

IN THE MATTER OF THE SECURITIES ACT,  
SNB 2004, c. S-5.5, as amended

AND

IN THE MATTER OF

**STEVEN VINCENT WEERES, and  
REBEKAH DONSZELMANN**

(Respondents)

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**AMENDED STATEMENT OF ALLEGATIONS**  
**(of Staff of the New Brunswick Securities Commission)**

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**THE RESPONDENTS**

1. Steven Vincent Weeres ("Weeres") is an individual currently resident at Lot SW 36, Con #47, Site #25, Millet, Alberta. From November 2008 until September 2009, Weeres was a directing mind of Shaker Management Group Inc. ("SMGI") a New Brunswick corporation incorporated in 2008. Weeres purported to be, and carried on business under the name, Steve Webb.
2. Rebekah Donszelmann ("Donszelmann") is an individual currently resident at Lot SW 36, Con #47, Site #25, Millet, Alberta. From November 2008 until September 2009, Donszelmann was a directing mind of SMGI. Donszelmann purported to be, and carried on business under the name, Becky Junior.
3. Neither of Weeres and Donszelmann has ever been registered with the New Brunswick Securities Commission (the "Commission") in any capacity.

**PREVIOUS REGULATORY ACTIVITY**

**The Alberta Securities Commission – 1999 Settlement Agreement and Order**

4. On 26 November 1999, Weeres entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission (the "ASC").
5. As per the Settlement Agreement and Undertaking, the Respondents Weeres and PDS Personal Development Corporation ("PDS"), a private company of which Weeres was the sole director and officer, offered, between April, 1997, and February, 1998, a business investment opportunity to the general public. The potential investors, upon subscribing to a partnership distribution system and paying a purchase price, were to receive computer hardware, software and PDS Class A voting shares.

6. The distribution of PDS securities was determined to be a distribution of securities in Alberta. Neither Weeres nor PDS was registered to trade in securities in Alberta, no prospectus was filed and no exemptions from prospectus or registration requirements were available. The Respondents were therefore in breach of the *Alberta Securities Act*.
7. The Respondents and the ASC made a joint recommendation as to sanctions.
8. The ASC considered the contents of the 26 November 1999 Settlement Agreement and, on 26 November 1999, ordered that the Respondents:
  - (a) provide all Alberta resident investors who invested in the Investment Opportunity with the right to rescind or amend their purchases under the Investment Opportunity;
  - (b) notify all Alberta resident investors who invested in the Investment Opportunity of their right to rescind or amend their purchases under the Investment Opportunity by regular mail, prior to December 31, 1999;
  - (c) ensure that all investors who opt to rescind their agreement under the Investment Opportunity receive full refunds:
    - (a) at a minimum rate of one (1) investor per month;
    - (b) commencing in January 2000; and
    - (c) to be completed by December 31, 2000;
  - (d) refund the investors in the order in which the investors invested in the Investment Opportunity;
  - (e) provide the Executive Director of the Commission with written confirmation that:
    - (a) all investors have been notified by January 31, 2000; and
    - (b) the refunds had been provided in full within fifteen days (15) of the refund repayment date; and
  - (f) pay jointly \$1,500 towards the investigation costs of this matter.

#### **The Alberta Securities Commission – 2000 Settlement Agreement and Order**

9. On 25 September 2000, Weeres entered into a Settlement Agreement and Undertaking with the ASC based on a failure to comply with the 26 November 1999 Order of the ASC.
10. The Respondents Weeres and PDS failed to comply with a decision of the ASC as they failed to:
  - (a) provide all Alberta resident investors who invested in the Investment Opportunity with the right to rescind or amend their purchases under the Investment Opportunity;

- (b) notify, by regular mail, prior to December 31, 1999, all Alberta resident investors who invested in the Investment Opportunity of their right to rescind or amend their purchases under the Investment Opportunity;
  - (c) ensure that all investors who opted to rescind their agreements under the Investment Opportunity receive full refunds at a minimum rate of one (1) investor per month commencing in January 2000;
  - (d) refund the investors in the order in which the investors invested in the Investment Opportunity;
  - (e) provide the Executive Director of the Commission with written confirmation:
    - (a) by January 31, 2000, that all investors had been notified; and
    - (b) within fifteen days (15) of the refund repayment date, that the refunds had been provided in full; and
  - (f) pay jointly \$1,500 towards the investigation costs of this matter.
11. On 27 September 2000, the ASC ordered that:
- (a) the Respondents cease trading in securities for a period of 5 years from the date of the Order;
  - (b) any or all exemptions contained in sections 65, 66, 66.1, 107, 115, 116, 132 and 133 of the *Alberta Securities Act* or in the regulations do not apply to the Respondents for a period of 5 years from the date of the Order; and
  - (c) the Respondents pay, jointly and severally, costs in the amount of \$2,000.

