I have been in the Insurance and Investment business for more than 30 years. I joined New York Life (which has since become part of Canada Life) in June 1981. My initial focus was on insurance products, and shortly after joining them I also offered GIC type investments. After 10 years I wanted to offer Mutual Funds. My contract with New York Life did not allow for me to become licensed for Mutual Funds. So I became an independent representative for Insurance, and I was licensed with Planvest for Mutual Funds.

At the same time I left New York Life, I started my own company, CMV Financial Corp. One of the reasons I did so was the ongoing 'consolidation' that the Financial Services industry was experiencing. I wanted to offer some stability and continuity through the industry changes – people were becoming confused about which companies they were dealing with due to name changes and consolidations: Planvest became Planvest Pacific, then a part of Assante. Many of the Insurance companies through which I offered products have been sold, most of them to Manulife.

While I was offering Mutual Funds in the 1990s I recognized that many people wanted regular cash flow and stability in their investments – as opposed to market volatility. So I began offering mortgage investments through Westmount Mortgage Corp, a subsidiary of Walton International Group. (More on Walton later) These mortgages paid a fixed monthly cash flow of roughly 10%, and they were RSP eligible. We still have many of them on the books. It took a long time for some clients to warm up to these mortgages, but after experiencing the resulting predictable cash flow, we had difficulty meeting the demand for them for client portfolios. Our clients have never missed receiving payments, and we had more than 10,000 mortgages in total on the books.

Recognizing this niche was growing, I chose to focus in this area. So in the summer of 2001, I began the process of moving my clients out of mutual funds and into mortgages. My initial phase of the plan, as related to my clients was to 'overweight' their portfolios in several of these mortgages, which largely had different borrowers. Mortgages were one of the few non-Mutual Fund investments that the Regulators allowed us to offer clients at that time, while holding a Mutual Fund License.

Phase two was to diversify client holdings from mortgages once I relinquished my Mutual Fund license. There were several cash flowing products available that I could offer clients, but not while I held a Mutual Fund license. The process took nearly a year to implement, as we had several hundred clients. Most clients bought into this strategy – approximately 90% of them sold their Mutual Funds and followed us into Exempt Offerings. (Securities can be offered by either a Prospectus or an Offering Memorandum (OM). 'Exempt Offerings' simply means that the investment is 'exempt' from the requirement to file a prospectus. The OM is the document which investors rely on for disclosure of risks, fees, business plan, financial statements, etc.)

Shortly after I began to move clients out of Mutual Funds, the 9/11 terrorist attacks occurred. I retreated and did some soul searching to try and determine if what I was doing was safe for my clients. The Walton Mortgages are secured by raw land. After considering investment options, I quickly came to the conclusion that it was highly unlikely that terrorists would fly a plane into raw land – and even if they did it would not really matter. So I proceeded with the plan. Many people questioned the wisdom of pulling their money out of Mutual Funds after they had dropped significantly related to 9/11. This was my response, which I believe is still relevant today:

Regardless of the amount of money you have today, what is your expected return? We have the option now to invest your funds on a diversified basis with known, fixed returns in the 8 - 10% range. Would you rather have market volatility and the hope for returns in that range, or cash flowing investments producing **known** returns in that range? Many people agreed and proceeded to move their money. Others were not yet convinced. Guess what – the markets rallied after 9/11. However, it was a short lived rally – six months later the markets had retreated to the same levels as they were after 9/11. So those who chose to move their funds were ahead by roughly 5%. (Similarly the markets rallied after the crash in the fall of 2008. The S & P recorded its first ever decade without gains at the end of 2010!)

(continued)

The cash flow from the investments we offer is paid into either your bank account or your Registered Plan (RSP, TFSA, RIF…) and it is yours to keep. If you choose to reinvest it, your funds can be further diversified or you can possibly add to existing investments (if they are still available – some of them have a short offering period, unlike Mutual Funds and other publicly traded securities). These Offerings meet the needs of retired clients who want a regular income, and who want a yield higher than current GIC and Bond rates. While offering these investments to retired clients was largely our original focus, we found that many clients of all ages preferred the fixed returns to those available through Mutual Funds and other options.

Upon leaving the Mutual Fund business, I co-founded Binco Financial Ltd. We raised $2,500,000 to fund the leases (to own) of garbage bins. The operators of businesses in that industry had the need to place bins in locations where they would receive a monthly rental income – allowing them to make lease payments. We offered a Preferred Share that paid an 8% Dividend on an asset with minimal depreciation. This investment was an example of the diversification we offered clients. Binco eventually drew to a close in 2011, and all clients were paid out all principal and dividends.

When I became involved with certain Offerings at a higher level, I chose to forego my registration as a Certified Financial Planner. I took the position that greater involvement – in some cases 'control' of the investment was for the benefit of clients. However, this stance prevented me from making independent recommendations. How could I recommend an investment that I was heavily involved with? In conjunction with associates such as Accountants and Lawyers we still employ financial and tax planning techniques in setting up and managing client accounts. (I hold both a Chartered Life Underwriter and a Chartered Financial Consultant designation.)

Our largest Offering that was underwritten by CMV was a Preferred Share issue for PT Healthcare Solutions Corp (www.pthealth.ca). More than $10 million in Preferred Shares were issued. Our objectives were to diversify from traditional Real Estate investments. PT Health now operates approximately 100 clinics across Canada and is currently negotiating an exit for our investors.

Our relationship over the past twenty years with Walton has made them our largest supplier. We have considerable repeat business from happy Walton investors (www.walton.com). Walton now generally offers Land Banking investments and cash flowing Land Development investments. In our entire history with Walton, none of our clients have lost money. Walton's lowest return (all of which are Audited) has been close to 5% compounded. Some returns have been in the 30% range, and we view these returns as welcome but unrealistic.

Liquidity of Exempt Offerings can be an issue. Most Offerings, while providing a steady cash flow, must be held for the full 'Hold Period', which is often in the five year range. These Offerings are definitely not designed for 'Market Timers'; rather, they are better suited for those investors who want more passive investments, the prices of which don't need to be followed daily. Our philosophy is more in line with 'steady base hits vs home runs and strikeouts'. We are not attempting to be all things to all investors, but we definitely have a strongly established niche in which investors recognize the value of the services we provide. That said, some Offerings such as the KV Mortgage Fund do have possible liquidity options and to date they have met all requested redemptions. Their Offering can be viewed at https://www.kvcapital.ca/investors/kv-mortgage-fund/video-introduction/

In 2010, the Exempt Markets became more regulated. My choices were to either become registered as an Exempt Market Dealer (EMD), or to become registered as a Dealing Representative with an EMD. I am licensed and registered with Privest Wealth Management Inc, and this link to their approved suppliers provides significant additional information on the Offerings we present. http://www.privest.ca/approved-suppliers/ (change to our Offerings page)

My Associate Steven Schuppler and I continue to offer Insurance through Trinity Financial Consulting Inc.

Many of my clients have been doing business with me since the early 1980s. Please consider what we have to offer for solutions to your financial needs.