



IN THE MATTER OF

THE REAL ESTATE SERVICES ACT, S.B.C. 2004 C. 42

and

**THE FREEDOM INVESTMENT CLUB GROUP OF COMPANIES,**

**FIC INVESTMENT LTD., WBIC CANADA LTD.,**

**MICHAEL LATHIGEE,**

**EARLE PASQUILL,**

**MOHAWK DIVERSIFIED, LLC,**

**ALAN ANDRUS AND GERALD ABRAMS, and**

**PRO FINANCIAL SERVICES, INC. (UTAH) dba**

**PRO FINANCIAL SERVICES, LLC (UTAH)**

**ORDERS UNDER SECTIONS 51 AND 49 OF**

**THE REAL ESTATE SERVICES ACT**

UPON REVIEWING the submissions and exhibits contained in the Investigation Report prepared by the staff of the Superintendent of Real Estate and based on that information, I make the following findings and orders:

1. On or about July 29, 2008 information was received by the Financial Institutions Commission ("FICOM") from a British Columbia financial institution regarding the account activities of an account holder, WBIC Canada Inc. ("WBIC").

2. On July 30, 2008 FICOM's Executive Director, Investigative Services attended at the financial institution and spoke with an officer of the financial institution. As a result of this conversation the following information was obtained:
  - (a) On July 10, 2008 and July 16, 2008 two deposits were made into WBIC's account. The amount of the deposits were \$3.6 million and \$150,000 respectively.
  - (b) The financial institution is not aware at this time who made the deposits into the WBIC account.
  - (c) A letter, written on the letterhead of Escrow Specialists, Inc. ("Escrow") signed by a "JME Simpson" on behalf of Escrow accompanied the deposits. The letter purportedly authorizes the credit union to allow the deposit of the cheques, payable to Escrow, into the WBIC account.
  - (d) The deposits consisted of approximately 180 cheques in varying amounts. However, it appears that all the cheques were in multiples of \$17,500. The cheques were made payable to Escrow, "Mohawk" and "Pro Financial".
  - (e) Where the cheque was initially made payable to Mohawk or Pro Financial these names were crossed out and Escrow was inserted.
  - (f) The cheques showed different payors and were drawn on various British Columbia and other Canadian financial institutions.
  - (g) Financial institution staff have determined through conversations with the principals of the WBIC the following:
    - (a) Mohawk has a relationship with several United States banks whereby Mohawk will purchase foreclosed on properties;
    - (b) Mohawk through its affiliation with the Freedom Investment Club runs presentations in British Columbia and elsewhere in Canada called "Investfests."
    - (c) The purpose of the Investfests is to solicit British Columbia and Canadian residents to purchase these foreclosed properties in the USA.
    - (d) Potential purchasers are asked to pay \$17,500. In addition, purchasers are told that for an extra \$1,000 they can enter into a property management agreement with Pro Financial who will undertake to find tenants for their property.

- (h) When the financial institution management staff became aware of the deposits, it was determined that the deposits contravened credit union policy in that the credit union does not allow the deposit of unendorsed third party cheques.
- 3. As a result, the financial institution decided to place an institutional hold on the deposits pending its own review.
- 4. On August 4, 2008, the office of the Superintendent of Real Estate ("Superintendent") began an investigation of a real estate "investment" promotion in Vancouver advertised on the Freedom Investment Club website [www.ficinvestors.com](http://www.ficinvestors.com) (the "FIC Website").
- 5. Section 1 of the *Real Estate Services Act* ("Act") provides the following definitions:

"real estate services" means

- (a) *rental property management services,*
- (b) *strata management services, or*
- (c) *trading services.*

"real estate" means

- (a) *real property,*
- (b) *regardless of whether it is or is not an interest in real property, a cooperative interest, shared interest in land or time share interest, as these are defined in the Real Estate Development Marketing Act, and*
- (c) *a right in relation to real property that is defined by regulation to be real estate,*

*but does not include a right in relation to real property that is excluded by regulation.*

"rental property management services" means any of the following services provided to or on behalf of an owner of rental real estate:

- (a) *trading services in relation to the rental of the real estate;*
- (b) *collecting rents or security deposits for the use of the real estate;*
- (c) *managing the real estate on behalf of the owner by*
  - (i) *making payments to third parties,*
  - (ii) *negotiating or entering into contracts,*

*(iii) supervising employees or contractors hired or engaged by the owner, or*

*(iv) managing landlord and tenant matters*

*but does not include an activity excluded by regulation.*

...

