

IN THE MATTER OF THE SECURITIES ACT, SNB 2004, c. 35.5

AND

IN THE MATTER OF

**JABEZ FINANCIAL SERVICES INC., JFS CREDIT UNION, JFS-INC.NET,  
KEITH HALEY, NORMAND LEBLANC and QUINTIN SPONAGLE**

**FILED WITH/DÉPOSÉ AVEC**

the Secretary to the Commission  
le secrétaire de la Commission

OCT 24 2006

  
NBSC/CVMNB

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**STATEMENT OF ALLEGATIONS**

(of Staff of the New Brunswick Securities Commission)

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1. Jabez Financial Services Inc. ("JFSI") is a corporation incorporated under the laws of the Republic of Panama, having its head office at World Trade Center, 1<sup>st</sup> Floor - Commercial Area, Street 53, Marbella, P.O. Box 0832-0755 WTC, Panama, Republic of Panama, Fax #: 507-205-1802.
2. JFS Credit Union ("JFSCU") is a credit union established under the Laws of the Country of Sweden and has as its registered address, Box 882, 114 79 Stockholm, Sweden.
3. JFS-INC.NET is a business name and web site under and through which JFSI and JFSCU carry on business.
4. Quintin Sponagle resides at [REDACTED], Windsor, Nova Scotia, B0N 2T0, Canada and is an officer and director of JFSI and JFSCU.
5. Keith Haley resides at [REDACTED], Saint John, New Brunswick, Canada.
6. Normand LeBlanc resides at [REDACTED], Moncton, New Brunswick, Canada.
7. None of the respondents are registered with the New Brunswick Securities Commission ("the Commission") to trade in securities in New Brunswick, or in any other capacity.
8. JFSI is not registered to trade in securities by the National Commission for

Securities of Panama.

9. JFSI and JFSCU offer and promote an investment scheme which offers rates of return from 2% per month to 10% per month.
10. Promotional material distributed by JFSI and JFSCU do not provide particulars of how these returns are achieved or what products the investors' money is placed in. These materials do indicate that the funds are "divided into at least a dozen different markets and traders."
11. The scheme is largely internet based and essentially operates as follows:
  - a. The prospective investor completes an application form. Once accepted the investor is provided with a user name and password to access a website which provides instructions on how to have their bank wire funds to a JFSI account with an off shore bank.
  - b. Upon confirmation of receipt of the funds by the off shore bank, the wired funds appear in an online account accessible by the investor through the web site.
  - c. Depending on their choice of investment vehicle, the investor is provided with at least two online accounts:
    - i. A savings account for which the investor is provided with a debit card, and
    - ii. a market trading account to which the investor can transfer funds from the savings account. Only the market trading account earns the high rate of return.
  - d. An investor may transfer funds from the savings account to the market trading account and is encouraged to do so, as it is the only account providing the purported high rate of return.
  - e. Monies deposited into the market trading account are "locked in" for at least one year and withdrawals of earnings from the market trading account "may take up to 10 months".
12. The scheme is only offered to individuals who have become "members". In order to become a member, a prospective investor has to follow a screening process which involves agreement to a sequence of terms, including:

- a. An acknowledgment that JFSI is not a licenced securities trader.
  - b. Agreement that the member must not "seek out any evidence which may serve as the basis for any charge of violating any laws or regulations of any nation or government".
  - c. Strict confidentiality provisions as to the manner in which the scheme operates.
  - d. Agreement that the member will not "access JFSI materials to use against JFSI".
  - e. An absolute discretion on the part of JFSI to change "terms and conditions" and "rates" without prior notice.
  - f. A 30% penalty upon earnings if any terms are breached and agreement that serious breaches of the terms forfeit all earnings.
  - g. An acknowledgment by the member that the member is an individual investor, and accepts that "direct market trading involves a high degree of risk and should be considered only by investors who can afford the loss of their entire investment".
13. Since June 2006, the respondents Normand LeBlanc and Keith Haley have solicited investment into the scheme to a number of New Brunswick residents as a result of which at least 15 New Brunswick residents have invested money in the scheme.
  14. The solicitations constitute trades in securities as contemplated in the *Securities Act*, SNB 2004, c. S-5.5.
  15. No prospectus receipt has been issued with respect to the securities offered by and through JFSI and JFSCU.

### **Conduct contrary to the Securities Act and the public interest**

16. Staff alleges that the respondents have violated New Brunswick Securities law and acted contrary to the public interest, by:
  - a. Not being registered with the Commission in any capacity, contrary to s. 45 of the Act and contrary to the public interest;
  - b. Not having sought a prospectus receipt from the Commission to authorize the sale of securities by any of the respondents, as required

by section 71 of the Act; and

c. Such further and other particulars as may arise from the evidence.

17. Staff allege that the investment scheme offered by the respondents is contrary to the public interest, as:

a. No disclosure or particulars are provided to investors as to the investment vehicles used by JFSI and/or JSFCU;

b. No disclosure or particulars are provided to investors as to the manner in which the promised high level of return is achieved;

c. Investors are not properly apprized of the risk of their investment;

d. The terms under which investors participate in the investment scheme are oppressive and unconscionable; and

e. Such further and other particulars as may arise from the evidence.

DATED at the City of Saint John this 24 day of October, 2006.

  
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