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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 itself and 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 or expense 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

Grand Sierra Operating Corp.

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

Background

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

Representations

- ¶ 2 Grand Sierra represents that:
1. it was incorporated in the State of Nevada on December 13, 2005;
 2. it is not and has no intention of becoming a reporting issuer under the Act;
 3. it is the developer of a hotel-condominium project known as the Grand Sierra Resort and Casino (the Grand Sierra Resort) located in Reno, Nevada, USA;
 4. it intends to enter into binding agreements with purchasers in British Columbia for the purchase and sale of condominium units in the Grand Sierra Resort (a Unit);

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5. it will offer to sell the Units 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;
6. the sale of Units 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 sale of the Units;
7. a purchaser of a Unit at the Grand Sierra Resort who elects to participate in the Grand Sierra Resort rental program will be subject to certain expense pool arrangements; under the securities laws of the United States, information about the Grand Sierra Resort rental program, including the expense pool arrangements, may not be disclosed to a purchaser until after the purchaser has agreed to purchase a Unit; and
8. in order to rely on certain existing exemptions from the registration and prospectus requirements in British Columbia, the details of the Grand Sierra Resort rental program, including the expense pool arrangements, would have to be disclosed in the disclosure statement to be provided to a purchaser in British Columbia before the sale of a Unit.

Order

- ¶ 3 Because it considers that to do so is not prejudicial to the public interest, the Executive Director orders under sections 48 and 76 of the Act that a trade in a Unit is exempt from the registration and prospectus requirements provided that:
1. the seller complies with the *Real Estate Development Marketing Act*; and
 2. the seller or any agent acting on the seller's behalf does not market any expected economic benefits of the Unit or any related agreements.

¶ 4 February 8, 2007

Noreen Bent
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Corporate Finance
British Columbia Securities Commission