

IN THE MATTER OF THE SECURITIES ACT,  
S.N.B. 2004, c. S-5.5

AND

IN THE MATTER OF

**SHAKER MANAGEMENT GROUP INC. and TRUDI HENDRY**

(Respondents)

---

**SETTLEMENT AGREEMENT**

---

**Part I**

1. STAFF TO RECOMMEND SETTLEMENT

Staff of the New Brunswick Securities Commission ("Staff" and the "Commission", respectively) agree to recommend approval of settlement of this matter with respect to the Respondents Shaker Management Group Inc. ("SMGI") and Trudi Hendry ("Hendry") to a Panel of the New Brunswick Securities Commission (the "Panel") pursuant to section 191(1)(a) of the *Securities Act*, 2004 S.N.B., c. s-5.5 (the "*Securities Act*") in accordance with the following terms and conditions:

- a. The Respondents agree to the Statement of Facts set out in Part II hereof, and consent to the making of an Order, on the basis of those facts, substantially similar to that set out in Schedule "A" hereto; and
- b. The terms of any settlement will become public information only if, and when, the settlement is approved by the Commission.

2. RESPONDENTS' OBLIGATIONS IF SETTLEMENT APPROVED

If the Settlement Agreement is approved, the Respondents undertake and/or agree as follows:

- a. Not to make any statement, either directly or indirectly, which is inconsistent with the Statement of Facts herein. Any such statement shall constitute a breach of this Settlement Agreement; and
- b. In accordance with an Order substantially similar to that set out in Schedule "A", that:
  - i. Pursuant to section 184(1)(c)(ii) of the *Securities Act*, the Respondent Trudi Hendry shall not trade in securities, other than those beneficially owned directly by her, for a period of 5 (five) years;

- ii. Pursuant to section 184(1)(d) of the *Securities Act*, any exemptions contained in New Brunswick securities law shall not apply to the Respondent Trudi Hendry for a period of 5 years;
- iii. Pursuant to section 184(1)(i) of the *Securities Act*, the Respondent Trudi Hendry is prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years;
- iv. Pursuant to section 184(1)(c)(ii) of the *Securities Act*, the Respondent Shaker Management Group Inc. shall not trade in securities, permanently; and
- v. Pursuant to section 184(1)(d) of the *Securities Act*, any exemptions contained in New Brunswick securities law shall not apply to the Respondent Shaker Management Group Inc., permanently.

### 3. PROCEDURE FOR APPROVAL OF SETTLEMENT

- a. Upon execution of the Settlement Agreement by Staff and by the Respondents, Staff will apply to the Commission for an Order approving the Settlement Agreement.
- b. If the Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence submitted respecting the Respondents in this matter.
- c. If the Settlement Agreement is approved by the Commission, the Respondents agree to waive any right to a hearing and/or appeal with respect to this matter.
- d. If, for any reason whatsoever, the Settlement Agreement is not approved by the Commission and the Order set forth in Schedule "A" is not made by the Commission:
  - i. Staff and the Respondents will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing, unaffected by the Settlement Agreement or any of the settlement negotiations;
  - ii. The terms of this agreement will not be referred to in any subsequent proceeding or disclosed to any person, except with the written consent of both Staff and the Respondents or as may be required by law; and
  - iii. The Respondents further agree that they will not raise, in any proceeding, the Settlement Agreement or the negotiation or process of approval thereof, as a basis for any attack on the jurisdiction of the Commission.

### 4. DISCLOSURE OF SETTLEMENT AGREEMENT

- a. The terms of the Settlement Agreement will be treated as confidential by the parties hereto until approved by the Commission and forever if, for any reason, the Settlement Agreement is not approved by the Commission; and

- b. Upon the approval of the Settlement Agreement by the Commission, any obligation as to confidentiality shall terminate and the Settlement Agreement will become public information.

5. BREACH OF SETTLEMENT AGREEMENT

The Respondents acknowledge and understand that in the event of a breach or a failure to comply with this Settlement Agreement, Staff may commence proceedings under section 179(2) of the *Securities Act* against the Respondents and seek any remedy available under that section, including an Order for imprisonment and/or a fine.

6. STAFF COMMITMENT

If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the *Securities Act* against the Respondents in relation to the facts set out in Part II of this Settlement Agreement.

7. INDEPENDENT LEGAL ADVICE

The Respondents acknowledge having received full and proper independent legal advice with respect to their entry into this Settlement Agreement.

8. EXECUTION OF SETTLEMENT AGREEMENT

The Settlement Agreement shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original.

DATED at the City of Saint John this 15<sup>th</sup> day of November, 2010.

