

THE SECURITIES ACT

)

Order No. 3705

)

Section 19

)

April 3, 2002

Bridges Golf Club Limited Partnership and Robert C. Morse

WHEREAS:

(A) On March 25, 2002, The Manitoba Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice") giving notice of its intention to hold a hearing (the "Hearing") to consider:

1. whether it is in the public interest to order that Bridges Golf Club Limited Partnership ("Bridges") and Robert C. Morse ("Morse") be prohibited from relying on the exemptions contained in section 19 of The Securities Act (the "Act");
2. whether it is in the public interest to order that Bridges and Morse pay the costs of and incidental to the hearing; and
3. such further and other matters and the making of such further and other orders as the Commission may deem appropriate.

(B) Staff of The Manitoba Securities Commission and Bridges and Morse, with the consent and agreement of Staff of the Commission, entered into a Settlement Agreement (a copy of which is attached as Schedule "A") dated February 20, 2002, (the "Settlement Agreement"), which proposed settlement of the proceedings initiated by the Notice, subject to the approval of the Commission;

(C) Bridges and Morse have consented to the issuance of the Order and have waived their respective rights to a full hearing;

(D) The Commission has reviewed the Settlement Agreement and is of the opinion that it is in the public interest to make this Order.

IT IS ORDERED:

1. **THAT**, pursuant to section 19(5) of the Act, the Settlement Agreement, Schedule "A", be and the same is hereby approved;
2. **THAT**, subsections 19(1) and 19(3) of the Act do not, with respect to such of the trades referred to in those sections, apply to Bridges and Morse, for a period of one year;

3. **THAT**, subsection 19(2) of the Act does not, with respect to such of the securities referred to in that section, apply to Bridges and Morse, for a period of one year; and
4. **THAT**, pursuant to subsection 28(1), Bridges and Morse will make a one-time payment to the Treasury of the Province Manitoba in the amount of \$1,000.

BY ORDER OF THE COMMISSION

Director, Legal and Enforcement

**IN THE MATTER OF THE SECURITIES ACT,
S.M. 1988, C. S50**

AND

IN THE MATTER OF BRIDGES GOLF CLUB LIMITED PARTNERSHIP

AND

IN THE MATTER OF ROBERT C. MORSE

Settlement Agreement

The following agreement has been reached between Bridges Golf Club Limited Partnership ("Bridges"), Robert C. Morse ("Morse") (collectively the "Parties"), and the staff (the "Staff") of The Manitoba Securities Commission (the "Commission").

Introduction

In early November 2001, Staff commenced negotiations between counsel for the Parties and the Staff to settle the matters herein, regarding, *inter alia*:

- (a) whether the activities of the Parties lead to the conclusion that it is in the public interest that the Parties, or either of them, be prohibited from relying on the exemptions contained in section 19 of *The Securities Act* (the "Act"); and
- (b) whether the Parties, or either of them, be ordered to pay all or part of the investigation and hearing costs of this matter.

1.1 Discussions occurred between counsel for the Parties and the Staff settling the matters herein. A settlement (the "Settlement") has been reached based on the terms and conditions set forth in the Settlement Agreement (the "Agreement") herein.

1.2 The Parties consent to the Settlement and the Consent Order referred to in paragraph 7.

Agreed Statement of Facts

2. The Parties acknowledge the following facts as correct:

2.1 Robert C. Morse is the President of Bridges Golf Club Ltd.;

2.2 Bridges Golf Club Ltd. is the general partner of Bridges Golf Club Limited Partnership;

2.3 Bridges Golf Club Limited Partnership was formed for the purpose of developing an 18-hole golf course in Starbuck, Manitoba;

2.4 at all material times, the Parties were not registered to trade in securities;

2.5 on March 16, 1998, Bridges filed with the Commission a notice of intention to trade in securities of Bridges in reliance upon the prospectus and registration exemption contained in clause 91(a) of Regulation 491/88 to the Act (the "Regulation");

2.6 on January 12, 1999 (following an application made by Bridges) the Commission granted Order 2400, to permit an extension of time to complete a limited number of trades under the registration and prospectus exemption described in clause 2.4 above;

2.7 due to a plane crash, and increasing demands of his farming business, Morse, on behalf of Bridges, applied for and on June 14, 1999, received a further 15-day time extension on Order 2400 to permit the offering of securities to continue to June 30, 1999;

