



British Columbia Securities Commission

Citation: 2014 BCSECCOM 146

Notice of Hearing

**Inverlake Property Investment Group Inc., Wheatland Business Park Ltd.,
and Alfredo Miguel “Michael” Yong**

(collectively, the Respondents)

Section 161 of the *Securities Act*, RSBC 1996, c. 418

- ¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing (Hearing) at which the Executive Director will tender evidence, make submissions and apply for orders against the Respondents under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Inverlake Property Investment Group Inc.

Background

1. Inverlake Property Investment Group Inc. (Inverlake) is an Alberta corporation that owned land in the Municipal District of Rocky View, Alberta (the Inverlake Land). Inverlake has never filed a prospectus under the Act.
2. Alfredo Miguel “Michael” Yong (Yong) founded Inverlake in March 2008. At all material times, he was the sole director of Inverlake.

Misconduct

Illegal Distribution

3. Between March and May 2008, Yong promoted and sold shares, primarily to B.C. residents, that entitled investors to an ownership interest in the Inverlake Land based on one share per acre of land. The land, which was 160 acres of Alberta farm land, was to be developed and sold at a profit.
4. Yong sold shares through Inverlake for \$39,000 each, asking for an initial \$19,500 with the balance due in two years. If investors did not pay the balance, then their share position would be reduced by 50%. Investors never paid the remaining \$19,500.
5. After investing, investors signed a bare trust agreement (Bare Trust) with Inverlake as the trustee.
6. At least 28 individuals and corporate entities purchased shares in the Inverlake Land paying the initial \$19,500 per share. For approximately 24 investors



who purchased 46 shares for \$949,650, there was no exemption to the prospectus requirement in the Act.

7. By distributing securities to 24 investors without an exemption and without filing a prospectus, Yong and Inverlake contravened section 61 of the Act.
8. Yong, as a director of Inverlake, authorized, permitted or acquiesced in Inverlake's contravention of section 61 of the Act and, therefore, contravened section 61 under section 168.2 of the Act.

Fraud

Yong sold the shares at an inflated price

9. Inverlake purchased the Inverlake Land from the owner for \$3,223,000. When promoting and selling shares, Yong told investors that the per acre share price was based on a purchase price of \$6,240,000. Therefore, investors paid almost double the actual purchase price of the Inverlake Land.

Yong did not tell investors the property was being foreclosed

10. The purchase of the Inverlake Land was partially financed with a vendor take-back mortgage of approximately \$1.6 million. Yong assumed responsibility for the mortgage payments in exchange for his share position in the Inverlake Land.
11. The Bare Trust set out the duties and responsibilities of Inverlake, as trustee. These included making any mortgage payments, obtaining approval of investors before making any major decision and notifying investors of any written notice in relation to the Inverlake Land.
12. Yong did not tell investors that:
 - he had stopped making the mortgage payments;
 - a foreclosure application had been made;
 - he had consented to the foreclosure application.

The Inverlake Land was foreclosed in January 2014 and returned to the original owner. Investors have lost their entire investment.

13. By inflating the share purchase price and not telling the investors about the foreclosure of the Inverlake Land, Yong perpetrated a fraud contrary to section 57(b) of the Act.



Wheatland Business Park Ltd.

Background

14. Wheatland Business Park Ltd. (WBP) is an Alberta corporation that owns land in Wheatland County, Alberta (the WBP Land). WBP has never filed a prospectus under the Act.
15. Yong founded WBP in June 2008. At all material times, he was the sole director of WBP.

Misconduct

Illegal Distribution

16. In July and August 2008, Yong promoted and sold shares, primarily to B.C. residents, that entitled investors to an ownership interest in the WBP Land based on one share per acre of land. WBP Land was 80 acres of land contained within a larger development known as Wheatland Industrial Park.
17. Yong sold shares through WBP. Yong told investors that the WBP Land would be developed and sold at a profit. Investors paid approximately \$53,000 per share.
18. At least 19 individuals and corporate entities purchased shares in the WBP Land at approximately \$53,000 per share. For approximately 15 investors who purchased 20 shares for \$1,090,470 there was no exemption to the prospectus requirement in the Act.
19. By distributing securities to 15 investors without an exemption and without filing a prospectus, Yong and WBP contravened section 61 of the Act.
20. Yong, as a director of WBP, authorized, permitted or acquiesced in WBP's contravention of section 61 of the Act and, therefore, contravened section 61 under section 168.2 of the Act.

Public Interest

21. The Respondents' conduct described in this Notice of Hearing is contrary to the public interest.
22. It is in the public interest that the Commission issue orders under sections 161 and 162 of the Act.

Hearing Process

- ¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on Tuesday, May 27, 2014, at 9:00 am if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the



investigation of this matter will be disclosed to the Respondent upon request to the Executive Director.

- ¶ 3 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director will apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.
- ¶ 5 May 7, 2014.

Paul C. Bourque

- ¶ 6 Paul C. Bourque, Q.C.
Executive Director