**The Saskatchewan Financial Services Commission – 1999 Agreement and Order**

12. On 24 February 1999, Weeres entered into an Agreement and Undertaking with the Securities Division of the Saskatchewan Financial Services Commission.
13. As per the Agreement and Undertaking, the Respondent Weeres acknowledged and agreed that:
- (a) Weeres was the president and sole director of PDS;
  - (b) since January, 1996, Weeres sold securities of PDS to 13 Saskatchewan investors;
  - (c) at all material times, Weeres and PDS were not registered to trade in securities;
  - (d) at all material times, PDS did not file a prospectus or receive a receipt for a prospectus or a preliminary prospectus with respect to its securities;
  - (e) at all material times, PDS did not apply for, and was not granted any

- exceptions pursuant to the *Securities Act of Saskatchewan*; and
- (f) the trades were contrary to the *Securities Act of Saskatchewan*.
14. On 2 March 1999, the Securities Division of the Saskatchewan Financial Services Commission ordered that:
1. The exemptions contained in:
    - (a) sections 38, 39, 39.1, 81, 82 and 102 of *The Securities Act of Saskatchewan*;
    - (b) the Regulations providing for exemptions from sections 27, 58, 71 or 104 to 109; and
    - (c) any decision of the Securities Division of the Saskatchewan Financial Services Commission providing for an exemption from any provisions of the *Securities Act of Saskatchewan* or Regulations;do not apply to Weeres for a period of five years from the date of the Order; and
  2. Weeres cease trading in securities or exchange contracts in the Province of Saskatchewan for a period of five years from the date of the Order.

## **RECENT EVENTS AND CURRENT INVESTIGATION**

### **July 2009 – Initial complaint from investor**

15. On 27 July 2009, Staff of the Enforcement Division of the Commission received a complaint from a Nova Scotia resident, CC, alleging that the Respondents solicited an investment from her without complying with New Brunswick securities laws.
16. CC's complaint was made on her behalf by her solicitor, JJ.
17. On 28 July 2009, JJ provided staff of the Commission ("Staff"), by email, with, *inter alia*, the following documents:
1. a copy of an "Agent Agreement", executed on 30 March 2009, between SMGI and CC (Weeres signed on behalf of SMGI);
  2. a copy of "Member Update" (May issue); and
  3. a copy of a PowerPoint presentation entitled "inventory opportunity."
18. The solicitation to CC was in regard to the "Tara Manor/Success Momentum Builder" project (the "project"), and was one of the endeavors of the Respondents in New Brunswick.
19. CC subsequently invested \$22,600.00 (\$20,000.00 + HST) in the project by way of a cheque payable to Shaker Management Group Inc.

20. The project was intended to operate as follows:
  1. The Respondents purported to seek out investment hotel properties for purchase, with a view to generating income from the rental of rooms; and
  2. The Respondents marketed learning systems (the "product"). The product was a set of self-improvement documents available from and promoted on a website located at <http://successmomentumbuilder.com>.
  3. The Respondents approached individuals to participate in the project on the following basis:
    - a. Participants were required to make a capital contribution to the project and were promised a guaranteed monthly return based on the amount of their financial contribution (the "guaranteed monthly return");
    - b. Participants were required to sign an Agent Agreement with SMGI;
    - c. After satisfaction of these two conditions, participants were able to buy inventory of the product at \$1.00 per unit;
    - d. SMGI would then arrange for the distribution of the product to "distribution companies" from the participant's inventory at \$2.00 per unit. The identities of these distribution companies were not disclosed in the Agent Agreement;
    - e. Unless SMGI were to become bankrupt or insolvent, the participant was prohibited from selling the product to anyone other than the distribution companies approved by SMGI;
    - f. SMGI reserved the right to "establish pricing, distribution channels and marketing strategies";
    - g. The participant was prohibited from selling the product to anyone other than entities approved by SMGI; and
    - h. Even if the participant made no sales of the product, he or she would still be entitled to receive the guaranteed monthly return.
21. The project constitutes a security as defined in the Securities Act.
22. The Respondents held several promotional sessions in the Provinces of New Brunswick and Nova Scotia, during which they sought to attract participants in the project, including CC
23. Pursuant to the Agent Agreement, CC would receive monthly payments of \$874.48.
24. SMGI agreed to send a cheque to CC each month for the inventory sold or the guaranteed amount, whichever was larger.
25. CC has never received any payments from SMGI.
26. At the time of being solicited by Weeres in March 2009, Weeres also told CC that another

individual, BB, had invested in the Tara Manor Inn.