*"trading services" means any of the following services provided to or on behalf of a party to a trade in real estate:*

*(a) advising on the appropriate price for the real estate;*

*(b) making representations about the real estate;*

*(c) finding the real estate for a party to acquire;*

*(d) finding a party to acquire the real estate;*

*(e) showing the real estate;*

*(f) negotiating the price of the real estate or the terms of the trade in real estate;*

*(g) presenting offers to dispose of or acquire the real estate;*

*(h) receiving deposit money paid in respect of the real estate*

*but does not include an activity excluded by regulation;*

...

*"party",*

*(a) in relation to a trade in real estate, does not include a licensee acting solely as a licensee, and*

*(b) in relation to a prospective trade in real estate, includes a potential party;*

...

*"providing", in relation to real estate services, includes*

*(a) offering to provide such services,*

*(b) holding oneself out as a person who provides such services, or*

*(c) soliciting for the purposes of the provision of such services;*

6. Subsection 3(1) of the Act provides:

*3(1) A person must not provide real estate services to or on behalf of another, for or in expectation of remuneration, unless the person is*

- (a) licensed under this Part to provide those real estate services, or*
- (b) exempted by the regulations from the requirement to be licensed under this Part in relation to the provision of those real estate services.*

7. Subsection 48(1)(a) of the Act provides:

*48(1) The superintendent may conduct an investigation to determine whether*

- (a) a person who does not hold a licence has engaged in any activity for which a licence under this Act is required.*

8. The FIC Website is registered in the name of FIC Investment Ltd., with an address of Suite 990, Box 12091, 555 West Hastings, Vancouver, British Columbia. The FIC Website states that the mailing address for the Freedom Investment Club is Suite 990, Box 12091, 555 West Hastings Street, Vancouver, BC V6B 4N5.
9. The FIC Website advertised a "Vancouver FIC foreclosure event". An Investigator reviewed the website and registered online to attend the presentation slated for August 6, 2008, at 7:00 PM at the Marriott Hotel, 1128 West Hastings Street, Vancouver, British Columbia. The FIC Website advertised that a tour by the presenters was scheduled during the period August 4 to August 12, 2008, and would include Los Angeles, San Francisco, Edmonton, Calgary, New York, and Toronto.
10. The Investigator attended the meeting room on August 6, 2008 where the presentation was to take place, checked in, and received a brochure showing some recent properties listed by Mohawk Diversified, LLC ("Mohawk"). The brochure showed a website address of [www.mohawkreo.com](http://www.mohawkreo.com), and a contact telephone number 1-800-928-2713. The brochure, among other things, stated the following:
- INVEST FOR \$18,500 & receive a clean, clear, marketable title
  - we GUARANTEE property value to be at least \$45,000
  - our CURRENT AVERAGE property value is \$55,000
  - make INCREDIBLE RETURNS within a 12 -18 month period or take advantage of the option to keep passive cash flow of approximately \$300 per month

- PASSIVE INVESTMENT, managed by experienced property management company

This great passive buy lends itself to multiple purchases with little investment.

Invest in this opportunity. Take advantage of the sub-prime lemon, without taking advantage of people. **Invest now, see amazing returns.**

11. The brochure contained pictures of a number of properties including the following information:

|               |   |
|---------------|---|
| Market value: | \$104,544   |
| Location:     | Cincinnati, Ohio  |
| Description:  | 2-1/2 storey building   |
| Terms:        | \$500 down, \$325 a month                                       |
| Note price:   | \$59,000  |
| Market value: | \$50,399  |
| Location:     | Indianapolis, Indiana   |
| Description:  | 1 storey, 2 bed, 1 bath, finished basement, car detached garage |
| Terms:        | \$500 down, \$380 a month                                       |
| Note price:   | \$44,500  |

12. Approximately 150 persons attended the presentation.
13. The first portion of the presentation was given by a person identifying himself as Mike Lathigee ("Lathigee"), CEO of the FIC Investment Club in Vancouver. Lathigee stated that in San Francisco, the night before, 103 investors attended his presentation and 146 homes were purchased. San Francisco is the newest chapter of the Club.
14. Lathigee then made some general comments about the U.S. economy, the rate of default by homeowners, and that current foreclosure laws in the U.S. could change, thus creating problems for "the Club". He then provided the following information:
- The homes are handled by a property management company.
  - The demand for these homes is overwhelming.
  - In the last 45 days the Club has sold over 1,700 homes.

