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## NEWS RELEASE

2013/03  
January 15, 2013

### **Securities regulator alleges fraud, illegal distributions and breach of a cease trade order**

**Vancouver** – The executive director of the British Columbia Securities Commission has issued a [temporary order and notice of hearing](#) alleging that B.C. residents Theodore Robert Everett, Leonard George Ralph, Robert H. Duke and two B.C. companies committed fraud and illegally distributed securities. The notice further alleges that Everett, Ralph, Duke and one of the companies contravened a BCSC cease trade order.

The executive director issues temporary orders in situations where the length of time required to hold a hearing could be prejudicial to the public interest.

The notice alleges that between 2002 and 2011, Independent Academies Canada raised \$7.3 million from at least 150 investors in order to develop a business concept combining sports, educational, wellness and residential components into one complex. In 2006, a property in Comox, B.C. was purchased by IAC for this development. Everett, Ralph and Duke are all directors and officers of IAC.

In respect of at least 122 investors, who invested approximately \$5.96 million, IAC filed 36 Exempt Distribution reports purporting to rely on exemptions from prospectus and registration requirements. BCSC staff contend that only 15 of these investors actually qualified for an exemption, thereby rendering much of the distribution illegal.

In November 2009, foreclosure proceedings were commenced against the property. The notice alleges that the respondents committed fraud by failing to disclose this while continuing to market and sell IAC securities to 61 investors (raising approximately \$1.49 million). A court ordered sale of the property was approved in September, 2012.

The notice further alleges that Everett, Ralph, Duke and Micron Systems Inc, the parent company of IAC, breached a cease trade order that had been issued against the company by BCSC staff on July 19, 2011. Everett, Ralph and Duke are directors of Micron.

In November and December 2012, IAC distributed to investors written “updates” advising that the company was restructuring into a new entity called “ISE” for which a private placement had been prepared.

Neither IAC nor Micron has ever filed a prospectus in B.C. Everett, a registered representative from March 1982 to March 1984, was not registered during the relevant period. Ralph and Duke have never been registered.

These allegations have not been proven. A hearing will be held on January 30, 2013 at 9:00am, 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.

The B.C. Securities Commission is the independent provincial government agency responsible for regulating trading in securities within the province. You may view the notice of hearing on our website [www.bcsbc.ca](http://www.bcsbc.ca) by typing Independent Academies Canada Inc, Micron Systems Inc, Theodore Robert Everett, Leonard George Ralph, Robert H. Duke or 2013 BCSECCOM 1 in the search box. Information regarding disciplinary proceedings can be found in the [Enforcement section](#) of the BCSC website.

Please visit the Canadian Securities Administrators' [Disciplined Persons List](#) for information relating to persons disciplined by provincial securities regulators, the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association (MFDA).

For media inquiries, please contact Richard Gilhooley, media relations, 604-899-6713.  
For public inquiries, please call 604 899 6854 or 1 800 373 6393 (toll free).

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