

IN THE MATTER OF THE SECURITIES ACT,  
S.N.B. 2004, c. S-5.5, AS AMENDED

AND IN THE MATTER OF

**WEALTH POOLS INTERNATIONAL, INC.,  
ROBERT E. LANE, JAMES H. OAGLES,  
RONALD J. FULTON, and JEANNIE TRACY**

(Respondents)

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**STATEMENT OF ALLEGATIONS**  
(of Staff of the New Brunswick Securities Commission)

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**The respondents**

1. Wealth Pools International, Inc. (Wealth Pools) is a corporation, duly incorporated in accordance with the Laws of the State of Delaware in March 2006, and has an office at 6220 Hazeltine Drive, Orlando, Florida, USA.
2. Robert E. Lane (Lane) is an individual, resident at Orlando, Florida, USA, and is the founder, president and owner of Wealth Pools. Lane was, at all material times to this proceeding, the directing mind of Wealth Pools.
3. James Oagles (Oagles) is an individual, resident at 75 Mallard Drive, Grand Bay –Westfield, New Brunswick, Canada.
4. Ronald J. Fulton (Fulton) is an individual, resident at 70 Leighside Court, Grand Bay – Westfield, New Brunswick, Canada.
5. Jeannie Tracy (Tracy) is an individual, resident at 30 Ingleside Court, Grand Bay –Westfield, New Brunswick, Canada.

**Wealth Pools activities**

6. Commencing in or about February of 2006, Wealth Pools began soliciting New Brunswick residents to participate in a commission based investment scheme known as “Wealth Pools” (the scheme).
7. The scheme, under the guise of the purported sale of digital video discs that instruct English speakers to learn Spanish (the “DVDs”), offers participants “Associate” memberships in a pyramid/ ponzi type scheme, through which an Associate is promised to receive passive income from various “pools”.

**How Wealth Pools works**

8. Wealth Pools is a hierarchical scheme that promotes the recruitment of “down line” Associates into the scheme. An Associate pays money to join, under the guise of

purchasing a Spanish language training DVD, at a cost of US\$199.95. The language instruction provided on the DVD is not of very good quality and is limited to a very basic vocabulary, including the alphabet, numbers, colours, days of the week, months of the year, etc. The length of the tutorial is approximately 30 minutes.

9. A Wealth Pool Associate has two mechanisms by which he or she can earn money. The first mechanism is a "generational commission". The second is a "pooled commission". The manner in which these mechanisms work encourages recruitment of new participants into the scheme, rather than the sale of DVDs to consumers who wish to learn Spanish.
10. When a new Associate joins the scheme, Wealth Pools pays US\$70.00 in generational commissions and US\$48.00 in pooled commissions.
11. The \$70.00 in generational commissions is paid in amounts of US\$10.00 to each to the seven individuals above the Associate in the organization.
12. The US\$48.00 in pooled commissions is paid in amounts of US\$12.00 to each of four hierarchical pools; the Leverage, Achievers, Leaders, and Executive pools. Wealth Pools purports to distribute pooled commissions on a monthly *pro rata* basis to all of the members of each of these pools.
13. Associates can "upgrade" their participation in Wealth Pools by making additional payments in order to become a member of each of these pools.
14. An Associate can participate in the Leverage Pool in one of two ways:
  - (i) by purchasing 5 DVDs at a total costs of US\$999.75; or
  - (ii) by paying US\$450.00 to Wealth Pools, which will arrange to sell the 5 DVDs on the participant's behalf.
15. An Associate in the Leverage Pool can become a member of the Achievers Pool by purchasing an additional 10 DVD's at an additional cost of US\$1,995.00.
16. An Associate in the Achievers Pool can become a member of the Leaders Pool by purchasing an additional 10 DVDs at an additional cost of US\$1,995.00.
17. An Associate in the Leaders Pool can become a member of the Executive Pool by:
  - (i) purchasing an additional 10 DVDs at an additional cost of US\$1,995.00; and
  - (ii) by recruiting 5 individuals into the Leaders Pool.
18. Wealth Pools advertises and represents that the following returns are earned by each of the four pools, on the condition that an annual renewal fee of US\$199.95 is paid:
  - (i) the first, or Leverage, pool pays US\$50.00 monthly for the life of the Associate;
  - (ii) the second, or Achievers, pool pays US\$165.00 monthly for the life of the Associate;
  - (iii) the third, or Leaders, pool pays US\$270.00 monthly for the life of the Associate; and

- (iv) the fourth, or Executive, pool pays US\$2,400.00 monthly for the life of the Associate.

### **Involvement of Oagles, Fulton and Tracy**

19. Oagles was the first New Brunswick resident to become involved with Wealth Pools in February of 2006. He purchased his Associate membership after receiving a spam email sent by an individual in New York, USA.
20. Oagles has directly recruited approximately 20 New Brunswick residents to invest in Wealth Pools, including Tracy. Tracy also successfully solicited New Brunswick residents to invest in Wealth Pools, including Fulton.
21. Oagles, Tracy, and Fulton, solicited investments from among their friends, family, co-workers, and/or members of their church. Oagles also arranged and conducted sales seminars at hotels in the Saint John area.
22. Beginning in approximately May of 2007, Wealth Pools began defaulting on certain payments owed to some New Brunswick residents under the Wealth Pools scheme. This caused many of the New Brunswick residents involved to discontinue attempting to recruit new members.
23. Records obtained directly from Wealth Pools indicate that 109 New Brunswick residents have invested in Wealth Pools at a total cost of approximately \$440,000.
24. These same records indicate that approximately \$278,000 in payments has been paid to New Brunswick residents by Wealth Pools.
25. On 6 December 2007, the United States Securities and Exchange Commission received an emergency order from the United States District Court for the Middle District of Florida (Orlando Division) freezing the assets of Wealth Pools and appointing a receiver. On or about 14 December 2007 the Wealth Pools website at [www.wealthpools.com](http://www.wealthpools.com) became inactive.
26. Of all the New Brunswick investors, only the Respondents Oagles, Tracy and Fulton have made material profits from these activities.

### **The scheme is a security**

27. The scheme set out above constitutes an investment contract pursuant to the definition of "security" under subsection 1(1) of the *Securities Act*, S.N.B. 2004, c. S-5.5 (the "*Securities Act*").
28. The solicitation of New Brunswick residents to participate in the scheme as set out above constitutes a trade in a security pursuant to the definition of "trade" under subsection 1(1) of the *Securities Act*.

### **Violations of New Brunswick Securities Law**

29. The Respondents have traded in securities in New Brunswick without being registered, in contravention of subsection 45(a) of the *Securities Act*.
30. The Respondents have effected a distribution of securities in New Brunswick without

having filed a prospectus, in contravention of subsection 71(1) of the *Securities Act*.

**Relief Sought**

31. Staff of the New Brunswick Securities Commission seeks an order pursuant to section 184(1)(c) of the *Securities Act* (the *Act*), that all trading in securities offered by Wealth Pools International, Inc. shall cease permanently.
32. Staff seeks an order pursuant to section 184(1)(c) of the *Act*, that all respondents shall cease trading in all securities for a period of time to be determined by the Commission.
33. Staff seeks an order pursuant to section 186(1) of the *Act* that all the Respondents pay an administrative penalty in an amount to be determined by the Commission.
34. Staff seeks an order pursuant to section 185(1) and 185(2) of the *Act* that the Respondents pay investigation and hearing costs.

DATED at the City of Saint John this 20<sup>th</sup> day of December, 2007.

<<original signed by>>  
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