

THE SECURITIES ACT

)

Order No. 3300

)

SECTION 20

)

April 5, 2001

**MIDWEST VETERINARY DISTRIBUTION COOPERATIVE LIMITED**

**WHEREAS:**

(A) Midwest Veterinary Distribution Cooperative Limited (the "Issuer") has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of the *Securities Act*, R.S.M. 1988 c. S50 (the "Act") that, subject to certain conditions, certain trades in units (the "Units") of a mortgage to be issued by the Issuer be exempt from section 6 and section 37 of the Act;

(B) It has been represented to the Commission by the Issuer that:

1. The Issuer was incorporated under the provisions of The Cooperatives Act in 1991 and its primary business involves the distribution of veterinary products to its members. The Issuer currently has 110 members all of them are veterinarians who have agreed to purchase veterinary supplies from the Issuer with the majority of members being resident in the Province of Manitoba.
2. The Issuer recently acquired a property in Winnipeg, Manitoba to serve as its new main warehouse, distribution and office facility (the "Property").
3. It is the Issuer's intention to refinance the purchase and the renovations of the Property by offering its members an opportunity to participate in a mortgage of the property which will either constitute a first charge against the property or if necessary a second charge subject to a first mortgage obtained from a financial institution. The Issuer will be offering units of the mortgage (the "Units") at a unit price of \$1,000.00 per unit with a minimum offering of \$500,000.00 and a maximum offering of \$1,400,000.00 (the "Offering").
4. The Issuer intended to rely upon section 91(b) of the *Securities Regulation* to the Act for conducting its Offering. However, prior to filing a Form 23 the Issuer mailed a letter dated February 15, 2001 to its members containing information concerning the Offering which may be considered an act in furtherance of a trade.
5. A term sheet (the "Term Sheet") was also prepared by the Issuer describing the Offering with the intention of mailing them out to members on February 20, 2001, the same day the Issuer intended to file a Notice in Form 23 of the *Securities Regulation* that is required to rely upon the section 91(b) exemption.

6. On February 20, 2001 the Issuer's counsel in the process of preparing to file the Form 23 discovered the mailing of the February 15, 2001 letter had occurred and after discussions with staff came to the conclusion that there was a question as to whether the Issuer could rely upon section 91(b) of the Offering in light of that mailing.

7. After further discussion between staff and the Issuer's counsel, the Issuer has elected to file for an exemption application which would permit the Offering of the Units as contemplated previously in a manner consistent with section 91(b) of the *Securities Regulation*.

8. The Issuer has also advised that the Term Sheet was in fact mailed on February 20, 2001 prior to discussing this matter with its solicitors.

9. No subscription agreements have been provided to members nor has any money been accepted in connection with the proposed offering. It was the intention of the Issuer to only make the form of subscription agreements available to members once an offering memorandum had been finalized and provided to the members.

10. If members do not take up the maximum amount of the units offered the Issuer is considering offering the units to non-members of the Issuer.

(C) In the opinion of the Commission it would not be prejudicial to the public interest to grant the Order requested.

**IT IS ORDERED:**

**1. THAT**, pursuant to subsection 20(1) of the Act, that trades in Units pursuant to the Offering be exempted from the requirements of sections 6 and 37 of the Act provided that:

(a) the Issuer distributes the Units in compliance with all the requirements contained in subsection 91(b) of the *Securities Regulation* as modified by this order;

(b) all trades made in accordance with this order must be completed either on or before August 15, 2001;

(c) the Issuer shall file with the Commission a report prepared and executed in accordance with Form 27 of the *Securities Regulation* along with a copy of the Offering Memorandum used in connection with the Offering either 15 days following the termination of trading or 15 days from August 15, 2001, whichever is earlier;

(d) the Offering Memorandum shall specify that the Offering is being conducted pursuant to this order and a copy of the order shall be attached to the Offering Memorandum;

(e) any security acquired under this order shall not be traded without the prior consent in writing of the Director, which consent shall be given if the Director is of the opinion that it would not be prejudicial to the public interest to do so, unless

(i) the security has been held for a period of at least 12 months;

(ii) the issuer of the security has filed a prospectus with the commission with respect to the security and has obtained a receipt therefor;

(iii) the proposed purchaser of the security is one of the original purchasers of a security of the same class as the security previously acquired under an exemption provided by clause 91(a) or (b) or under this order; or

(iv) the proposed trade in a security is to a corporation all of the equity shares of which are owned by original purchasers of a security of the same class as the security proposed to be traded.

**2. THAT** the fee for this order is \$1,000.00.

**BY ORDER OF THE COMMISSION**

**Director - Legal**