Donald S. Reimer  
Senator Duff Roblin  
Wick Sellers  
David Synott  
Jim Yaworski  
Archie Arnott  
Greg Bieber  
Jim Carr  
Rob Cunningham  
Lynn Smith Dark  
Bob Darling  
Ryan Downey  
Glen Dyrda  
Tom Fullan  
Kerry Hawkins

John MacAuley  
Kim McCartney  
Cliff Penner  
Ross Robinson  
Colin Ryan  
Ted Bartman  
John Bulman  
Bob Chipman  
Don Comack  
Del Crewson  
Sam Fabro  
Gordon Horne  
Russ May  
Lloyd McGinnis  
Bill Parrish, Sr.  
Michael Rattray  
Bruce Robinson  
Harvey Scrivener  
Reeh Taylor  
Bob Vandewater  
Gord Webster  
Jerry L. Gray  
Doneta A. Brotchie  
R.W. (Bob) Cunningham  
Jason E. Clarke