- 650 signs have gone up on homes purchased by investors in the last seven days.
- There will be multiple opportunities to get involved. Other meetings are planned in the fall.
- An average of one home per person is sold at Club meetings.
- 50 homes were allocated for the Vancouver meeting on a first come first served basis.
- The home purchase will complete within 30 days.
- Other investors will go on a waiting list, but they will still get a home although it will take longer – from 60 to 90 days.
- If no home is found, the investment is returned.
- The Club makes approximately \$1,500 per home.
- Based on projections, 10,000 homes will be sold which will mean \$15 million for the FIC Group of Companies.
- All Club shareholders share in the proceeds.
- The caveat is that laws in the U.S. are changing, and there are pressures to prevent foreclosures on lower end homes. Laws are likely to change early in the new year.
- He will not allow money to just sit for months on end if a home cannot be offered.
- The Club cannot be both the property management company and be involved in the ownership, as this would be considered a securities matter. The property management firm and the actual ownership must be completely separate, which is why there are two entities and a number of people involved in this process.
- This requirement is due to securities regulations.

- Because of the high level of trust in the Club by the members, the process is very well received.
  - At the last meeting in Toronto, 120 persons attended and purchased more than 120 homes.
15. Lathigee then introduced Alan Andrus (“Andrus”) as representing Mohawk, stating that Andrus had extensive experience in real estate development. Lathigee explained that Andrus was going to explain how the process actually works.
16. Andrus described the steps in the foreclosure process in the U.S. as follows:
- The homeowner gets behind in his mortgage payments.
  - A Notice of Default (“NOD”) to the homeowner is issued by the lender, which is published in the newspaper.
  - The property is sold at a foreclosure sale, or if no offers are made the lender (financial institution) will sell them in bulk at reduced prices in order to write them off their books, and minimize incurring further costs.
  - Andrus provided the following information about the bulk purchase system:
    - Mohawk buys blocks of 400 to 500 foreclosed/distressed homes at a time from the financial institutions.
    - The homes are sight unseen, and typically are encumbered with tax liens and other charges against the property.
    - [www.mohawkreo.com](http://www.mohawkreo.com) is the website for Mohawk.
    - Mohawk is involved in the process of clearing the titles of the properties.
  - For the investor the process is as follows:
    - The investor buys a home from Mohawk.
    - The investor receives a clear title on that home.



- Mohawk takes the time to clear the title, and the investor receives that title with a warranty.
  - It is not a quit claim.
  - Mohawk uses a management company, Pro Financial, who helps clear the title. The property is inspected to determine whether it is sellable for a profit.
  - If an investor buys a home that is not sellable, Mohawk will exchange it.
  - Pro Financial finds a buyer and occupant for the investor's home.
  - Pro Financial will evaluate the neighbourhood and put up a sign on the property indicating that it is for sale for \$500 down and \$400 a month.
  - Pro Financial creates a mortgage between you and the new buyer with 100% financing. Pro Financial qualifies the buyers.
  - The investor ultimately becomes "the bank".
17. Andrus then gave a PowerPoint presentation with time lines, and projected returns on the \$18,500 investment.
18. After finishing his presentation, Andrus re-introduced Lathigee, who provided the following information regarding the mortgages in the form of Promissory Notes:
- The mortgages (Promissory Notes) are based on a 30-year amortization at 10% interest.
  - The Promissory Note becomes worth \$45,000 based on the calculations of monthly payments of \$300.
  - Once the Promissory Note is "seasoned", anywhere from 6 to 18 months, it is offered for sale.
  - Seasoned Promissory Notes are purchased typically at a fraction of the calculated value.