2.8 as part of the offering, Morse, on behalf of Bridges, used a two-page solicitation brochure (the "Solicitation") dated February 16, 1999. The Solicitation outlined the investment, indicating that the securities and relevant applications had been "filed with the Manitoba Securities Commission and is available for purchase now." The Solicitation—though material to the offering—was not represented or disclosed to Staff at the time the Parties applied for Order 2400;

2.9 on February 20, 1999, the Parties published an advertisement on page B19 of the Winnipeg Free Press to solicit trades of securities of Bridges;

2.10 sometime between February 20, 1999, and March 18, 1999, Staff spoke to and received an assurance from the solicitor of the Parties that the advertising would stop;

2.11 on March 11, 1999, the Parties published an advertisement on page B18 of the Winnipeg Free Press to solicit trades of securities in Bridges;

2.12 on Thursday, March 18, 1999, Staff met with Morse and the Parties' solicitor to confirm the previous conversation regarding stopping advertising. Staff counsel reiterated to the solicitor and Morse that such advertising contravened the Act and Regulation;

2.13 on June 10, 2000, despite their previous meeting regarding advertising, the Parties again published an advertisement in the Winnipeg Free Press to solicit trades of securities of Bridges;

2.14 on November 25, 2000, the Parties published a fourth advertisement in the Winnipeg Free Press to solicit trades of securities of Bridges;

2.15 on February 10, 2001, the Parties published a fifth advertisement on page D4 of the Winnipeg Free Press to solicit trades of Bridges;

2.16 Staff sent a letter dated February 15, 2001, to the Parties' solicitor putting Morse on notice that he could not rely on a section 91 exemption;

2.17 on March 21, 2001, the Commission granted Order 3286, exempting the Parties from the registration and prospectus requirements of the Act to permit the Parties to trade limited partnership units in Bridges in compliance with the Act;

2.18 By way of letter dated June 6, 2001, the solicitor for the Parties advised that the Parties would not be relying on Order 3286.

Acknowledgments

3. The Parties acknowledge that they acted in a manner contravening the Act and Regulation by violating the prohibition against advertising during an offering conducted pursuant to clause 91(a) of the Regulation by placing advertisements in the Winnipeg Free Press newspaper in furtherance of solicitation of securities for valuable consideration on the following dates:

3.1 February 20, 1999;

3.2 March 11, 1999;

3.3 June 10, 2000;

3.4 November 25, 2000; and

3.5 February 10, 2001.

Undertaking

6. The Parties undertake and agree, at the time of entering this Agreement, to make a one-time payment to the Treasury of the Province of Manitoba in the amount of \$1,000.

Order

The Parties consent to an order by the Commission (the "Order") that:

7.1 the Agreement be approved;

7.2 pursuant to subsection 28(1), the Parties will make a one-time payment to the Treasury of the Province of Manitoba in the amount of \$1,000;

7.3 subsections 19(1) and 19(3) of the Act do not, with respect to such of the trades referred to in those sections, apply to the Parties;

7.4 subsection 19(2) of the Act does not, with respect to such of the securities referred to in that section, apply to the Parties;

7.5 there be a denial of exemptions for the Parties for a period of one year; and

7.6 the approval of this Agreement and the making of the Consent Order set out in this Settlement Agreement shall be sought at a public hearing, in camera.

Waiver and Procedure for Approval of Settlement

8. Staff and the Parties agree that if this 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 Parties hereby waive their rights to a full hearing and appeal of this matter;

8.1 if the Commission does not approve this Agreement or the Consent Order referred to herein is not made by the Commission, Staff are entitled to proceed with a hearing commenced by a notice of hearing unaffected by this Agreement or the settlement discussions. If this Agreement is not approved or the Consent Order set out above is not made by the Commission, the terms of the Agreement will not be raised in proceedings or in other proceedings by Staff or the Parties;

8.2 Staff and the Parties agree that if this Agreement is approved by the Commission and the Consent Order is made upon the terms set out in this Agreement, this Agreement will be a public document;

8.3 the Parties agree that they will not raise in any proceedings this Agreement or the negotiation of process of approval of this Agreement as a basis for an attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other challenge that may be available; and

8.4 the Parties agree that if this Agreement is approved by the Commission and the Consent Order is made upon the terms set out in this Agreement, the Parties will not make any statements inconsistent with the terms of this Agreement;

SIGNED at Winnipeg, Manitoba, on December 7, 2001

"Robert Morse"
Robert C. Morse

"Robert Morse"
Authorized Signatory for Bridges Golf Club Limited Partnership

SIGNED at Winnipeg, Manitoba, on February 20, 2002

"Doug R. Brown"
Douglas R. Brown
Director Legal and Enforcement