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## NEWS RELEASE

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### Securities regulator alleges fraud and making false statements to an investigator

**Vancouver** – The executive director of the British Columbia Securities Commission has issued a [temporary order and notice of hearing](#) alleging that Rodney Jack Wharram and three companies for which he is a director and president committed fraud. The notice further alleges that Wharram made false statements to commission staff.

The executive director issues temporary orders in situations where the length of time required to hold a hearing could be prejudicial to the public interest.

The notice alleges that Wharram, a B.C. resident since 2007, and two of the companies in question raised funds under various offering memorandums (OM), the majority of which were supposed to be used as loans to a developer (the third company marketed and promoted the OMs). BCSC staff maintain that less than half of the funds were actually advanced to the developer, and that Wharram used investors' money for personal purposes, thereby committing fraud. Wharram has never been registered in any capacity to sell securities in B.C., and none of the three companies have ever been registered or filed a prospectus in B.C.

The notice states that the Falls Capital Corp., an Alberta-incorporated company, issued two separate OMs in October 2007 and October 2008. Both OMs stated that the Falls Capital would lend the majority of funds raised from investors to a developer who was intending to develop the Falls Resort in Chilliwack, B.C. Staff allege that only \$2.3 million of the \$5.4 million raised under the two October OMs was advanced to the developer, while Wharram used at least \$75,000 of investors' money towards the purchase of his residence.

Staff further allege that after selling Falls Capital's creditor claims against the developer (which had been granted protection from its creditors in February 2011) for \$63,779, Wharram used at least \$47,500 of the proceeds for personal expenses, including payments to restore his father's jeep and pay his mortgage.

Deercrest Construction Fund Inc., an Alberta-incorporated company, issued one OM in March 2009 and an updated OM in March 2010. Both OMs stated that Deercrest was raising funds to lend to a developer to build the Deercrest townhomes and clubhouse located at the Falls Resort. BCSC staff allege that only \$1.6 million of the \$3.95 million raised under the two March OMs was advanced to the developer, while Wharram used at least \$130,000 towards the purchase of his residence, \$240,000 to lend to his wife to invest in a grocery store, and \$24,000 to purchase a diamond ring for his wife.

West Karma Ltd., an Alberta-incorporated company, raised money for the Falls Capital and Deercrest by marketing and promoting their OMs. West Karma also owned 40% of the voting shares of the Falls Capital.

In addition to the allegations of fraud against Wharram, the Falls Capital, Deercrest and West Karma, staff are alleging that Wharram made false statements to a commission investigator during interviews on March 12 and 13, 2013. During the interviews, Wharram stated that he had not raised any funds from investors in 2013, and was not currently trying to raise funds from investors. Following the interviews, however, staff discovered that Wharram raised approximately \$50,000 from one person on March 8, 2013, and approximately \$400,000 from additional people later in March and April 2013.

These allegations have not been proven. Counsel for the executive director will apply to extend the temporary order on June 26, 2013 at 2:00 PM.

The B.C. Securities Commission is the independent provincial government agency responsible for regulating trading in securities within the province. You may view the notice of hearing on our website [www.bcsc.bc.ca](http://www.bcsc.bc.ca) by typing Rodney Jack Wharram, Deercrest Construction Fund Inc., West Karma Ltd., The Falls Capital Corp., or 2013 BCSECCOM 220 in the search box. Information regarding disciplinary proceedings can be found in the [Enforcement section](#) of the BCSC website.

Please visit the Canadian Securities Administrators' [Disciplined Persons List](#) for information relating to persons disciplined by provincial securities regulators, the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association (MFDA).

For media inquiries, contact Richard Gilhooley, media relations, 604-899-6713. For public inquiries, call 604 899 6854 or 1 800 373 6393 (toll free).

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