- There is an inherent risk in any investment.
  - Lathigee stated that some investors have found that the homes they purchased were listed on the MLS prior to foreclosure for less than the \$18,500 they paid. Lathigee explained that this is because the homes often have tax liens and other charges placed against them which are not reflected on MLS and those charges have to be removed.
  - If the home is not sold within six months, Mohawk will exchange it.
  - Lathigee stated that he would not engage in something of this magnitude unless at the end of the day the system will work to a point where the majority of the homes are resold and there is a market for the Promissory Notes.
  - They are lobbying the U.S. Federal Housing Authority to buy the Promissory Notes.
  - The investor pays \$18,500 for an unspecified property, receives \$300 per month, and pays a 10% monthly property management fee which is deducted from the \$300 per month payments.
  - As the owner of the home, the investor can either sell it himself, keep it, or have Pro Financial sell it or maintain it on the investor's behalf.
  - Other offerings of foreclosed properties are planned for the fall.
19. Lathigee then inquired of his staff and was told that so far at this meeting, 27 homes had been purchased. He reiterated that 50 investors would receive homes immediately, and any other investors wishing to purchase would go on a waiting list.
20. At that time, Lathigee instructed his assistants to hand out the following documents to interested purchasers:
- (a) **Process and Wire Transfer Instructions.** That document states in part:
- Please read carefully, these are your step by step process and wire transfer instructions for the purchase of your FIC foreclosure home(s) in The United States.**

- STEP 1. Complete BOTH:**
- **Bulk Foreclosure Purchasing Agreement and**
  - **Client and Client Services Company Management Agreement**
- STEP 2. Go to Sales TABLE to have BOTH of your Agreements Signed.**
- STEP 3. Arrange for TWO wire transfers using the Banking coordinates below:**
- **Wire transfer #1 – amount: \$17,500 USD (for EACH home purchased)**  
**FOR THE ACCOUNT OF: Escrow Specialists**  
P.O. Box 3287, Ogden, Utah 84409  
555 East 5300 South, Suite 3 Ogden, Utah 84405  
(801) 627-6800 5330  
  
South 900 East Suite 180 South Lake City, Utah 84117  
(801) 538-0869. Other In-state areas 1-800-427-8698  
  
**BANK: Bank of Utah**  
2605 Washington Blvd.  
Ogden, UT, 84401  
Phone: (801) 409-5165  
  
Account Number: 11015723  
ABA Number: 124300107  
  
**Please reference:** Mohawk Diversified LLC  
"Customer Name"  
Account 22667
  - **Wire transfer #2 – amount: \$1,000 USD (for EACH home purchased)**  
**TO: Pro Financial Services LLC**  
169 East Holly Brook Cove, Draper UT 84020  
Phone 866-451-3381  
Fax 801-203-3070  
  
**BANK: Washington Mutual**  
805 East Thunderbird RD  
Phoenix, AZ 85022

Account number: 8843693850

Routing number: 322 271 627

- (b) **Bulk Foreclosure Purchasing Agreement** between Mohawk and the client, which the client completes to indicate how many properties are to be purchased at \$17,500 USD each to be sent to Escrow Specialists.
- (c) **Client and Client Services Company Management Agreement** between the client and Pro Financial Services, LLC, listing the number of homes to be purchased and the amount of \$1,000 USD per home.
21. On the back of each of the above agreement documents are listed the services and responsibilities of each party, limited liability of the manager, and the compensation of the manager, and other rules related to the contract including terms and conditions.
22. The Bulk Foreclosure Purchasing Agreement provides the following terms:
- The consumer gives Mohawk Diversified, LLC \$17,500 (held by an escrow agent in Utah) in return for Mohawk's agreement to find a suitable property and purchase it in Mohawk's name and then transfer clear title to that property to the consumer.
  - Mohawk warrants that the value of the property will be at least \$45,000 however this is not based on an appraisal but based on an online valuation. If the consumer wants to have an appraisal, they must obtain it at their own cost.
  - As soon as Mohawk notifies the escrow agent of the address of the property, Mohawk receives the funds from the escrow agent. At a later date, Mohawk transfers clear title of the identified property from Mohawk to the consumer.
  - There is no definition of "property" in the agreement and there are no provisions where the property is/will be located. However, the process and wire instructions indicate that the property will be in the United States.
  - Mohawk Diversified, LLC is listed in the agreement with a contact address of 2637 North Washington Blvd., Suite 131, North Ogden, Utah 84414.

