



British Columbia Securities Commission

Citation: 2016 BCSECCOM 323

Notice of Hearing

**Paul Se Hui Oei, Canadian Manu Immigration & Financial Services Inc.,
0863220 B.C. Ltd., 0905701 B.C. Ltd. and Organic Eco-Centre Corp.**

(collectively, the Respondents)

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

- ¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing (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:

Summary

1. The Respondents perpetrated a fraudulent scheme in relation to securities of Cascade Renewable Carbon Corp. (CRC), Cascade Renewable Organic Fertilizer Corp. (CROF) (collectively, Cascade), and Organic Eco-Centre Corp. (OEC). Paul Oei was the guiding mind of all of the Respondents.
2. Oei solicited investors to invest in Cascade, and represented to them that he would forward their investment money to Cascade, which would use it for Cascade start-up costs.
3. As part of the scheme, 0863220 B.C. Ltd. (0863) and 0905701 B.C. Ltd. (0905) issued shares to the investors, which purportedly entitled investors to Cascade shares, and Canadian Manu Immigration & Financial Services Inc. purportedly held Cascade shares in trust for the investors. Oei used Canadian Manu's bank accounts to receive most of the investors' money.
4. Using 0863, 0905 and Canadian Manu, Oei raised approximately \$13.3 million through 64 investments. Oei transferred less than \$6.4 million of investor funds to Cascade, and used the remaining funds on expenses unrelated to Cascade.
5. Oei subsequently solicited the same investors to invest in OEC, purportedly so that they could save their Cascade investments by rolling them into OEC shares. He did not disclose to these investors that he had, in fact, given to



Cascade less than half of the money he raised from investors. He succeeded in raising an additional \$202,000 from 18 investors.

6. By engaging in this conduct as set out in this Notice of Hearing, the Respondents, directly or indirectly, engaged in or participated in conduct relating to securities when they knew, or reasonably should have known, that the conduct perpetrated fraud, contrary to section 57(b) of the Act.

Background

Respondents

7. Oei is a resident of Vancouver, British Columbia. He was registered under the Act between 2004 and 2005. He has been a licensed life insurance agent since September 2004.
8. Canadian Manu is a company incorporated in British Columbia on February 28, 2006. Between 2006 and 2014, it was a licensed insurance agency. Oei was a director, CEO and President of Canadian Manu between February 28, 2006 and March 1, 2010. Oei controlled Canadian Manu's bank accounts at all relevant times.
9. 0863 is a company incorporated in British Columbia on October 6, 2009. Oei was the sole director, President and Secretary of 0863 since its incorporation.
10. 0905 is a company incorporated in British Columbia on March 16, 2011 and dissolved on August 31, 2015. Oei was a director and the President of 0905 at all times.
11. OEC is a company incorporated in British Columbia on March 14, 2012 as 0935379 B.C. Ltd. On July 29, 2013, it changed its name to OEC. Oei became a director of OEC on June 20, 2012.

Non-Respondents

12. CRC and CROF were British Columbia start-up companies involved in the construction of organic waste recycling facilities that would use organic waste to produce topsoil and fertilizer. Oei became a director of CRC on June 4, 2011 and a director of CROF on December 13, 2011. Oei took control of Cascade's affairs in August 2012.

Fraud

13. In 2009, Cascade management agreed with Oei that he would use his contacts in the Chinese community to raise money for Cascade to build a recycling facility.



14. Oei told potential investors that he would provide their funds to Cascade to be used to cover Cascade start-up costs.
15. Between July 2009 and November 2012, using Canadian Manu, 0863 and 0905, Oei raised approximately \$13.3 million for Cascade from investors through 64 investments (Cascade Investors).
16. Oei told the majority of the Cascade Investors to send their money to a lawyer's trust account and gave instructions to the lawyer to forward the funds to either Canadian Manu or himself.
17. While Oei raised approximately \$13.3 million from Cascade Investors, Oei:
 - (a) forwarded less than \$6.4 million to Cascade, and
 - (b) used the remaining approximately \$6.9 million on expenses unrelated to Cascade, including transfers to his personal bank accounts, luxury car rentals, credit card payments, cash withdrawals, donations to charities and payment of expenses of his immigration and insurance businesses.
18. By mid-2012, there was a disagreement between the management of Cascade and Oei, which resulted in the resignation of the CEO of CRC and CROF, and Oei taking control of Cascade's affairs.
19. On May 13, 2013, CRC filed an assignment into bankruptcy. Oei started a new company, OEC. OEC bought CRC's equipment in a bankruptcy auction, and Oei told investors that OEC would take over Cascade's business.
20. Oei offered Cascade Investors an opportunity to save their Cascade investments. He told them that if they paid an additional 15% top-up of their Cascade investments, he would roll them into OEC and issue OEC shares equivalent to their total investments in Cascade and OEC. He promised that he would use their top-up funds in the start-up of OEC's business.
21. Oei failed to disclose to Cascade Investors that he had not forwarded all of their funds to Cascade, and successfully raised an additional \$202,000 from 18 Cascade Investors between June and August 2013.

Summary of Respondents' roles in fraud

22. Oei controlled the corporate Respondents and the bank accounts, solicited investors and decided where investors' money went. Oei committed 82 contraventions of section 57(b) of the Act that together constituted one fraudulent scheme.



23. Canadian Manu facilitated Oei's fraudulent scheme by using its bank accounts to receive investors' money, either directly or from the lawyer's trust account, being a party to Investment Agreements with Cascade Investors and acting as a purported trustee for investors' shares in Cascade. As part of Oei's fraudulent scheme, Canadian Manu committed 64 contraventions of section 57(b) of the Act.
24. 0863 facilitated Oei's fraudulent scheme by being a party to 34 Investment Agreements with CRC investors and issuing its share certificates to them. As part of Oei's fraudulent scheme, 0863 committed 34 contraventions of section 57(b) of the Act.
25. 0905 facilitated Oei's fraudulent scheme by being a party to 30 Investment Agreements with CROF investors and issuing its share certificates to them. As part of Oei's fraudulent scheme, 0905 committed 30 contraventions of section 57(b) of the Act.
26. OEC facilitated Oei's fraudulent scheme by selling its shares, entering into subscription agreements and issuing share certificates to 18 Cascade Investors. As part of Oei's fraudulent scheme, OEC committed 18 contraventions of section 57(b) of the Act.

Hearing Process

- ¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Tuesday, November 1, 2016, at 9:00 a.m.** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondents upon request to the Executive Director.
- ¶ 3 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are 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 Respondents or their counsel do not appear at the Hearing, the Executive Director will apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.

Peter J. Brady
Sep 26 2016 10:25 AM

- ¶ 5 Peter J. Brady
Executive Director