"Original signed by"

Jake van der Laan  
Director, Enforcement

DATED at the City of Fredericton this 28<sup>th</sup> day of October, 2010.

**Shaker Management Group Inc.**

"original signed by"

Per: Trudi Hendry, Director

"original signed by"

Witness:

DATED at the City of Fredericton this 28<sup>th</sup> day of October, 2010.

*"original signed by"* \_\_\_\_\_  
Trudi Hendry

*"original signed by"* \_\_\_\_\_  
Witness:

**Part II**  
**STATEMENT OF FACTS**

1. Shaker Management Group Inc. ("SMGI") is a corporation incorporated in accordance with the laws of the Province of New Brunswick on 21 November 2008, and its registered office is at 67 Drammen Drive, Fredericton, New Brunswick.
2. Trudi Hendry ("Hendry") is an individual resident in Fredericton, New Brunswick. Hendry is the sole director of SMGI.
3. Steven Vincent Weeres ("Weeres") is an individual currently resident at Lot SW 36, Con #47, Site #25, Millet, Alberta. From November 2008 until September 2009, Weeres was a directing mind of SMGI.
4. During 1999 and 2000, Weeres was the subject of Settlement Agreements and Orders with the Alberta Securities Commission and the Saskatchewan Financial Services Commission in relation to illegal distributions of securities.
5. Rebekah Donszelmann ("Donszelmann") is an individual currently resident at Lot SW 36, Con #47, Site #25, Millet, Alberta. From November 2008 until September 2009, Donszelmann was a directing mind of SMGI.
6. None of SMGI, Hendry, Weeres and Donszelmann has ever been registered with the New Brunswick Securities Commission (the "Commission") in any capacity.
7. In or about the summer of 2008, Hendry was approached by her friend, N.P., to assist her in creating certain advertisements to be placed on Kijiji, a website where one can place classified ads online for free.
8. N.P. was at that time working in a marketing role for Weeres and Donszelmann to recruit individuals to take a "Prototyping Specialists" course offered by Weeres and Donszelmann.
9. The purpose of the course was to train individuals to identify potential franchising opportunities of existing businesses and then attempt to sell such franchises at trade shows.
10. In August or September of 2008, Hendry met Weeres and Donszelmann when she attended a Prototyping Specialists information/training session offered in Fredericton. At this point, Weeres and Donszelmann were, unbeknownst to Hendry, using the aliases Steve Webb and Becky Junior (it wasn't until the fall of 2009 that Hendry became aware of the true identities of Weeres and Donszelmann).
11. During this Prototyping Specialists information/training session, Weeres informed Hendry that he was cognizant of the fact that Hendry had assisted N.P., and thanked her for her assistance.
12. In August or September of 2008, Weeres called Hendry and told her that he found her to be very smart and asked her if she would like to become a millionaire like he was. Hendry was excited at this opportunity and informed Weeres that she was interested in working with him on potential business opportunities.

13. Shortly thereafter, Weeres advised her that he had a business opportunity in which Hendry could participate and told her that she would need to incorporate a company. Hendry then provided Donszelmann with her Visa credit card number, and Donszelmann carried out all the necessary steps and incorporated SMGI in Hendry's name.
14. Weeres informed Hendry that his plan was to recruit a group of 20 people to work under SMGI to pursue training and potential franchising opportunities. The plan, according to Weeres, was that once they found 20 people, they would incorporate another company, to be called Kailo Group of Companies, which would be the conduit for implementing the actual franchising opportunities. Everyone involved would be an equal shareholder. Weeres planned to have individuals pay \$2,500 to be trained and to become part of the group.
15. During late 2008, SMGI held its first information session seeking to promote this idea, at the Ramada Inn on Riverside Drive, Fredericton, N.B. Only 3 or 4 people attended and no one signed up.
16. In December of 2008, Hendry traveled to Halifax to meet with Weeres and Donszelmann, and together Hendry, Weeres and Donszelmann had further discussions of how SMGI was going to operate. It was agreed that all the paperwork (e.g. letters to be written and sent out, drafting agreements, signing documents, etc.) was to be prepared by Donszelmann.
17. At all material times, Hendry, Weeres and Donszelmann were all involved in planning and decision making regarding SMGI.
18. Eventually, Hendry, Weeres and Donszelmann were able to recruit 18 individuals into SMGI. Participants paid \$2,500.00 to be trained and to become part of the group. The funds paid by the participants were deposited into SMGI's bank account.
19. SMGI's bank account was controlled by Hendry, Weeres and Donszelmann. It was initially opened by Hendry, but Hendry subsequently provided authorization to Weeres and Donszelmann to have full access to the SMGI bank account.
20. All of Weeres' and Donszelmann's personal living expenses were paid by SMGI. When Hendry questioned Weeres as to why SMGI was paying for this, he informed her that he had money in an offshore account but his debit card would not work and therefore the only way he could get money would be to attend at the bank in person. He also informed Hendry that the bank would not mail him a new card.
21. Despite funds being deposited into SMGI's bank account, there were insufficient funds to pay all the expenses incurred. As such, and at the request of Weeres, Hendry obtained a business line of credit of \$10,000.00 and also paid for other expenses with her own credit cards.
22. Weeres informed Hendry that once a steady stream of money started to come into SMGI, he would be able to fly abroad and obtain a new debit card. Hendry believed this and continued to provide Weeres and Donszelmann with money whenever they asked.
23. Weeres and Donszelmann controlled all of the training sessions and meetings. Hendry attended the training sessions and meetings, but took no leadership role.

