

**IN THE MATTER OF THE SECURITIES ACT
R.S.N.S. 1989, C. 418, AS AMENDED (“the Act”)**

- and -

**IN THE MATTER OF
RIVER JOHN OCEANFRONT RESORTS LTD. (“River John”)**

**STATEMENT OF ALLEGATIONS
OF
STAFF OF THE NOVA SCOTIA SECURITIES COMMISSION (“ Staff”)**

Staff of the Nova Scotia Securities Commission (“the Commission”) make the following allegations:

1. River John is not a reporting issuer in the Province of Nova Scotia;
2. River John was incorporated and registered on the 16th day of February, 2001 under the laws of the Province of Nova Scotia ;
3. River John issued an offering document (“the Offering Document”) dated 26 November 2001 under the provisions of the Community Economic-Development Corporations Regulations . The Offering Document was received by the Commission on the 30 th. day of November 2001 and made the following offering:

“1. The shares being offered are:

Fully-paid, newly-issued voting common shares that are non-redeemable, non-convertible and not restricted in profit sharing or participation upon dissolution; the price per share is one hundred dollars (\$100.00) Individuals must purchase a minimum of 10 shares, therefore, the minimum investment is one thousand dollars (\$1000.00.)”

The minimum number of shares offered was 3000.

4. River John set forth in the Offering Document the reasons for establishing the minimum number of shares as being:

“Issuer assumptions respecting minimum offer of shares will give sufficient cash flow to purchase land, erect 3 cottages including:

- (a) legal costs;
- (b) surveying
- (c) septic
- (d) well
- (e) foundations
- (f) building materials
- (g) labour”

5. River John set forth in clause 21 of the Offering Document the specific investment to be made with the net proceeds of the offering, including but not limited to the following description:

“21. With respect to the business of the Issuer and the properties:

- (a) Describe in detail what business(es) the Issuer or Investee Corporation now operates and proposes to operate, including what products are or will be produced or services that are or will be rendered.

River John Oceanfront Resorts Ltd. is a new company and proposes to purchase approximately 23 acres of land in Cape John, Pictou County situated on the Northumberland Strait and the scenic Sunrise Trail. The initial phase in the summer of 2002, 3 cottages will be constructed. By the end of the fourth year, 12 cottages will be constructed. All cottages will be winterized for year round rental. Rentals will consist of daily, and weekends plus one and two weeks during the summer months.”

- (c) “ We are purchasing approximately 23 acres of land located on the Scenic Sunrise Trail (route 6) in Pictou County located on the Northumberland Strait.....The waters of the Northumberland Strait are some of the warmest water beaches this side of the Carolina’s in the U.S.ADemand will be from rental on weekly basis for a 1st. class ocean front beach. Supply will be the number of cottages available in the area that boasts clean sandy beaches, warm water, close to grocery stores, shopping, golf courses, National Parkes and a relaxing atmosphere.”

6. The closing date for the offering made pursuant to the Offering Document was set by

River John for the 28th day of February 2002;

7. River John became aware on the 18th day of February 2002 that the land upon which the projects Offering Document was predicated was sold to a third party and was not available for the project described in the Offering Document. River John commenced a search for new land on the 8th day of March 2002;
8. River John proceeded to purchase land materially different than that described in the Offering Document, more particularly land that was not located on the shores of the Northumberland Strait and to make purchases and expenditures in a development project that was materially different than that set forth in clause 21 of the Offering Document;
9. River John did not provide to the security holders an information circular which adequately described the specified investments to be made in the materially different project as required by the Community Economic- Development Corporations Regulations, s. 20(b)(i), nor did River John obtain the approval of 50% plus one vote cast by security holders at a meeting duly called to consider the making of such specified investments as required by Community Economic- Development Corporations Regulation, s. 20(b)(ii), thereby contravening the Act.
10. River John's conduct in acting in a manner contravening the regulatory provisions of the Community Economic- Development Corporations Regulations denied its security holders the benefit of an information circular describing the specific investments to be made with the proceeds in sufficient detail to permit security holders to form a reasoned judgement concerning their investment and further denied its security holders the opportunity to vote at a meeting of security holders called to consider the making of the investment all of which is contrary to the public interest.
11. It is therefore in the public interest for the Commission to order that River John pay an administrative penalty and costs in accordance with sections 135(b) and 135A of the Act respectively.

DATED this 11th. day of February, 2004.

“R. Scott Peacock”

R. Scott Peacock
Deputy Director, Compliance and Enforcement

Nova Scotia Securities Commission.