23. The Client and Client Services Management Agreement provides the following terms:

- The consumer retains Pro Financial Services, LLC for \$1,000 plus certain commissions to act on the consumer's behalf to:
  - facilitate the purchase of the closing and resale of the property purchased from Mohawk Diversified, LLC by working with auction houses, title companies, real estate agents, attorneys or other agents involved in the sale of the property;
  - facilitate selection of a buyer and the closing process with the buyer and provide all appropriate documents for the consumer and subsequent buyer for a commission of the greater of \$1,000 or 3% for sale;
  - engage local service providers to prepare the property for sale and display signage;
  - determine the local market rent and place marketing material for sale of the property;
  - qualify each potential subsequent buyer;
  - manage the collection of mortgage payments due monthly to the consumer providing receipts for payment to the borrower and monthly accounting to the consumer for an additional 10% commission and collect late payment charges which late fees are retained by Pro Financial Services, LLC;
  - shop the note to multiple note buyers as well as lenders for potential refinancing for a commission of the greater of \$1,000 or 3% upon successful sale or refinancing of the note;
  - retain and manage local agents or attorneys to institute eviction if required;
  - to transfer ownership from one consumer to another Pro Financial Services, LLC client, the consumer will pay a fee of \$125.
  - No address or contact information is provided for Pro Financial Services, LLC.

24. During and after the presentation, the Investigator observed a number of people with completed purchase and management contracts lining up at the front of the room to submit them to persons at the desks in order to complete the agreements and purchase homes.
25. The Mohawk website [www.mohawkreo.com](http://www.mohawkreo.com) lists Mohawk's address as #131 – 2637 North Washington Boulevard, Ogden, Utah. This is the same address listed on the website [www.profinancialshop.com](http://www.profinancialshop.com) as the contact address for a company advertising itself as Pro Financial (Professional Home Financing). This Pro Financial offers to find affordable homes for prospective purchasers at the same prices as what rent payments are and works with purchasers to make offers to the existing homeowners. The website [www.profinancialshop.com](http://www.profinancialshop.com) is registered under the name of The Marketing Guy, Owen Wraxall, Upper 370 Ontario Street, Stratford, Ontario N5A 3H9.
26. There is no record of any real estate licence having been issued to either Mohawk Diversified, LLC or Pro Financial Services, LLC or similar business names in Utah.
27. There is no company registered in Utah named Pro Financial Services, LLC. There is one expired entry for Pro-Financial Service, Inc. There are also two entries for the entity Pro Financial Services, Inc. One entry was registered to a [REDACTED] of Rancho Cucamonga, California, but that registration is now expired. The other Pro Financial Services Inc. was registered on April 2, 2008. It is registered in good standing, with an address of 169 East Holly Brook Cove, Draper, Utah, U.S.A. 84020. Its registered agent is Hardway Enterprises. It is noted this is the same address as listed on the Process and Wire Transfer Instructions for Pro Financial Services, LLC, although the company name on the agreement is listed as Pro Financial Services, LLC.
28. Hardway Enterprises is a registered entity in good standing in Utah. Its registered agent is Michael Gordon Oborn with the same address as Pro Financial Services, Inc. on Holly Brook Cove in Draper, Utah.
29. There is a Utah registered company called Escrow Specialists, Inc. which is in good standing with its registered agent being J. Dennis Simpson at Suite 3, 555 East 5300 South, Ogden, Utah. This is the same address as indicated on the Process and Wire Transfer Instructions for the escrow company.

