

2004 BCSECCOM 326

Amended Notice of Hearing

**Corporate Express Inc., Corporate Express Club, Fortress International Ltd., Great American Gold Ltd. (also known as Great American Gold Inc.)
and
John Thomas McCarthy, Cameron Willard McEwen, Patrick Thomas Stojak**

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

¶ 1 A hearing will be held (the Hearing) to give Corporate Express Inc., Corporate Express Club, Fortress International Ltd., Great American Gold Ltd. (also known as Great American Gold Inc.), John Thomas McCarthy, Cameron Willard McEwen, and Patrick Thomas Stojak (the Respondents) an opportunity to be heard before the 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 and be prohibited from purchasing the securities of Corporate Express Inc., Corporate Express Club, Fortress International Ltd., and Great American Gold Ltd. (the Corporate Respondents), and that the Respondents cease trading in and be prohibited from purchasing any securities;
2. pursuant to section 161(1)(d) of the Act that each of McCarthy, McEwen and Stojak resign any position they may each hold as a director or officer of any issuer, and be prohibited from becoming or acting as a director or officer of any issuer and from engaging in investor relations activities;
3. pursuant to section 162 of the Act that the Respondents each pay an administrative penalty;
4. pursuant to section 174 of the Act that the Respondents pay prescribed fees or charges for the costs of, or related to, the Hearing; and
5. any other orders as may be appropriate in the circumstances.

¶ 2 The Commission will be asked to consider the following facts and allegations in making its determinations:

The Respondents

1. Corporate Express Inc. (CEI) is a company incorporated in the Bahamas. Corporate Express Club (CEC) is a division of CEI, and used this mailing address in British Columbia: 13711-72nd Avenue, Surrey, BC, V3W 2P2.

2004 BCSECCOM 326

2. Fortress International Ltd. (FIL) is a company incorporated in the Bahamas. FIL is an agent of Great American Gold Ltd. (GAG), also incorporated in the Bahamas, and a director of CEI.
3. The Corporate Respondents have British Columbia and Bahamas addresses in common.
4. McEwen is:
 - (a) an agent, and a director or officer, or *de facto* director or officer, of each of the Corporate Respondents;
 - (b) a director of Pacific International Corporate Services Inc. (PICS), a British Columbia company incorporated on November 27, 1996 and the Canadian agent of CEI;
 - (c) an officer and director of Arizona Mining Corporation (AMC), an Arizona company incorporated on October 18, 1999 and an affiliate of GAG;
 - (d) an officer and/or director, and “Manager” of Mineral Processing Laboratories LLC (MPL), an Arizona company incorporated on July 15, 1999.
5. McCarthy was a director and officer of FIL, and an officer of CEI responsible for managing CEC. McCarthy was also a director of PICS.
6. Stojak is the Sales Manager or Sales Director, and an agent, employee and senior officer of CEC.
7. None of the Respondents is registered to trade or to advise in British Columbia.
8. None of the Corporate Respondents has filed a prospectus under the Act or a former enactment.

The Securities

9. From in or about May 1998, members of the public in British Columbia and elsewhere were solicited to become members of CEC for an annual fee. Once members of CEC, individuals would participate in a scheme called the Credit Enhancement Program and were given the opportunity to purchase additional securities.

2004 BCSECCOM 326

10. Under the Credit Enhancement Program, the annual fee paid to join CEC was purportedly pooled for investment with large trading and banking firms around the world. After a member paid his or her second year's fee, the member was to receive an internationally recognized credit/debit card representing their return. The pooled fees were to be invested in high return/ low risk investment strategies, in order to maximize the return. Members were to receive an annual notification of the amount of credit available to them.
11. Later, the program involved CEC Members purportedly receiving 300 CEC "Gold Shares" for each year of their paid membership, based on committing to a five-year subscription.
12. Additional solicitations to CEC members involved:
 - (a) The Opportunity Investment Fund, which subsequently became known as the International Opportunity Fund (the OIF Program), offered three investment options: a pooled investment program with a minimum investment of \$5000 US dollars; a personal investment program with a minimum investment of \$50,000 US dollars; and a proposed real estate program with a minimum investment of \$20,000 US dollars.
 - (b) GAG convertible debentures (the GAG Debentures), an investment opportunity in a debenture with an acquisition cost of \$15,000 US dollars per unit.
13. The investments in the Credit Enhancement Program, CEC Gold Shares, OIF Program, and GAG Debentures were all securities (collectively the Securities).
14. Brochures for the OIF Program represented investment returns between 31% and 2,500% in the first three months, and of up to 10,060%. The same brochures for the OIF Program described it as a "safe investment tool" and "a low exposure to risk".
15. One document represented that the GAG Debentures had a present value of \$57,500 US dollars. Another document represented that the GAG Debentures had a present value of \$2,809,350 US dollars, and a rate of return between 208% and 2,496%.
16. The Securities each included some or all of these features:
 - (a) unrealistically high returns were promised within a short time;
 - (b) a claim that the investment was safe or low risk;

2004 BCSECCOM 326

- (c) investors were told their money would be pooled to access programs normally reserved for the wealthy or privileged;
- (d) investors were asked to sign secrecy or confidentiality agreements;
- (e) investors were told that regulators or banks would deny or did not want investors to find out about these investment programs;
- (f) the description of the program was complex and difficult to understand;
- (g) the description of the program referred to official sounding terms and instruments;
- (h) some part of the program was transacted through a secrecy jurisdiction which, it was claimed, enabled the investors to earn tax free returns or avoid taxes;
- (i) investors were given financial incentives to bring in additional investors; and
- (j) investors were solicited through the internet.

