



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
ALAN BRAUN, JERRY BRAUN, STEVEN MAXWELL (aka STEVEN FASSMAN),
BRAUN DEVELOPMENTS (B.C.) LTD., 8022275 CANADA INC. and
0985812 B.C. LTD. (dba TERRACORP INVESTMENT LTD.)**

**STATEMENT OF ALLEGATIONS
(Subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990 c S.5)**

1. Staff of the Enforcement Branch (**Staff**) of the Ontario Securities Commission (the **Commission**) elect to proceed using the expedited procedure for inter-jurisdictional proceedings as set out in Rule 11(3) of the Commission's *Rules of Procedure*.

A. ORDER SOUGHT

2. Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990 c S.5 (the **Act**):
 - (a) against Alan Braun (**Alan**) that:
 - i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Alan cease permanently, except that he may trade securities or derivatives for his own account through a registered dealer, if he gives the registered dealer copies of the Order of the British Columbia Securities Commission (**BCSC**) dated February 19, 2019 (the **BCSC Order**) and the order of the Commission in this proceeding, if granted;

- ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Alan cease permanently, except that he may purchase securities for his own account through a registered dealer, if he gives the registered dealer copies of the BCSC Order and the order of the Commission in this proceeding, if granted;
 - iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Alan permanently;
 - iv. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act, Alan resign any positions that he holds as a director or officer of any issuer or registrant;
 - v. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, Alan be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and
 - vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Alan be prohibited permanently from becoming or acting as a registrant or promoter;
- (b) against Jerry Braun (**Jerry**) that:

until the later of February 19, 2034 and the date that Jerry satisfies the monetary orders as set out at subparagraphs 77(g) and 77(h) of the BCSC Order:

- i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Jerry cease, except that he may trade securities or derivatives for his own account through a registered dealer, if he gives the registered dealer copies of the BCSC Order and the order of the Commission in this proceeding, if granted;

- ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Jerry cease, except he may purchase securities for his own account through a registered dealer, if he gives the registered dealer copies of the BCSC Order and the order of the Commission in this proceeding, if granted;
 - iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Jerry;
 - iv. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act, Jerry resign any positions that he holds as a director or officer of any issuer or registrant, except that he may continue to act as a director or officer of August Stone Inc., for so long as that entity does not engage in capital raising activities, and that copies of the BCSC Order and the order of the Commission in this proceeding, if granted, is provided to all directors and securityholders of that company;
 - v. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, Jerry be prohibited from becoming or acting as a director or officer of any issuer or registrant, except as set out above; and
 - vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Jerry be prohibited from becoming or acting as a registrant or promoter;
- (c) against Steven Maxwell (aka Steven Fassman) (**Maxwell**) that:
- i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Maxwell cease permanently;
 - ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Maxwell cease permanently;

- iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Maxwell permanently;
 - iv. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act, Maxwell resign any positions that he holds as a director or officer of any issuer or registrant;
 - v. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, Maxwell be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and
 - vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Maxwell be prohibited permanently from becoming or acting as a registrant or promoter;
- (d) against each of Braun Developments (B.C.) Ltd. (**Braun Developments**), 8022275 Canada Inc. (**8022275**) and 0985812 B.C. Ltd. (dba TerraCorp Investment Ltd.) (**0985812**) that:
- i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by, or of, Braun Developments, 8022275 and 0985812 (dba TerraCorp Investment Ltd.) cease permanently;
 - ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Braun Developments, 8022275 and 0985812 cease permanently; and
 - iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Braun Developments, 8022275 and 0985812 permanently;
- (e) such other order or orders as the Commission considers appropriate.