30. The website [www.mohawkreo.com](http://www.mohawkreo.com) provides a number of documents, brochures, and a section called "Frequently Asked Questions". The documents relate to the process surrounding the purchase of bulk foreclosed properties, and are substantially the same as those handed out during the Vancouver presentation.
31. There is no business registration in British Columbia for Mohawk Diversified, or Pro Financial.
32. Some entities listed on the FIC Website as being part of the FIC Investment Club Group of Companies with Lathigee as Chairman and CEO are: FIC Canada Ltd., FIC USA Ltd., FIC SE Asia Ltd, and WBIC Canada Ltd (aka: FIC RRSP). None of these, except WBIC Canada Ltd., are registered to do business in British Columbia.
33. WBIC Canada Ltd. is registered to do business in British Columbia as an extraprovincial company with its directors and officers being Lathigee and Earle Pasquill ("Pasquill"). WBIC Canada Ltd. was incorporated on June 27, 2003 under the *Canada Business Corporations Act*.
34. A search of registry records did find that Lathigee and Pasquill are also registered as the only directors and officers for the following companies registered to do business in British Columbia: FIC Investment Ltd, FIC Foreclosure Fund Ltd. and FIC Real Estate Fund Ltd., and are all incorporated in the Province of British Columbia with Lathigee and Pasquill as its only directors and officers. Both Lathigee and Pasquill are listed with British Columbia residences.
35. As noted above, FIC Investment Ltd. is the entity which owns the registration for the FIC Website [www.ficinvestors.com](http://www.ficinvestors.com).
36. There is no licensing by the British Columbia Real Estate Council of Mohawk, Escrow Specialists, Pro Financial, Lathigee, Andrus , Hardway Enterprises, Michael Oborn, Rob Oborn or any FIC entity.
37. The address of #131 – 2637 North Washington Boulevard, Ogden, Utah, U.S.A. 84414, and fax number 801 217-0285 is not only connected to Mohawk but is also connected to the following entities:

- A website entitled [www.goinvestwisely.com](http://www.goinvestwisely.com) which has similar contact and real estate sales information as found on the [www.mohawkreo.com](http://www.mohawkreo.com) website as it uses almost identical bulk purchase and property management agreements.
- A website entitled [www.profinancialshop.com](http://www.profinancialshop.com) for a company called "Pro Financial" with the same address in Ogden, Utah.
- A website entitled [www.junkhomemillions.com](http://www.junkhomemillions.com) related to [www.goinvestwisely.com](http://www.goinvestwisely.com).
- A website entitled [www.bolagsintensiven.se](http://www.bolagsintensiven.se) which is a mirror site for [www.mohawkreo.com](http://www.mohawkreo.com) which is in the Swedish and Norwegian languages.
- A website entitled [www.eliteinvestorsclub.com](http://www.eliteinvestorsclub.com) which offers investment opportunities.
- A website entitled [www.hesscapital.com](http://www.hesscapital.com) which specializes in high risk, non traditional corporate financing.

38. Pro Financial Services, LLC is a company registered in Nevada with [REDACTED] as its managing member. He also is the sole officer and director of Pro Financial Services, Inc. registered in Nevada. He is also the person listed in Utah under the expired company name Pro Financial Services, Inc. in Utah. On August 13, 2008, the Investigator called [REDACTED] of Rancho Cucamonga, California, to enquire whether there was any relationship between his companies and Mohawk or the Pro Financial Services operating in Utah.
39. [REDACTED] stated to the Investigator that he is a real estate agent and a mortgage broker in California and he has had Pro Financial Services, LLC registered as a company in the State of Nevada for many years. He does not know Mohawk, nor does he currently do business in Utah as Pro Financial Services LLC, or Pro Financial Services, Inc. [REDACTED] was concerned about any connection that may be advertised using his company. [REDACTED] stated he is not associated to [www.mohawkreo.com](http://www.mohawkreo.com), [www.profinancialshop.com](http://www.profinancialshop.com), Lathigee, or Andrus.
40. On August 15, 2008, the Investigator received a telephone call from [REDACTED], who advised the following:



- He had made enquiries on his own and determined the company Pro Financial Services, LLC operating out of Utah, was doing business under the name Pro Financial Services, LLC without his permission since he believes the name is confusing and there is no LLC registered in Utah.
- He says he owns the rights to the company name Pro Financial Services, LLC.
- He had contacted Pro Financial Services operating in Utah and advised a person by the name of Mike Yosher ("Yosher") that he owns the rights to Pro Financial Services, LLC. Yosher then asked [REDACTED] whether something could be worked out.