24. After each meeting and training session, Weeres and Donszelmann would take attendees to the bar, and pay the bill with funds belonging to SMGI. Hendry was advised by Weeres and Donszelmann that they wanted those in attendance to believe that they were personally paying for the drinks, and therefore Weeres and Donszelmann forbade Hendry from informing people that SMGI was paying the bill. Weeres and Donszelmann informed Hendry that the reason for doing so was so that they could maintain an image of wealth and have everyone believe they were millionaires.
25. Weeres and Donszelmann set up the software package Quick Books for SMGI (Quick Books was only able to be set up on a single computer) on their personal computer and had full online control of SMGI's bank account. Together they had full control of the flow of money in and out of SMGI.
26. Donszelmann acted as a bookkeeper for SMGI at all material times.
27. During early 2009, Hendry wanted to pay off her credit cards, however Weeres and Donszelmann informed her that SMGI needed cash flow and instructed her to make only the minimum payment required.
28. SMGI also paid for Weeres' and Donszelmann's accommodations while in Fredericton, as well as their meals and their clothes.
29. At some point, Hendry also provided Weeres and Donszelmann with a debit card linked to SMGI's bank account, and later, complete access to all of Hendry's credit cards.
30. In early 2009, Weeres and Donszelmann approached Hendry with a new proposed project for SMGI, involving the potential purchase of real estate.
31. Hendry understood that the project would operate as follows:
  1. Weeres, Donszelmann and Hendry would seek out investment hotel properties for purchase, with a view to generating income from the rental of rooms; and
  2. Weeres, Donszelmann and Hendry would approach individuals to participate in the project on the following basis:
    - a. Participants were required to make a capital contribution to the project and were promised a guaranteed monthly return based on the amount of their contribution (the "guaranteed monthly return"); and
    - b. Participants were required to sign an Agent Agreement with SMGI.
32. Weeres and Donszelmann told Hendry there was no way she could lose because the real estate was going to be in her name.
33. Subsequently, Weeres and Hendry went to St. Andrews to view the Tara Manor Inn as a potential purchase for this project.
34. Weeres, Donszelmann and Hendry decided to then promote this project as the "Tara Manor/Success Momentum Builder" project (the "project").

35. The Respondents held several promotional sessions in the Province of New Brunswick during which they sought to promote the project and attract participants.
36. In March 2009, Weeres approached F.B., an individual resident in Halifax, Nova Scotia, for the purpose of investing in the Tara Manor Inn. F.B. had been employed in an information technology position for Weeres and Donszelmann.
37. As a result of a solicitation by Weeres in March 2009, F.B. signed an Agent Agreement with SMGI and invested \$22,600.00 (\$20,000.00 + HST) in the project, by way of a cheque payable to Shaker Management Group Inc.
38. Pursuant to the Agent Agreement, F.B. would receive monthly payments of \$874.48.
39. SMGI agreed to send a cheque to F.B. each month for the inventory sold or the guaranteed amount, whichever was larger.
40. Hendry was fully aware of F.B.'s investment in the project.
41. F.B. has never received any payments from SMGI.
42. In August 2009, K.M., a close friend of Hendry and a resident of Fredericton, New Brunswick, was also solicited by Weeres to invest in the Tara Manor Inn, and was told she could double her money. K.M. refused to invest, however she provided an interest-free loan to SMGI by way of writing a cheque in the amount of \$55,000.00 payable to Shaker Management Group Inc.
43. In August 2009, Y.B., a close friend of Hendry and a resident of Fredericton, New Brunswick, was solicited by Weeres and Donszelmann to invest \$150,000.00 in the Tara Manor Inn, and was told she could double her money. Y.B. refused to invest, however she provided an interest-free loan to SMGI by way of writing a cheque in the amount of \$65,000.00 payable to Shaker Management Group Inc.
44. In August 2009, Hendry and her spouse remortgaged their marital home and invested \$70,000 towards the intended purchase of the Tara Manor Inn.
45. The Tara Manor Inn purchase was never completed.
46. During the fall of 2009, SMGI discontinued operations due to Hendry discovering the true identities of Weeres and Donszelmann, and realizing they had been lying to her continuously.
47. SMGI is currently insolvent.