B. FACTS

Staff make the following allegations of fact:

3. Alan, Jerry, Maxwell, Braun Developments, 8022275 and 0985812 (collectively, the **Respondents**) are subject to the BCSC Order that imposes sanctions, conditions, restrictions or requirements upon them.
4. In its findings on liability dated October 24, 2018 (the **Findings**) a panel of the BCSC (the **BCSC Panel**) found that Alan, Jerry, Maxwell, Braun Developments and 8022275 perpetrated a fraud with respect to three investments by two investors in the amount of \$450,000, contrary to section 57(b) of the British Columbia *Securities Act*, RSBC 1996 c 418 (the **BC Act**).
5. The BCSC Panel also found that 0985812 perpetrated a fraud with respect to two investments by one investor in the amount of \$300,000, contrary to section 57(b) of the BC Act.
6. The BCSC Panel further found Alan and Jerry liable under section 168.2 of the BC Act for Braun Developments' and 0985812's contraventions of the BC Act, and found Maxwell liable under 168.2 of the BC Act for 8022275's contraventions of the BC Act.

(i) The BCSC Proceedings*Background*

7. The conduct for which the Respondents were sanctioned occurred between approximately 2013 and 2014 (the **Material Time**).
8. During the Material Time, Alan was a resident of Surrey, British Columbia, and a church pastor. Alan has never been registered under the BC Act.
9. Jerry is Alan's son and, during the Material Time, was a resident of Surrey, British Columbia. Jerry has never been registered in any capacity under the BC Act.

10. During the Material Time, Maxwell was a resident of White Rock, British Columbia. Maxwell has never been registered in any capacity under the BC Act. The BCSC Panel noted that Maxwell has a significant history of criminal fraud.
11. Braun Developments was incorporated in British Columbia on September 17, 2009. Braun Developments has never been registered in any capacity under the BC Act, and has never filed a prospectus under the BC Act. During the Material Time, Alan and Jerry were directors of Braun Developments, and Alan and his wife were also officers of the company.
12. 8022275 was federally incorporated in Canada on November 14, 2011. 8022275 has never been registered in any capacity under the BC Act, and has never filed a prospectus under the BC Act. During the Material Time, Maxwell was a director, or *de facto* director, of 8022275.
13. 0985812 was incorporated in British Columbia on November 17, 2013. 0985812 has never been registered in any capacity under the BC Act, and has never filed a prospectus under the BC Act. During the Material Time, Alan and Jerry were officers and directors of 0985812.

Investor L

14. Investor L is an Ontario resident. Investor L met Alan in 2005 while working at a seminary, and Alan was on the Board of Trustees of that seminary. During the Material Time, Alan approached Investor L with an opportunity to invest in an Edmonton real estate project offering a very high rate of return in a short period of time. The investment was presented as an opportunity for Investor L to invest money to be used to acquire a specific house, and then receive his money back plus a 50% return in 60 days following the subsequent resale of the property.
15. Investor L exchanged communications with Jerry about the specifics of the investment. Jerry later sent Investor L a purchase sales agreement between "Braun Developments Ltd." as purchaser, and 8022275 as vendor, of a

specific Edmonton property for the purchase price of \$150,000, with Investor L's company as "investor." The agreement reflected that Investor L would receive a total repayment of \$225,000, representing his initial \$150,000 investment plus 50% interest, within 60 days of the date of the agreement. In default of the agreed payment date, Investor L would instead receive monthly default payments of \$11,250.00, until both his investment and promised return were repaid.

16. Investor L provided Jerry with \$1,000 to secure the investment, and borrowed the remaining \$149,000 for the investment from a friend (**Z**). Z transferred \$149,000 into 8022275's account on behalf of Investor L.
17. Following expiry of the 60-day payment period, Investor L received three payments from Alan: two payments of \$2,500 and one payment of \$1,000, as partial payment of the amount owed under the Purchase Sales Agreement. Neither Investor L, nor Z, have received any further payments.
18. The BCSC Panel found that of the \$149,000 received from Z on behalf of Investor L, \$116,000 was transferred from 8022275's account to Braun Developments. Within a short time, 8022275 spent \$33,000 it had retained of those funds on matters unrelated to the property reflected in the purchase sales agreement. Further, Braun Developments spent \$116,000 on unrelated matters, including personal living expenses of the Braun family.
19. The BCSC Panel further found that title records reflect that the Edmonton property described in Investor L's purchase sales agreement was never acquired during the Material Time by any of "Braun Developments Ltd.", Braun Developments or 8022275.

