

**SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY**

OCT 18 2019



NO. S1911759
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BRITISH COLUMBIA SECURITIES COMMISSION

PLAINTIFF

AND:

MANNA TRADING CORP LTD., 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, and DIANNE SHARON ROSIEK

DEFENDANTS

NOTICE OF CIVIL CLAIM

This action has been started by the Plaintiff for the relief set out in Part 2 below.

If you intend to respond to this action, you or your lawyer must:

- (a) file a Response to Civil Claim in Form 2 in the above-named registry of this court within the time for Response to Civil Claim described below, and
- (b) serve a copy of the filed Response to Civil Claim on the Plaintiff.

If you intend to make a Counterclaim, you or your lawyer must:

- (a) file a Response to Civil Claim in Form 2 and a Counterclaim in Form 3 in the above-noted registry of this court within the time for Response to Civil Claim described below, and
- (b) serve a copy of the filed Response to Civil Claim and Counterclaim on the Plaintiff and on any new parties named in the Counterclaim.

JUDGMENT MAY BE PRONOUNCED AGAINST YOU IF YOU FAIL to file the Response to Civil Claim within the time for Response to Civil Claim described below.

Time for Response to Civil Claim

A Response to Civil Claim must be filed and served on the Plaintiff,

- (a) if you were served with the Notice of Civil Claim anywhere in Canada, within 21 days after that service,
- (b) if you were served with the Notice of Civil Claim anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the Notice of Civil Claim anywhere else, within 49 days after that service, or
- (d) if the time for Response to Civil Claim has been set by order of the court, within that time.

Part 1: STATEMENT OF FACTS

1. The Plaintiff British Columbia Securities Commission (the "**Commission**") is a British Columbia corporation continued pursuant to the *Securities Act*, R.S.B.C. 1996, chapter 418 (the "**Securities Act**"), having an address for delivery at 1600 - 925 West Georgia Street, Vancouver, British Columbia.
2. The Defendant Manna Trading Corp Ltd. ("**Manna Trading**") is a company duly incorporated under the laws of England and Wales with an address c/o 7164 120 Street, Surrey, British Columbia.
3. The Defendant Manna Humanitarian Foundation ("**Manna Humanitarian**") is a Washington society extraprovincially registered in British Columbia with a registered office located at #1713-777 Fraser Avenue, Hope, British Columbia.
4. The Defendant Legacy Capital Inc. ("**Legacy Capital**") was a British Columbia Company with a registered office at 7164 120 Street, Surrey, British Columbia. Legacy Capital dissolved on February 8, 2010.
5. There is no record in the British Columbia Company Registry for the Defendant Legacy Trust Inc. ("**Legacy Trust**") as either a duly incorporated company under the laws of the Province of British Columbia or a company extra-provincially registered in British Columbia. As such, Legacy Capital Inc. also operated in business as Legacy Trust Inc.
6. The Defendant Hal (Mick) Allan McLeod ("**McLeod**") is a businessperson with a last known address at 20721 85th Avenue, Langley, British Columbia.
7. The Defendant David John Vaughan ("**Vaughan**") is a businessperson with last known addresses at 8717 - 159th Street, Surrey, British Columbia, and 2303 - 10082 148th Street, Surrey, British Columbia.

8. The Defendant Kenneth Robert McMordie, also known as Byron Fox (“**McMordie/Fox**”) is a businessperson with a last known address at 15773 McBeth Road, Surrey, British Columbia.
9. The Defendant Dianne Sharon Rosiek (“**Rosiek**”) is a businessperson with a last known address at 1343 – 132B Street, Surrey, British Columbia.