#### **Violations of New Brunswick securities law by Hendry and SMGI.**

48. The project falls within the definition of security as set out in the New Brunswick *Securities Act* (the "Act").
49. The activities of Hendry and SMGI in promoting the project and effecting at least one execution of an Agent Agreement, constitute trading in a security as defined in the Act.



50. Hendry acted in furtherance of a trade by taking the investment cheque written by F.B. and depositing it.

#### **Agreement that acts constitute violations of New Brunswick securities law**

51. The Respondents agree that she breached sections 45(a) and 71(1) of the *Securities Act* by participating in the promotion of the project as well as acting in furtherance of the trade to F.B.

#### **Agreement that acts contrary to the public interest**

52. The Respondents agree that the breaches described above constitute acts contrary to the public interest.

#### **Cooperation and other mitigating factors**

53. Hendry states that, although she was a willing participant in the project and at all material times the sole director of SMGI and fully aware of its activities, all the decisions regarding the project were made by Weeres and Donszelmann. Staff does not dispute this representation.
54. Hendry states that, at all material times, she acted pursuant to instructions given to her by Weeres and Donszelmann, and Staff does not dispute this representation.
55. Hendry states that Weeres and Donszelmann assured her that they had extensive experience in the securities industry and everything was being carried out properly and legally, and Staff does not dispute this representation.
56. Hendry believed that the investments in the project were sound, as evidenced by the fact that she herself invested substantial funds into the project.
57. Hendry acknowledges that notwithstanding the fact that she was misled, her actions nonetheless constitute violations of securities laws which have also caused damage to others, all of which cannot be condoned.
58. Hendry is currently operating a fledgling photo art and signs business, which provides very minimal income to her. Her house is fully mortgaged.
59. Hendry states that she has no other financial means and it would be a significant hardship upon her should she be ordered to pay an administrative penalty.
60. Hendry has cooperated fully with Staff and has materially assisted in the conduct and completion of Staff's investigation.
61. Hendry states that she is extremely upset by having been taken advantage of and having lost a lot of money, and Staff does not dispute this representation.
62. Hendry is deeply remorseful.

## Schedule "A"

IN THE MATTER OF THE SECURITIES ACT,  
S.N.B. 2004, c. S-5.5

AND

IN THE MATTER OF

**SHAKER MANAGEMENT GROUP INC. and TRUDI HENDRY**

(Respondents)

---

### ORDER

---

WHEREAS the Respondents entered into a Settlement Agreement dated ~ 2010 (the "Agreement") in which they agreed to a proposed settlement of violations of New Brunswick securities law, subject to the approval of the New Brunswick Securities Commission (the "Commission");

AND UPON REVIEWING the said Settlement Agreement and the Agreed Statement of Facts therein;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

(1) Pursuant to section 184(1)(c)(ii) of the *Securities Act*, the Respondent Trudi Hendry shall not trade in securities, other than those beneficially owned directly by her, for a period of 5 (five) years;

(2) Pursuant to section 184(1)(d) of the *Securities Act*, any exemptions contained in New Brunswick securities law shall not apply to the Respondent Trudi Hendry for a period of 5 years;

(3) Pursuant to section 184(1)(i) of the *Securities Act*, the Respondent Trudi Hendry is prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years;

(4) Pursuant to section 184(1)(c)(ii) of the *Securities Act*, the Respondent Shaker Management Group Inc. shall not trade in securities, permanently; and

(5) Pursuant to section 184(1)(d) of the *Securities Act*, any exemptions contained in New

Brunswick securities law shall not apply to the Respondent Shaker Management Group Inc., permanently.

DATED at the City of Saint John this    day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
~, Panel Chair

\_\_\_\_\_  
~, Panel Member

\_\_\_\_\_  
~, Panel Member

New Brunswick Securities Commission  
Suite 300, 85 Charlotte Street  
Saint John, New Brunswick  
E2L 2J2

Tel: (506) 658-3060  
Fax: (506) 658-3059