



British Columbia Securities Commission

Citation: 2014 BCSECCOM 288

Notice of Hearing

Keith Henry Alexander

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 Respondent under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Background

1. Keith Henry Alexander (Alexander) was a resident of British Columbia. He has never been registered under the Act.
2. Alexander was a director of 1127477 Alberta Ltd. (the Alberta Company) that has never filed a prospectus under the Act. The Alberta Company was dissolved on July 9, 2012.
3. The Little Loan Shoppe was a payday loan business operated through a group of companies directed and controlled by Doris Nelson (Nelson).
4. Nelson entered a guilty plea in the United States to 110 counts related to charges of wire fraud, mail fraud, and international money laundering connected to the Little Loan Shoppe.
5. Nelson is the Respondent in a Notice of Hearing alleging fraud and illegal distribution with respect to The Little Loan Shoppe.
6. Nelson used existing investors, like Alexander, to recruit new investors, paying these recruiters on a commission basis.

Misconduct

Alexander distributed promissory notes

7. Alexander told investors that he would invest their money in a payday loan business run by Nelson. He said that this was a great investment, that he knew Nelson, and that she was an honest businessperson with a profitable business.



8. Upon receiving investor money, Alexander issued them promissory notes through his Alberta Company, raising approximately \$1,440,000 from thirteen investors between February 1, 2007, and August 15, 2008.
9. Alexander promised investors in the Alberta Company an annual interest rate of 40%.
10. Alexander used the investor funds to buy promissory notes from the Little Loan Shoppe in the name of his Alberta Company.
11. The Little Loan Shoppe paid Alexander's Alberta Company 60% interest. Alexander paid investors the promised 40% return and his profit was the difference between the two interest rates.
12. The Little Loan Shoppe Ponzi scheme collapsed around April of 2009. Investors stopped receiving interest payments from Alexander around late 2008 and early 2009.

Illegal Distribution

13. Of the \$1,440,000 raised by Alexander, six investors, for a total of \$395,000, did not qualify for any prospectus exemptions.
14. Alexander distributed securities without being registered and without having filed a prospectus, contrary to sections 34(a) and 61(1)(a) of the Act.

Public Interest

15. Alexander's conduct described in this Notice of Hearing is contrary to the public interest.
16. 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, September 2, 2014, at 9:00 a.m.** 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.

Paul C. Bourque
Jul 16 2014 1:04 PM

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