The Judgment

10. Pursuant to a Decision (the “**Liability Decision**”) made on August 4, 2019, the Commission found that the Defendants, among other things, invented and implemented a fraud (the “**Manna Scheme**”) causing more than 800 investors to deposit approximately USD\$16 million and causing losses of at least USD\$10.4 million. In particular, the Commission found that the Defendants McLeod, Vaughan, McMordie/Fox, Rosiek, Manna Trading, Manna Foundation, Legacy Capital and Legacy Trust:
 - (a) Traded in securities (the “**Manna Securities**”) without being registered to do so, contrary to section 34(1) of the Securities Act, and distributed the Manna Securities without filing a prospectus, contrary to section 61(1) of the Securities Act;
 - (b) Made misrepresentations, contrary to section 50(1)(d) of the Securities Act when they lied to investors about how their money would be invested, the returns offered, and the risk associated with the Manna Scheme; and
 - (c) Perpetrated a fraud, contrary to sections 57(b) and 57.1(b) of the Securities Act, when they lied to the investors, inducing them to invest in the Manna Securities.
11. Pursuant to a subsequent Decision (the “**Sanctions Decision**”) dated October 22, 2009, the Commission imposed various sanctions on the Defendants, including the following monetary sanctions:
 - (a) As against the Defendant McLeod:
 - (i) An order under section 161(1)(g) of the Securities Act, to pay to the Commission \$16 million;
 - (ii) An order under section 162 of the Securities Act, to pay to the Commission an administrative penalty of \$8 million.
 - (b) As against each of the Defendants Vaughan, McMordie/Fox and Rosiek, and each of them:
 - (i) An order under section 161(1)(g) of the Securities Act, to pay to the Commission \$16 million;
 - (ii) An order under section 162 of the Securities Act, to pay to the Commission an administrative penalty of \$8 million.

- (c) As against each of the Defendants Manna Trading, Manna Foundation, Legacy Capital and Legacy Trust, an order under section 161(1)(g) of the Securities Act that they pay \$16 million to the Commission;
 - (d) The aggregate amount payable by the Defendants to the Commission pursuant to section 161(1)(g) of the Securities Act was not to exceed \$16 million.
12. Pursuant to section 163 of the Securities Act, the Sanctions Decision was registered in the British Columbia Supreme Court on November 24, 2009, under Registry No. S-098668, and is thereby enforceable as an Order of this Court.
 13. Despite demand and execution efforts, none of the Defendants have not remitted any payment on account of the Sanctions Decision. The only amounts recovered on account of these debts was \$4,836.27 through execution proceedings against McLeod.

Part 2: RELIEF SOUGHT

14. The Plaintiff claims against the Defendant McLeod for judgment in debt in the amount of \$8 million pursuant to the Order issued under s. 162 of the Securities Act, and for judgment in debt in the amount of \$16 million pursuant to Order issued under s. 161(1)(g) of the Securities Act, plus interest from and after November 24, 2009, pursuant to the *Court Order Interest Act*, R.S.B.C. 1996, c. 79 and amendments thereto, less said payment received.
15. The Plaintiff claims against the Defendants Vaughan, McMordie/Fox and Rosiek, and each of them, for judgment in debt in the amount of \$6 million pursuant to the Order issued under s. 162 of the Securities Act, and for judgment in debt in the amount of \$16 million pursuant to Order issued under s. 161(1)(g) of the *Securities Act*, plus interest from and after November 24, 2009, pursuant to the *Court Order Interest Act*, R.S.B.C. 1996, c. 79 and amendments thereto.
16. Costs.
17. Such further and other relief as this Honourable Court may deem just.

Part 3: LEGAL BASIS

18. The Sanctions Decision is enforceable as an Order of this Court.
19. The Plaintiff relies on s. 163 of the Securities Act and s. 7 of the *Limitations Act*, S.B.C. 2012, c. 13.

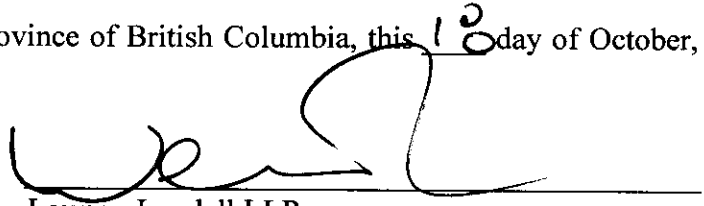
Plaintiff's address for service is c/o the law firm of Lawson Lundell LLP, whose place of business and address for service is 1600 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2 (Attention: William L. Roberts).

E-mail address for service is: wroberts@lawsonlundell.com

Place of Trial: Vancouver, BC

The address of the Registry is: 800 Smithe Street, Vancouver,
British Columbia V6Z 2E1

Dated at the City of Vancouver, in the Province of British Columbia, this 1st day of October,
2019.



Lawson Lundell LLP
Solicitors for the Plaintiff

This Notice of Civil Claim is filed by William L. Roberts, of the law firm of Lawson Lundell LLP, whose place of business and address for delivery is 1600 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

Rule 7-1(1) of the Supreme Court Civil Rules states:

- (1) Unless all parties of record consent or the court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,
 - (a) prepare a list of documents in Form 22 that lists
 - (i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and
 - (ii) all other documents to which the party intends to refer at trial, and
 - (b) serve the list on all parties of record.