27. BB had never invested in, nor committed to investing in, the project.

#### **Attempted solicitation of DD**

28. DD is a Nova Scotia resident.

29. In April 2009, DD was solicited by Weeres to invest in the project. Weeres told DD that she would double her investment within 5 years.

30. In an attempt to convince DD to invest in the project, Weeres told her that another individual, BB, had committed to investing \$180,000.00 (9 hotel rooms at \$20,000.00 each).

31. BB had never committed to investing in the project.

32. When DD informed Weeres that she had insufficient funds to invest in the project, Weeres encouraged her to borrow from her family.

33. DD did not invest in the project.

#### **Attempted solicitation of BB**

34. BB is a New Brunswick resident.

35. In April or May 2009, Weeres solicited BB to invest in the project. Weeres showed BB a PowerPoint presentation and guaranteed minimum monthly payments of \$438.00.

36. Weeres held himself out to BB as the directing mind of SMGI.

37. BB did not invest in the project.

#### **Attempted solicitation of GG**

38. GG is a New Brunswick resident.

39. In the summer of 2009, Weeres solicited GG to invest in the project.

40. GG did not invest in the project, however she did provide an interest-free loan to SMGI by way of a cheque in the amount of \$65,000.00 payable to Shaker Management Group Inc.

#### **Attempted solicitation of EE**

41. EE is a New Brunswick resident.

42. In or around June of 2009, Weeres and Donszelmann solicited EE to invest \$150,000.00 in the project.

43. EE did not invest in the project, however she did provide an interest-free loan to SMGI by way of a cheque in the amount of \$55,000.00 payable to Shaker Management Group

Inc.

## **SMGI**

44. SMGI was incorporated to facilitate the operations of the Respondents and to provide a corporate face for the Respondents.
45. SMGI was the financial conduit for all the business undertaken by the Respondents with respect to the project.

## **Conduct contrary to the public interest**

46. Staff allege that:
  1. The Respondents, by engaging in the activities set out above, traded in securities as defined in the *Securities Act*, without having been registered with the Commission in any capacity, contrary to section 45 of the *Securities Act* and to the public interest.
  2. The Respondents, by engaging in the activities set out above traded in securities as defined in the *Securities Act*, without having filed a prospectus as required by section 71 of the *Act*.
  3. The Respondent Weeres, in an attempt to effect a trade in a security, made statements regarding the future value of the project, contrary to section 58(2) of the *Securities Act* and to the public interest.
  4. The Respondent Weeres defrauded CC of her property, contrary to section 69(b) of the *Securities Act* and to the public interest.
  5. The Respondent Weeres made misleading and untrue representations to investors and putative investors, with the intention of trading in the project, contrary to section 181 of the *Securities Act* and to the public interest.

## **Relief Sought**

47. Staff seeks an order pursuant to section 184(1)(c)(ii) of the *Securities Act*, that the Respondents cease trading in securities in New Brunswick permanently, or for such period as the Commission may determine.
48. Staff seeks an order pursuant to section 184(1)(d) of the *Securities Act*, that any exemptions under New Brunswick securities law do not apply to the Respondents permanently, or for such period as the Commission may determine.
49. Staff seeks an order pursuant to section 184(1)(i) of the *Securities Act* that the Respondents Weeres and Donszelmann are prohibited from becoming or acting as a director or officer of any issuer permanently, or for such period as the Commission may determine.
50. Staff seeks an order pursuant to section 184(1)(p) of the *Securities Act* that the Respondents shall disgorge to the Commission the sum of twenty-two thousand six hundred dollars (\$22,600.00).

51. Staff seeks investigative and hearing costs pursuant to sections 185(1) and 185(2) of the *Securities Act* against the Respondents; and
52. Staff seeks an administrative penalty pursuant to section 186(1) against the Respondents.

DATED at the City of Saint John this 21<sup>st</sup> day of February, 2011.

“Original signed by”

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Counsel for Staff of the Commission

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