41. Approximately five minutes later on the same date, the Investigator received a telephone call from a male who identified himself as Rob Oborn, the brother of the owner of Pro Financial Services, Inc. (doing business as Pro Financial Services, LLC) in Utah. The owner was identified by Rob Oborn as Mike Oborn. Rob Oborn advised that:

- He works with Mohawk in finding buyers and fielding calls for buyers of foreclosed homes.
- His office recently moved from the Draper, Utah address to the North Washington Boulevard address and has since moved to an address in South Jordan, Utah.
- His company is not a licensed property management company anywhere in the United States or Canada, and their assistance to Mohawk is typically examining the foreclosed properties for saleability.
- He is aware of a connection to Mohawk by Lathigee and Andrus.
- His contact at Mohawk is Mike Yosher at telephone number 801-879-3760.

42. Rob Oborn was advised that providing property management services requires a licence in British Columbia.

43. Approximately five minutes after the call from Rob Oborn, the Investigator received a call from a male who identified himself as Mike Yosher, Client Services Manager for Mohawk. Yosher advised that:
- Mohawk is a registered company in the State of Nevada and the owner of the company is Gerald Abrams.
  - He had not been in Vancouver for the presentation on August 6, 2008.
  - He confirmed that Mohawk is not licensed to provide real estate trading services in British Columbia.
  - Yosher declined to provide information related to the volume of purchases of foreclosed properties when asked.
44. Mohawk Diversified, LLC is registered as a Nevada limited liability company. It is not registered to do business in Utah. Its managing member is Gerald Abrams whose address is 9500 West Sahara Avenue, Las Vegas, Nevada 89117.
45. There appears to have been a prior offering by the Freedom Investment Club and Mohawk and Pro Financial of Mohawk real estate services and Pro Financial services in Vancouver regarding foreclosed real estate in the U.S.A. in June 2008.
46. During the presentation in Vancouver on August 6, 2008, Lathigee told the audience that there was no need to rush on the foreclosure opportunity as there would be other club meetings in September and November, and specifically advertised that another meeting was planned for October related to real estate.

**The Freedom Investment Club Group of Companies, FIC Investment Ltd., WBIC Canada Ltd., and Michael Lathigee and Earle Pasquill**

47. I find that the Freedom Investment Club Group of Companies through its Investfest events, FIC Investments Ltd. through its website, and Michael Lathigee as the representative of the Freedom Investment Club Group of Companies and FIC Investment Ltd. are engaged in soliciting for the provision of trading services by Mohawk Diversified, LLC for a fee, or are otherwise engaged in providing trading services since they find buyers for Mohawk Diversified, LLC real estate for a fee, and do so in the

Province of British Columbia, contrary to Section 3(1) of the *Real Estate Services Act* (“Act”).

48. I find that WBIC Canada Ltd. and Michael Lathigee and Earle Pasquill conduct trading services in British Columbia by receiving deposit money paid in respect of a trade in real estate on behalf of British Columbia residents and/or Mohawk Diversified, LLC, for a fee directly to WBIC Canada Ltd., or indirectly to WBIC Canada Ltd. through a related entity within the Freedom Investment Club Group of Companies, with Michael Lathigee and Earle Pasquill as WBIC’s controlling minds, contrary to Section 3(1) of the *Act*.

**Mohawk Diversified, LLC and Alan Andrus**

49. I find that Mohawk Diversified, LLC and Alan Andrus as its representative are engaged in trading services in British Columbia by offering in British Columbia to find property for British Columbia residents to purchase, and taking deposits on real estate, for a fee, and entering into such agreements in British Columbia, contrary to Section 3(1) of the *Act*.

**Pro Financial Services, Inc. (Utah) dba Pro Financial Services, LLC (Utah)**

50. I find that Pro Financial Inc. of Utah is doing business as Pro Financial, LLC in British Columbia and is engaged in real estate services in British Columbia since it solicits for, advertises, and enters into agreements in British Columbia to provide property management and trading services to British Columbia residents, contrary to Section 3(1) of the *Act*.

**Orders**

51. Section 49 of the *Act* provides in part:

*49(1) This section applies if, after a hearing under section 48 (2) [superintendent hearings], the superintendent determines that the person subject to the hearing did not hold a licence under this Act at a time when the person engaged in any activity for which such a licence was required.*

*(2) The superintendent may, by order, do one or more of the following with respect to a person referred to in subsection (1):*

*(a) require the person to cease the activity;*

...

