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Notice of Hearing

Garry William Stroud, individually and doing business as Euro Credit & Exchange Bank Ltd., Garry Stroud Facilitating, Diamond Global Holding Trust, Diamond Global Facilitating, Diamond Global Holding Trust Facilitating, Diamond Global Holding Trust (Belize) Group, The Diamond Global Corporation and Angelic International

Section 161 of the *Securities Act*, RSBC 1996, c. 418

¶ 1 A hearing will be held (the Hearing) to give Garry William Stroud (Stroud), individually and doing business as Garry Stroud Facilitating, Diamond Global Holding Trust, Diamond Global Facilitating, Diamond Global Holding Trust Facilitating, Diamond Global Holding Trust (Belize) Group (collectively, Diamond Global unless otherwise designated), Euro Credit & Exchange Bank Ltd. (Euro Credit), The Diamond Global Corporation (Diamond Global Dominica) and Angelic International (all collectively, the Respondents) an opportunity to be heard before the British Columbia Securities Commission considers whether it is in the public interest to make the following orders:

1. pursuant to section 161 (1) (b) of the *Securities Act*, RSBC 1996, c. 418 that all persons cease trading in or be prohibited from purchasing the securities of Euro Credit, Diamond Global, Diamond Global Dominica, and Angelic International;
2. pursuant to section 161 (1) (c) of the Act that any or all of the exemptions described in sections 44 to 47, 74, 75, 98 or 99, do not apply to the Respondents;
3. pursuant to section 161 (1) (d) of the Act, that Stroud resign any position that he may hold as a director or officer of any issuer, and that he be prohibited from becoming or acting as a director or officer of any issuer;
4. pursuant to section 161 (1) (d) of the Act, that the Respondents each be prohibited from engaging in investor relations activities;
5. pursuant to section 162 of the Act, that the Respondents, jointly and severally pay an administrative penalty;
6. pursuant to section 174 of the Act that the Respondents, jointly and severally pay prescribed fees or charges for the costs of, or related to, the Hearing; and

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7. such further and other relief as the Commission considers appropriate in the circumstances.
- ¶ 2 The Commission will be asked to consider the following facts and allegations in making its determination:

Overview

1. This matter involves conduct by Stroud where he, individually and doing business as Euro Credit, Diamond Global, Diamond Global Dominica and Angelic International, solicited residents of British Columbia and elsewhere (the Investors) to invest in high yield, no risk investment programs.
2. The respondent Stroud is a British Columbia resident. Stroud has not been registered in any capacity under the Act.
3. At all material times to this notice of hearing, Stroud conducted business as Euro Credit, Diamond Global, Diamond Global Dominica and Angelic International. None of the entities are or ever have been registered to conduct business in British Columbia. None of the entities are reporting issuers in British Columbia and none have been registered in any capacity under the Act.
4. On or about June 2001, the United States District Court, Western District of Oklahoma (the U.S. Court), at the request of the United States Securities and Exchange Commission (the SEC), issued temporary cease trade orders, an order freezing assets and an order appointing a temporary receiver against Stroud, Diamond Global, and Euro Credit, Angelic International (the SEC Action).
5. On February 18, 2003, the U.S. Court entered a default judgment against Stroud, ordering him to pay disgorgement and prejudgment interest in the amount of US \$1,044,879, a civil penalty in the amount of US \$956,379 and enjoining him from further violations of the U.S. federal securities laws.

Diamond Global

6. From at least January 1998 until April 2001, Stroud used email and a website located at the URL www.diamondglobal.org (the Diamond Global Website) to solicit investments in a number of investment schemes. The Diamond Global website was registered to Diamond Global Holding Trust.
7. Doing business as Diamond Global, Stroud offered at least 17 separate investment schemes (the Diamond Global Scheme), including:

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- (a) the Mexicali project, involving non-existent Mexican gold mines. Investors were required to purchase “loan units” valued at \$1,000 each and were promised a share of the profits from the gold mines. Stroud claimed the ‘proven’ reserves from one of the gold mines exceeded \$10 billion;
 - (b) the China project, involving non-existent Chinese gold mines. Investors were required to purchase “loan units” valued at \$1,000 each and were promised a share of the profits from the gold mines, which Stroud claimed were to exceed \$1.0 billion;
 - (c) Evergreen II, a so-called high yield investment program involving a prime-bank trading program, (also known as Prime Bank scheme). Investors purchased units of Evergreen II for \$1000 each and expected to receive returns of 500% in 45 days;
 - (d) Destiny, a so-called high yield investment program involving foreign trading in “Destiny Units”. Investors purchased units of Destiny for \$500 each; and
 - (e) Omega, another so-called high yield investment program involving a foreign bank trading program. Investors purchased units of Omega for \$100 each and were promised returns of up to \$750,000 per unit.
8. Stroud solicited investments in the Diamond Global programs from the Investors. It appears that the Investors in the Diamond Global Scheme invested in excess of US\$660,000. The investor funds were deposited into bank accounts controlled by Stroud. At least \$137,500 was used by Stroud to pay for personal expenses such as food, utilities, gasoline for vehicles and supplies for the care and feeding of a horse.

Euro Credit & Exchange Bank Ltd.

