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Headnote

Securities Act s. 48,76 Other - Exemption from s. 34(1)(a) requirement to be registered as a dealer for a trade and s. 61 requirement to file a prospectus for a distribution other than in connection with a corporate acquisition or reorganization; business associates; debt settlements; or employee investment plans and consultants - An issuer of real estate securities wants registration and prospectus relief on behalf of purchasers of its securities - the real estate securities are comprised of a direct interest in real property, an interest in an existing or potential rental pool or management agreement for the property, and a right to occupy the property - the seller must comply with the *Real Estate Development Marketing Act* and must not market any expected economic benefits of the pooling or management agreement

Exemption Order

Harrison Beach Hotel Corp.

Sections 48 and 76 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 Harrison Beach Hotel Corp. (Harrison) applied for exemption from the requirements to be registered to trade and to file and obtain receipts for a preliminary prospectus and prospectus in sections 34(1)(a) and 61 of the Act (the registration and prospectus requirements) for certain intended trades.

Representations

- ¶ 2 Harrison represents that:
1. it was incorporated in British Columbia on October 3, 2002;
 2. it is not and has no intention of becoming a reporting issuer under the Act;
 3. it is the developer of a hotel strata lot project known as Harrison Beach Resort (the Project), located on the lakefront of the Harrison Lake in Harrison Hot Springs, British Columbia;
 4. it intends to enter into binding agreements with purchasers in British Columbia for the purchase and sale of investment contracts, each comprised of:

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- (i) a one third fee simple interest in a strata lot in the Project (the Unit);
 - (ii) a rental pool arrangement under which revenues and expenses from renting the Unit are pooled with the revenues and expenses from renting other Units and the profits from the pool (the Rental Pool) are shared among the owners of the Units in accordance with their proportionate interest in the Rental Pool; and
 - (iii) a right to occupy the property for at least 14 days per year;
5. the Rental Pool arrangement does not include or purport to include any rental or cash flow guarantee, or other financial commitment on the part of any person connected with the offering;
6. it will offer to sell the investment contracts to purchasers in British Columbia under a disclosure statement prepared in accordance with the *Real Estate Development Marketing Act*, and a copy of the disclosure statement will be delivered to each purchaser before an agreement of purchase and sale is entered into;
7. it will distribute the investment contracts under the offering memorandum exemption in Multilateral Instrument 45-103 *Capital Raising Exemptions*.

Order

- ¶ 3 Because it is not prejudicial to the public interest, the Commission orders that under sections 48 and 76 of the Act, a subsequent trade in an investment contract is exempt from the registration and prospectus requirements, provided that:
- (a) the seller complies with the *Real Estate Development Marketing Act*; and
 - (b) the seller does not market any expected economic benefits of the rental pool agreement.

¶ 4 September 9, 2005

Brent W. Aitken
Vice Chair
British Columbia Securities Commission