



British Columbia Securities Commission

Citation: 2014 BCSECCOM 53

Temporary Order and Notice of Hearing

**SPYru Inc., Paradox Distributors (1992) Ltd., Echo Partners Ltd., U-GO Brands
Nutritional Products Inc., Peter David Harris, Lorne Neil Cire, Christopher
Andrew Burke, Millard Michael Kwasnek, Joseph Yvan JeanClaude Thibert a.k.a.
John Thibert**

(the Respondents)

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

¶ 1 The Commission will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders against the Respondents under sections 161, 162, and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Background

1. SPYru Inc. (Spyru) was incorporated in Turks and Caicos on October 25, 2010. David Harris (Harris), Lorne Neil Cire (Cire), Klaus Guenther Glusing (Klaus Glusing) and Mark Klaus Glusing (Mark Glusing) have at various times been its directors.
2. Klaus Glusing and Mark Glusing (collectively, the Glusings), now deceased, were residents of the Turks and Caicos.
3. Paradox Distributors (1992) Ltd. (Paradox) was incorporated in BC on January 14, 1992. Cire is the sole director and officer of Paradox.
4. Echo Partners Ltd. (Echo) was incorporated in BC on April 23, 2013. At all times the directors of Echo were Christopher Andrew Burke (Burke), Dr. Millard Kwasnek (Kwasnek), Joseph Thibert (Thibert), Harris and Cire (collectively, the Sales Group), all British Columbia residents.
5. U-Go Brands Nutritional Products Inc. (U-Go) was incorporated in BC on May 6, 2013. At all times all members of the Sales Group were directors of U-Go.
6. None of the Respondents have ever been registered under the Act or filed a prospectus with the Commission.



Spyru

7. Spyru was in the business of developing a health drink based on Spirulina.
8. Between January 17, 2010 and April 17, 2013, the Sales Group, through Paradox, raised approximately \$1,790,850 from about 343 investors for Spyru.
9. The Respondents commingled this money in various bank accounts, had poor record-keeping practices, and employed Harris as a bookkeeper, when he was not competent to be one.
10. Harris and Cire, acting on instructions from the Glusings:
 - a) sent approximately \$817,515.12 of investor money to various parties, most of it to the Glusings in the Turks and Caicos;
 - b) did not know how the money would be used;
 - c) continued sending funds despite Klaus Glusing's refusal to provide explanations for the transfers and even after they suspected Klaus Glusing was not using the money to develop the health drink;
 - d) avoided using the banking system to stop questions from the banks concerning money laundering.
11. Most of the \$817,515.12 is unaccounted for and Harris and Cire can only produce records of transfers totalling \$419,724.16.
12. Cire received approximately \$246,127.64 and Harris received approximately \$190,665.04 in commissions for their capital-raising activities. Kwasnek, Burke and Thibert received shares of Spyru as compensation.
13. The Sales Group did not turn their mind to the prospectus and exemption requirements of the Act and did not ascertain whether their investors qualified for the exemption. After the Commission began its investigation, the Sales Group claimed exemptions for some of the investors. Commission staff determined that in fact, most of these investors had no exemptions available.

U-Go

14. In early 2013, Harris and Cire terminated their working arrangement with SPYru and Klaus Glusing. The Sales Group formed Echo and U-Go and began raising money from investors for Superdrop, another health drink.
15. Since February 18, 2013, the Sales Group, through U-Go, has raised \$898,340.10 from 111 investments; some investors invested more than once.



16. U-Go filed exempt distribution reports (EDRs) with the Commission for their 111 distributions. They relied on the following exemptions:
 - a) For 50 investments totalling \$434,090.10, “private issuer” exemption;
 - b) For 49 investments totalling \$377,250, “family, friends and business associates” exemption;
 - c) For 12 investments totalling \$87,000, “accredited investor” exemption.
17. Several of the investors for whom U-Go filed EDRs did not qualify for any exemptions.
18. Members of the Sales Group received commissions for their fundraising activities.

Misconduct

19. By distributing Spyru and U-Go securities without being registered or having filed a prospectus, the Respondents contravened section 61 of the Act.
20. By providing false information in filed EDRs, U-Go contravened section 168.1(1)(b) of the Act.
21. The Sales Group, as directors of U-Go and Echo and directors or agents of Spyru, and Cire, as director of Paradox, authorized, permitted or acquiesced in Spyru and U-Go’s contraventions of section 61 of the Act and U-Go’s contraventions of section 168.1(1)(b) of the Act, and therefore contravened the same provisions under section 168.2 of the Act.
22. The Respondents present an ongoing risk to the securities markets due to their reckless handling of investor money, as they:
 - a) raised money without determining applicable securities laws;
 - b) had poor record-keeping practices;
 - c) commingled money in various bank accounts;
 - d) sent a large portion of Spyru investor money to the Turks and Caicos when Klaus Glusing refused to say what the money was going to be used for.

Public Interest

23. The Respondents’ conduct described in this Notice of Hearing is contrary to the public interest.
24. It is in the public interest that the Commission issue orders under sections 161 and 162 of the Act.



Temporary Order

25. Starting January 29, 2014, the Respondents refused to cooperate with the Commission and indicated that they may raise further funds from investors.
26. The Executive Director, considering the length of time to hold a hearing under section 161(2) of the Securities Act to be prejudicial to the public interest, orders under section 161(1)(b) and 161(1)(d) of the Securities Act that (the Temporary Order):
 - a) The Respondents cease trading in all securities; and
 - b) The Respondents be prohibited from engaging in investor relations activities

Hearing Process

- ¶ 2 A hearing will be held in the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Wednesday, February 19, 2014, at 10:00 am**, at which time the Executive Director will ask the Commission to extend the temporary order until a hearing is held and a decision is rendered.
- ¶ 3 At the Hearing, the Respondent may be represented by counsel, make submissions and tender evidence. The Respondent is requested to advise the Commission of their intention to attend the Hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2, phone: 604-899-6500; email: commsec@bcsc.bc.ca.
- ¶ 4 If the Respondent or his counsel does not appear at the Hearing, the Executive Director may apply to have questions of liability and sanction heard at the same time and determinations adverse to the Respondent may be made.
- ¶ 5 February 6, 2014.

Paul Bourque

- ¶ 6 Paul C. Bourque, Q.C.
Executive Director