9. Commencing in or about September 2000, Stroud, doing business as Euro Credit, used email and a website located at the URL www.eurocredit.ws (the Euro Credit website) to solicit investment in investment programs. The Euro Credit website was registered to Euro Credit.
10. Doing business as Euro Credit, Stroud offered at least two investments, including:
- (a) non-existent US federal debt instruments called “Morgenthau Gold Bond Certificates”; and

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- (b) class A and class B common shares in Euro Credit and Exchange Bank (Shanghai) Ltd.
11. Stroud also represented on the Euro Credit website and in email that Euro Credit would provide banking services in connection with the various investment programs, such as keeping bank accounts for investors, hypothecating debt for underlying business ventures, or providing bank funding for the ventures.
 12. Stroud, through Euro Credit, issued certificates of deposit (the Euro Credit CDs) as guarantees for investments made by the Investors in the Diamond Global Scheme. Euro Credit CDs were issued by Stroud to at least two investors in British Columbia and one investor in Ontario.
 13. Stroud represented that Euro Credit is a merchant/commercial bank based in Switzerland, which is not true. The Swiss mailing address for Euro Credit is a mail forwarding and telephone answering service contracted by Stroud.
 14. Stroud stated to investors that Euro Credit received its banking charter from the Dominion of Melchizedek - a “virtual” country located solely on the Internet.
 15. In December 2002, Stroud used e-mail and a website located at www3.telus.net/TDGC/ECEB-GWSPPL to solicit additional investment in Euro Credit from investors who had invested in Stroud’s previous schemes. Stroud’s premise for this solicitation was that Euro Credit, and Stroud personally, needed funds to stay in business.

Angelic International

16. In the year 2000, Stroud used email and a website to solicit investment in a high-yield prime bank investment scheme involving a fictitious foreign bank “cycle-trading” program. The program was initially called Prelaunch2001, but the name changed in early 2001 to Angelic International. The website is registered to Angelic International and is located at www.angelic-international.com. It appears that the Investors in Angelic International invested in excess of US\$300,000. Significant portions of the Investors’ funds were transferred into accounts controlled by Stroud.

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The Recovery Room Operation

17. A recovery-room operation is a scheme where the operator targets victims of a previous scheme claiming to be able to recover their losses for a fee.
18. A ponzi scheme is a fraudulent scheme in which the operator pays promised high returns to current investors from the contributions made by new investors. Thus, funds are never invested in any productive assets but are simply paid out as a return to existing owners. The operator must continue to attract more and more investors in order to pay a return to those who have already committed their funds.
19. In March 2001, Stroud, as part of a recovery-room operation, tendered a \$9 million cheque to the U.S. District Court, Western District of Oklahoma (the U.S. Court). The cheque, drawn on Euro Credit, was tendered as part of an arrangement to reimburse investors in an \$8.8 million ponzi scheme. The U.S. Court was unable to cash the cheque, as Euro Credit, as a bank, does not exist.
20. After the cheque failed to clear, Stroud then advised investors to open accounts at Euro Credit and promised to refund their losses, which he never did (the Recovery Room Scheme).
21. Stroud used the Recovery Room Scheme to obtain a “customer” base to promote his other fraudulent investments as well as offshore credit cards, International Business Corporations (IBCs), and other offshore asset hiding schemes.

Diamond Global Dominica

22. In or around January, 2002, after the SEC Action, Stroud, doing business as The Diamond Global Corporation, which was reportedly based in Dominica, West Indies, used email and a website to solicit investment in a high yield investment called the “Syndicate” program.
23. The Syndicate program is another prime bank investment scheme involving a foreign bank trading program. The “Syndicate” program was advertised through a website, which is registered to Diamond Global Dominica and is located at <http://24.71.223.14/gght-business/index.htm> (the Syndicate website).

Breaches of the Act

24. The Respondents have violated the following sections of the Act:
 - (a) the Respondents perpetrated a fraud on residents in British Columbia and elsewhere a breach of section 57 and 57.1 of the Act;

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- (b) all of the Respondents traded in the securities of Diamond Global and Euro Credit without registration and without an applicable exemption from the registration requirements of the Act, contrary to section 34 of the Act;
 - (c) Stroud advised persons to invest in the securities of Diamond Global and Euro Credit without being registered and without an applicable exemption from the registration requirements of the Act, contrary to section 34 of the Act; and
 - (d) Diamond Global and Euro Credit distributed its own securities to residents of British Columbia without a prospectus having been filed and a receipt obtained from the Executive Director or without an exemption from the prospectus requirements, contrary to section 61 or the Act.
- ¶ 3 The Respondents may be represented by counsel at the Hearing and may make representations and lead evidence. The Respondents are requested to advise the Commission of their intention to attend by contacting the Commission Secretary at PO Box 10142, Pacific Centre, 5th Floor, 701 West Georgia Street, Vancouver, BC, V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 4 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on Wednesday, June 18, 2003, at 9:30 am if they wish to be heard before the Commission sets a date for the Hearing.
- ¶ 5 Determinations may be made in this matter if the Respondents or their counsel do not appear at the Hearing.
- ¶ 6 May 20, 2003

- ¶ 7 Stephen J. Wilson
Executive Director