Investor ML

20. Investor ML is an Ontario resident. Investor L introduced Investor ML to the investment opportunity and to Alan and Jerry. The BCSC Panel noted that Investor ML was a vulnerable investor.

21. Investor ML entered into two purchase sales agreements, essentially similar to Investor L's. Each agreement provided Investor ML would invest \$150,000, for a combined total of \$300,000 with a return within 60 days. Investor ML's agreements were in respect of acquiring two other Edmonton properties, and listed the purchaser as 0985812.
22. Jerry and Maxwell assisted Investor ML in obtaining a bank draft in the amount of \$300,000 payable to 8022275, and the draft was subsequently deposited into 8022275's bank account.
23. The BCSC Panel found bank records for that account reflect that on the date Investor ML's funds were deposited, 8022275 transferred \$200,000 to Braun Developments, with an additional \$12,500 also transferred to Braun Developments not long thereafter.
24. Within a short time, 8022275 spent \$87,500 it had retained of Investor ML's funds on matters unrelated to the properties specified in her two purchase sales agreements. Within two weeks of having received a total of \$212,500 of Investor ML's funds, Braun Developments also spent those funds on matters unrelated to the purpose of Investor ML's investment, including personal living expenses of the Braun family.
25. The BCSC Panel further found that title records reflect that the two properties referenced in Investor ML's purchase sales agreements were never acquired during the Material Time by any of 0985812, "Braun Developments Ltd." Braun Developments or 8022275.

BCSC Findings - Conclusions

26. In its Findings, the BCSC Panel concluded that:
 - (a) Alan contravened section 57(b) of the BC Act with respect to three investments by two investors in the amount of \$450,000;

- (b) Jerry contravened section 57(b) of the BC Act with respect to three investments by two investors in the amount of \$450,000;
- (c) Maxwell contravened section 57(b) of the BC Act with respect to three investments by two investors in the amount of \$450,000;
- (d) Braun Developments contravened section 57(b) of the BC Act with respect to three investments by two investors in the amount of \$450,000;
- (e) 8022275 contravened section 57(b) of the BC Act with respect to three investments by two investors in the amount of \$450,000;
- (f) 0985812 contravened section 57(b) of the BC Act with respect to two investments by one investor in the amount of \$300,000;
- (g) Alan and Jerry are liable under section 168.2 of the BC Act with respect to each of Braun Developments' and 0985812's respective contraventions of section 57(b) of the BC Act; and
- (h) Maxwell is liable under section 168.2 of the BC Act with respect to each of 8022275's contraventions of section 57(b) of the BC Act.

(ii) The BCSC Order

27. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon the Respondents:

Alan:

- (a) under section 161(1)(d)(i) of the BC Act, Alan resign any position he holds as a director or officer of an issuer or registrant;
- (b) Alan is permanently prohibited:
 - i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts, except that

he may trade and purchase securities or exchange contracts for his own account through a registered dealer, if he gives the registered dealer a copy of the BCSC Order;

- ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in the BC Act, the regulations or a decision;
 - iii. under section 161(1)(d)(ii) of the BC Act, from becoming or acting as a director or officer of any issuer or registrant;
 - iv. under section 161(1)(d)(iii) of the BC Act, from becoming or acting as a registrant or promoter;
 - v. under section 161(1)(d)(iv) of the BC Act, from acting in a management or consultative capacity in connection with activities in the securities market; and
 - vi. under section 161(1)(d)(v) of the BC Act, from engaging in investor relations activities;
- (c) Alan pay to the BCSC \$323,500 pursuant to section 161(1)(g) of the BC Act; and
- (d) Alan pay to the BCSC an administrative penalty of \$450,000 under section 162 of the BC Act;

Jerry:

- (e) under section 161(1)(d)(i) of the BC Act, Jerry resign any position he holds as a director or officer of an issuer or registrant, except that he may continue to act as a director or officer of August Stone Inc., for so long as that entity does not engage in capital raising activities and that a copy of the BCSC Order is provided to all other directors and securityholders of that company;

- (f) Jerry is prohibited for the longer of 15 years and the date that the obligations set out in subparagraphs 77(g) and 77(h) of the BCSC Order are paid:
- i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts, except that he may trade and purchase securities or exchange contracts for his own account through a registered dealer, if he gives the registered dealer a copy of the BCSC Order;
 - ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in the BC Act, the regulations or a decision;
 - iii. under section 161(1)(d)(ii) of the BC Act, from becoming or acting as a director or officer of any issuer or registrant;
 - iv. under section 161(1)(d)(iii) of the BC Act, from becoming or acting as a registrant or promoter;
 - v. under section 161(1)(d)(iv) of the BC Act, from acting in a management or consultative capacity in connection with activities in the securities market; and
 - vi. under section 161(1)(d)(v) of the BC Act, from engaging in investor relations activities;
- (g) Jerry pay to the BCSC \$156,919 pursuant to section 161(1)(g) of the BC Act; and
- (h) Jerry pay to the BCSC an administrative penalty of \$200,000 under section 162 of the BC Act;

Maxwell:

- (i) under section 161(1)(d)(i) of the BC Act, Maxwell resign any position he holds as a director or officer of an issuer or registrant;
- (j) Maxwell is permanently prohibited:
 - i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts;
 - ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in the BC Act, the regulations or a decision;
 - iii. under section 161(1)(d)(ii) of the BC Act, from becoming or acting as a director or officer of any issuer or registrant;
 - iv. under section 161(1)(d)(iii) of the BC Act, from becoming or acting as a registrant or promoter;
 - v. under section 161(1)(d)(iv) of the BC Act, from acting in a management or consultative capacity in connection with activities in the securities market; and
 - vi. under section 161(1)(d)(v) of the BC Act, from engaging in investor relations activities;
- (k) Maxwell pay to the BCSC \$120,500 pursuant to section 161(1)(g) of the BC Act; and
- (l) Maxwell pay to the BCSC an administrative penalty of \$300,000 under section 162 of the BC Act;

Braun Developments:

- (m) Braun Developments is permanently prohibited:

- i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts;
 - ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in the BC Act, the regulations or a decision;
- (n) under section 161(1)(b)(i) of the BC Act, that all persons permanently cease trading in, and be prohibited from purchasing, any securities of Braun Developments; and
- (o) Braun Developments pay to the BCSC \$156,919 pursuant to section 161(1)(g) of the BC Act;

8022275:

- (p) 8022275 is permanently prohibited:
 - i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts;
 - ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in the BC Act, the regulations or a decision; and
- (q) under section 161(1)(b)(i) of the BC Act, that all persons permanently cease trading in, and be prohibited from purchasing, any securities of 8022275;

0985812:

- (r) 0985812 is permanently prohibited:
 - i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts;

- ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in the BC Act, the regulations or a decision;
- (s) under section 161(1)(b)(i) of the BC Act, that all persons permanently cease trading in, and be prohibited from purchasing, any securities of 0985812 (dba TerraCorp Investment Ltd.); and
- (t) the obligations to pay the amounts set out in subparagraphs (g) and (o) and a portion of the amount in subparagraph (c) above are joint and several as between Alan, Jerry and Braun Developments, in the following manner:
 - i. Alan, Jerry and Braun Developments are jointly and severally liable to pay to the BCSC \$156,919; and
 - ii. Alan is severally liable for \$166,581, being the remainder of the amount set out in subparagraph (c) above.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

- 28. The Respondents are subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon them.
- 29. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.
- 30. Staff allege that it is in the public interest to make an order against the Respondents.

31. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

DATED at Toronto this 15th day of July, 2019.

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