

# 2007 BCSECCOM 349

## Temporary Order and Notice of Hearing

**Manna Trading Corp., Manna Humanitarian Foundation,  
Legacy Capital Inc. and Legacy Trust Inc.  
Hal (Mick) Allan McLeod, David John Vaughan,  
Kenneth Robert McMordie also known as Byrun Fox,  
Dianne Sharon Rosiek, Robert (Robb) Murray Perkinson**

(collectively, 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:

#### Overview

1. Manna Humanitarian Foundation (Manna), formerly known as Manna Trading Corp., is a Washington State society registered extra provincially in British Columbia.
2. Legacy Capital Inc. (Legacy) is a British Columbia company. It also carries on business as Legacy Trust.
3. Since at least June 2005, the Respondents have been selling securities to investors in the form of high yield loan contracts with Manna. In or around July 2006, the Respondents commenced selling Legacy loan contracts. Promotional material described Legacy as Manna's "licensee". The Manna and Legacy securities (Loan Contracts) have substantially the same purported features.
4. To date, the Respondents have raised at least \$7 million in investor funds by selling Loan Contracts.
5. Both Manna and Legacy continue to operate and the Respondents continue to promote and sell Loan Contracts to investors.

#### Parties

6. Hal Allan McLeod (McLeod), also known as Mick, Mic or Mc, is a British Columbia resident. McLeod is responsible for the overall operations of Manna and Legacy.

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7. David John Vaughan (Vaughan) resides in Surrey, British Columbia. On February 16, 1999, the Executive Director ordered, among other things, that the exemptions described in sections 44 to 47, 74, 75, 98 and 99 of the Act did not apply to him for one year or until Vaughan paid a prescribed amount. The order was in respect of Vaughan's participation in the unregistered trading and illegal distribution of securities. Vaughan has not paid the full prescribed amount and the exemptions under the Act remain unavailable to him.
8. Vaughan was responsible for the day to day administration of Manna. In connection with the promotion and sale of Loan Contracts, Vaughan's duties included receiving investor money, hosting information sessions and producing monthly statements for investors.
9. Kenneth Robert McMordie (McMordie), also known as Byrun Fox, is a British Columbia resident. Starting in February 2006, investors were instructed to purchase Loan Contracts through "private spiritual common law trusts" created by the Respondents. McMordie gave presentations at investor meetings and was responsible for facilitating investments in Loan Contracts through the purported spiritual trust arrangements. McMordie declared bankruptcy on January 11, 2006. He was found guilty of uttering forged documents, contrary to section 368(1) of the Criminal Code, on January 30, 2007.
10. Dianne Sharon Rosiek (Rosiek) resides in Surrey, British Columbia. She is responsible for the administration of Legacy, which includes giving presentations to investors, soliciting investors, receiving investors' funds and creating spiritual trusts for investors. On December 5, 1995, Rosiek was convicted in the United States of conspiring to traffic in narcotics. On December 5, 1996, she was deported to Canada under a prisoner exchange agreement.
11. Robert (Robb) Murray Perkinson (Perkinson) resides in West Vancouver, British Columbia. Approximately \$3.5 million of the investor funds raised between January 2006 to July 2006 were deposited into corporate bank accounts controlled by Perkinson.

### **Illegal Distribution**

12. None of the Parties is registered in any capacity under the Act. No prospectus has ever been filed in British Columbia respecting the distribution of either the Manna or Legacy securities.

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13. All of the Respondents have been directly or indirectly involved in soliciting, facilitating or negotiating the sale of Manna or Legacy securities, contrary to sections 34(1) and 61 of the Act.

### **Misrepresentations**

14. McLeod, Vaughan, McMordie and Rosiek, in promoting the Loan Contracts, have been representing to investors and potential investors, among other things, that:

- (a) Loan Contracts, as a result of being made through spiritual trusts, would be shielded from certain tax and securities laws;
- (b) investors' funds would be placed with experienced traders, who would conduct trades in companies listed on the Standard & Poor's "e-mini trading division", commodities and foreign currency;
- (c) Manna had "an annualized trading history of profit returns not less than 20% per month (240%) per year"; and
- (d) as a result of these trading profits, holders of Loan Contracts would receive high rates of return in the form of interest payments, the historical of which had been 125.22%.

15. The above statements are all false:

- a) it is not possible to shield securities transactions from the application of securities laws through the use of spiritual trusts;
- b) there is no evidence that any of the investor funds were placed with traders, experienced or otherwise. Instead, it appears that the bulk of investors' funds were directed to the control of the individual Respondents; and
- c) there is no evidence that the Loan Contracts have earned any interest. Instead, "interest" payments have been paid out of the principal amounts of the Loan Contracts.

16. In making these and other false statements, the Respondents have been making misrepresentations contrary to section 50(1)(d) of the Act.

### **Fraud**

17. The distribution of the Loan Contracts by the Respondents is a Ponzi scheme. By obtaining investors' funds under false pretenses, misdirecting investors'

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funds and making the above false statements to investors and potential investors, the Respondents are perpetrating a fraud against investors, contrary to sections 57 and 57.1 of the Act.

### **Temporary Order**

¶ 2 The Executive Director considers the length of time to hold a hearing under section 161(1) of the Act could be prejudicial to the public interest and, considering that it would be in the public interest to do so, orders under section 161(2) of the Act (the Temporary Order) that:

1. under section 161(1)(a) of the Act, the Respondents comply with or cease contravening the Act;
2. under section 161(1)(b) of the Act, all persons cease trading in Manna, Legacy, and any issuer directed, managed, or promoted by the Respondents; and
3. under section 161(1)(d)(iii) of the Act, the Respondents cease all investor relations activities on behalf of any issuer.

for a period expiring on July 4, 2007.

- ¶ 3 The Hearing will be held at the 12<sup>th</sup> Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on July 4, 2007 at 10:00 am.
- ¶ 4 At the Hearing the staff of the Commission will ask the Commission to extend the Temporary Order until such time as a decision is rendered.
- ¶ 5 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.
- ¶ 6 Determinations may be made in this matter if the Respondents or their counsel do not appear at the Hearing.

¶ 7 June 20, 2007

Brenda Leong

¶ 8 Brenda M. Leong  
Executive Director