These features, when some or all are present in combination, are common to a fictitious investment commonly referred to as a “prime bank instrument”.

17. Written material also represented that GAG intended to complete an underwriting of common stock on a major international stock exchange and that when the listing occurred the value of the common stock, into which the GAG Debentures were convertible, would increase dramatically.
18. Stojak also represented the GAG Debentures would go public.
19. GAG’s representation that it intended to list on an exchange, and that this would increase the value of the GAG Debentures was a misrepresentation. GAG omitted to state whether GAG had applied for an exchange listing or the risks that an application by GAG for an exchange listing would not be successful or not increase the value of the common stock of GAG.
20. The high returns represented for the Securities, including in written material and brochures and as set out paragraphs 14 and 15, are not economically possible without significant risk. This risk was not explained. On the contrary, the risk was either downplayed or described as low, which was a misrepresentation.

2004 BCSECCOM 326

21. The printed and web site material of the Corporate Respondents made available to prospective investors included these misrepresentations:
- (a) An OIF Program brochure dated March 1999 represented direct access for daily trading information to a “Renown [sic] Research Director and Investment Advisor” and that this person was a personal trader of CEC, when this was not true.
 - (b) A person who prepared a 1998 report in respect of the mineral property on which the GAG Debentures were based was described as:
 - (i) a P.E. or P.Eng, professional engineer, when in fact his P.E. designation in Colorado had expired in 1994, and he had no P.E. designation in Arizona, the location of the mineral property; and
 - (ii) a Ph.D. in Mining Engineering from the Colorado School of Mines when in fact he had received only a Bachelor of Science degree.
 - (c) A “Project Status Report” dated February 15, 2001 described MPL at arm’s length from GAG when this was not true.

Failure of McEwen to comply with the Summons and Demand

22. In December 1999, Commission staff issued a Summons to Appear before an Investigator and a Demand for Production of Records and Things, both under section 144 of the Act, to McEwen (the Summons and the Demand respectively). McEwen failed to comply with the Summons or the Demand.
23. Commission staff obtained an order of the British Columbia Supreme Court requiring McEwen to comply with the Demand and Summons (the Supreme Court Order). McEwen was unsuccessful in obtaining a stay of or appealing the Supreme Court Order. Nevertheless, McEwen has still has not complied with the Demand or Summons, as required by the Supreme Court Order.

Breaches of the Temporary Orders

24. Temporary Orders and a Notice of Hearing were issued in this matter on December 9, 1999.
25. On January 5, 2000, after a hearing, the Commission extended the Temporary Orders until the Hearing is held and a decision is made.
26. The Temporary Orders remain in effect against the Respondents, and among other things:

2004 BCSECCOM 326

- (a) ceased trading in the Credit Enhancement Program, OIF Program and GAG Debentures;
- (b) prohibited McEwen and Stojak from engaging in investor relation activities; and
- (c) prohibited McCarthy, McEwen, and Stojak from acting as a director or officer of any issuer, and required them to resign from any position they might each have as a director or officer of any issuer.

27. The Temporary Orders were breached when:

- (a) CEC, FIL, GAG, McEwen and Stojak directed, assisted, authorized, permitted or acquiesced in creating and maintaining web sites related to CEC and GAG and their securities. These web sites were accessible in British Columbia, and made with the assistance of a British Columbia web design company after the Temporary Orders were in place.
- (b) Stojak acted in furtherance of a trade in the GAG Debentures and/or engaged in investor relations in respect of the GAG Debentures in or about 2002.
- (c) McCarthy, McEwen, and Stojak remained directors or officers of British Columbia issuers.

Breaches of the Act and Conduct Contrary to the Public Interest

28. By trading in the Securities without being registered and without a prospectus, the Respondents breached sections 34(1)(a) and 61 of the Act.
29. By advising about the Securities without being registered, Stojak breached section 34(1)(c) of the Act.
30. By representing that the GAG Debentures or shares of GAG would be listed and posted for trading on an exchange, GAG and Stojak breached section 50(1)(c) of the Act, and GAG breached section 50(1)(d) of the Act.
31. By making the misrepresentations set out in paragraphs 20 and 21, the Corporate Respondents breached section 50(1)(d) of the Act.
32. By authorizing, permitting or acquiescing in the breaches of the Act by the Corporate Respondents that occurred after June 29, 1999, and pursuant to section 168.2 of the Act, McEwen breached section 50(1)(c) of the Act and McCarthy, McEwen and Stojak each breached section 50(1)(d) of the Act.

2004 BCSECCOM 326

33. McCarthy, McEwen, and Stojak, to the extent they were directors and officers of the Corporate Respondents, as the case may be, failed to take reasonable care to ensure the Corporate Respondents, doing business in British Columbia, complied with the Act, and therefore failed to exercise the care, diligence, and skill of a reasonably prudent person under sections 118 and 135 of the *Company Act*, RSBC 1996, c.62 contrary to the public interest.

34. The conduct of the Respondents in respect of the Securities and as set out in this Notice of Hearing was contrary to the public interest.

¶ 3 Take Notice that the Hearing will be held before the Commission, in the 12th floor hearing room, 701 West Georgia street, Vancouver, British Columbia between July 12 and 16, 2004.

¶ 4 The Respondents may be represented by counsel at the Hearing, and may make representations and lead evidence. The Respondents are each requested to advise the Commission of their intention to attend the Hearing by informing the Commission Secretary at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.

¶ 5 Determinations may be made in this matter if the Respondents, or their counsel, do not appear at the Hearing.

¶ 6 June 7th, 2004

¶ 7 Stephen J. Wilson
Executive Director