52. Section 51(1) of the *Act* provides:

*51(1) The superintendent may act under this section if the superintendent considers that*

*(a) there has been conduct in respect of which the superintendent could make an order under section 49 [orders respecting unlicensed activity] or 50 [orders against licensees in the public interest], and*

*(b) the length of time that would be required to complete an investigation or hold a hearing, or both, in order to make such an order would be detrimental to the public interest.*

53. Neither the Freedom Investment Club Group of Companies, FIC Investment Ltd., WBIC Canada Ltd., Michael Lathigee, Earle Pasquill, Mohawk Diversified, LLC, Alan Andrus, nor Pro Financial Services, Inc. (Utah) dba Pro Financial Services, LLC are licensed to provide real estate services in British Columbia.
54. I find that, by engaging in the above noted activities, the Freedom Investment Club Group of Companies, FIC Investment Ltd., WBIC Canada Ltd., Michael Lathigee, Earle Pasquill, Mohawk Diversified, LLC, Alan Andrus, and Pro Financial Services, Inc. (Utah) dba Pro Financial Services, LLC are actively engaged in providing real estate services to or on behalf of others for or in expectation of remuneration in British Columbia in contravention of the *Act*.
55. Neither the Freedom Investment Club Group of Companies, FIC Investment Ltd., WBIC Canada Ltd., Michael Lathigee, Earle Pasquill, Mohawk Diversified, LLC, Alan Andrus, nor Pro Financial Services, Inc. (Utah) dba Pro Financial Services are exempted from the requirement to be licensed by subsection 3(3) of the *Act*, nor are they exempted from the requirement to be licensed by the *Regulation*.
56. I agree with staff that a hearing would require approximately seven witnesses and would take approximately five days to complete, and could not be held for at least five months due to scheduling of parties, witnesses, counsel and the hearing officer.
57. I find that the length of time that would be required to hold a hearing would be detrimental to the due administration of the *Act* given that it would likely result in further non-compliance with the *Act*, especially given the fact that future offerings have been announced to take place this fall. Continued non-compliance would harm the reputation

of the British Columbia real estate industry and would be detrimental to the public interest since the public would be dealing with unlicensed real estate service providers.

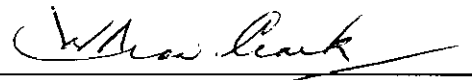
I THEREFORE CONSIDER that the Freedom Investment Club Group of Companies, FIC Investment Ltd., WBIC Canada Ltd., Michael Lathigee, Earle Pasquill, Mohawk Diversified, LLC, Alan Andrus, and Pro Financial Services, Inc. (Utah) dba Pro Financial Services, LLC (Utah) are conducting themselves in a manner that would enable me to make an order under section 49 of the *Act*.

I THEREFORE ORDER pursuant to sections 51(2) (a) and 49(2) (a) of the *Act* that the Freedom Investment Club Group of Companies, FIC Investment Ltd., WBIC Canada Ltd., Michael Lathigee, Earle Pasquill, Mohawk Diversified, LLC, Alan Andrus, and Pro Financial Services, Inc. (Utah) dba Pro Financial Services, LLC (Utah):

**Cease and desist conducting, directly or indirectly, unauthorized real estate services, including trading services and property management services, in British Columbia, effective immediately.**

TAKE NOTICE that the Freedom Investment Club Group of Companies, FIC Investment Ltd., WBIC Canada Ltd., Michael Lathigee, Earle Pasquill, Mohawk Diversified, LLC, Alan Andrus, and Pro Financial Services, Inc. (Utah) dba Pro Financial Services, LLC (Utah) may appeal this Order to the Financial Services Tribunal under section 54(1)(e) of the *Act*, or require a hearing before the Superintendent under sections 51(3) and 45(6) of the *Act*.

Dated at the  
City of Surrey,  
Province of British Columbia  
This 27<sup>th</sup> day of August, 2008.



W. Alan Clark  
Superintendent of Real Estate  
Province of British Columbia

TO: Freedom Investment Club Group of Companies

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