

**IN THE MATTER OF THE *SECURITIES ACT*  
R.S.O. 1990, c.S.5, as amended**

**- and -**

**SULJA BROS. BUILDING SUPPLIES, LTD., PETAR VUCICEVICH,  
KORE INTERNATIONAL MANAGEMENT INC., ANDREW DEVRIES, STEVEN  
SULJA, PRANAB SHAH, TRACEY BANUMAS, and SAM SULJA**

**AMENDED STATEMENT OF ALLEGATIONS OF STAFF  
OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (“Staff”) make the following allegations:

**I. THE RESPONDENTS**

1. Sulja Bros. Building Supplies, Ltd. (“Sulja Nevada”) is a company incorporated in the State of Nevada, U.S.A., with a registered office at CRA of America, Inc., 3638 N. Ranchero Drive, Suite 6, Las Vegas, Nevada. It was originally incorporated as Loftwerks, Inc. on April 19, 2005 and then changed its name to Loftwerks, Inc. (“Loftwerks”) on May 4, 2005. It was renamed Sulja Brothers Building Products, Inc. on July 20, 2006 and changed its name to Sulja Bros. Building Supplies, Ltd. on July 21, 2006. Loftwerks was quoted on the Pink Sheets, an over-the-counter quotation system in the United States. It continued that quotation as Sulja Nevada and does not trade on any exchange or trading system in Canada.

2. Petar Vucicevich (“Vucicevich”) is a resident of Colchester, Ontario.

3. Kore International Management Inc. (“Kore”) is a company incorporated in Ontario with a registered office at 490 Pelissier Street, Windsor, Ontario. Kore was controlled by Vucicevich at all material times.
4. Andrew DeVries (“DeVries”) is a resident of Boerne, Texas, U.S.A.
5. Steven Sulja is a resident of Oldcastle, Ontario. He was CEO of Sulja Nevada at various times in the relevant period.
6. Tracey Banumas is resident of Harrow, Ontario. She was an employee of Kore at all material times.
7. Pranab Shah is a resident of Windsor, Ontario. He was an employee of Kore at all material times.
8. Sam Sulja is a resident of McGregor, Ontario.

## **II. OVERVIEW**

9. This case concerns a “pump and dump” scheme, in which Vucicevich and DeVries arranged for the sale of shares of Loftwerks and Sulja Nevada, while promoting them by making inflated claims about their prospects in press releases issued at the same time. Vucicevich and DeVries arranged for the sale of the shares through nominee accounts in the name of employees of Kore and others.

## **III. ALLEGATIONS**

10. Staff make the following specific allegations:
  - (a) Between February 6, 2006 and January 31, 2007, Vucicevich, Kore, DeVries, Banumus, Shah, and Sam Sulja directly or indirectly, engaged or participated in an act, practice or course of conduct relating to the securities of Sulja Nevada (for greater certainty, in this Part the securities of Sulja Nevada also include the securities of its predecessor companies Loftwerks,

Loftwerks, and Sulja Bros. Building Products Inc.) that they knew or reasonably ought to have known resulted in or contributed to a misleading appearance of trading activity in, or an artificial price for, the securities of Sulja Nevada contrary to section 126.1(a) of the Act;

- (b) Between February 6, 2006 and January 31, 2007, Vucicevich and DeVries traded securities of Sulja Nevada that was a distribution of the securities without a preliminary prospectus and prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement contrary to section 53(1) of the Act;
- (c) Between February 6, 2006 and January 31, 2007, Vucicevich and DeVries traded securities of Sulja Nevada while not registered in accordance with Ontario securities law to trade securities contrary to section 25 of the Act;
- (d) Between February 6, 2006 and January 31, 2007, Vucicevich and DeVries, directly or indirectly, engaged in or participated in an act, practice or course of conduct relating to Sulja Nevada securities that they knew or reasonably ought to have known perpetrated a fraud on other persons or companies contrary to section 126.1(b) of the Act;
- (e) Between February 6, 2006 and January 31, 2007, Sulja Nevada, Vucicevich, DeVries, and Steven Sulja made statements in the press releases of Sulja Nevada that they knew or reasonably ought to have known in a material respect and at the time and in light of all the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statement not misleading and would reasonably be expected to have a significant effect on the market price or value of Sulja Nevada securities contrary to section 126.2(1) of the Act;

- (f) Between February 6, 2006 and January 31, 2007, Sulja Nevada, Vucicevich, DeVries and Steven Sulja made statements in press releases being documents required to be furnished under Ontario securities law that, in a material respect and at the time and in light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statement not misleading contrary to section 122(1)(b) of the Act; and
- (g) Between February 6, 2006, and January 31, 2007, Banumus and Shah traded securities of Sulja Nevada as nominees of Vucicevich and participated in issuing misleading press releases and thereby acted as conduits for illegal activity which was conduct contrary to the public interest.

#### **IV. PARTICULARS**

11. Beginning on or about February 6, 2006 and continuing until in or about April 2006, Loftwerks issued press releases claiming it would merge with Sulja Bros. Building Supplies Ltd., (“Sulja Ontario”) and with Consultech Management Inc. (“Consultech”), another company controlled by Vucicevich at all material times. The press releases issued during this time claimed that the merging companies were negotiating, and would be entering into, large and profitable urban renewal contracts in the United States. The press releases also described Sulja Ontario as a division of Consultech and Steven Sulja as an employee of Consultech.

12. In fact, Steven Sulja was not an employee of Consultech, Sulja Ontario was not a division of Consultech, and Consultech was not involved with merger discussions with Loftwerks.

13. Vucicevich and DeVries created or caused to be created the press releases for Loftwerks and Sulja Nevada, which were then broadcast to the market.

14. The press releases issued by Loftwerks contained misrepresentations made intentionally or otherwise about the revenue potential of Loftwerks, Consultech and others.

They were part of a scheme to sell Loftwerks shares into the market to profit from the misrepresentations about Loftwerks, in breach of ss. 122, 126.1 and 126.2 of the Act.

15. DeVries arranged for shares to be issued from the Loftwerks (and, later, the Sulja Nevada) treasury through its transfer agent, Transfer Online, a transfer agent located in Portland, Oregon. The shares were sent electronically to nominee trading accounts controlled by Vucicevich (the “Nominee Accounts”), but held in the names of Banumas, Shah and Sam Sulja and others (the “Nominee Account Holders”).

16. The Nominee Accounts would then sell Loftwerks’s shares in the market on Vucicevich’s instructions, at prices inflated by the misrepresentations in the press releases. Most of the proceeds from the trading in the Nominee Accounts went to Kore. By using the Nominee Accounts, Vucicevich concealed his involvement in the trading of Loftwerks and, later, Sulja Nevada shares.

17. DeVries also arranged for Loftwerks and, later, Sulja Nevada, shares to be issued to himself and to Kore International Management Inc. (“Kore US”) in order to sell them into the market.

18. The Loftwerks shares from Transfer Online came from the Loftwerks treasury and were distributions within the meaning of the Act. The shares were then sold through the Nominee Accounts, with no prospectus qualifying them and no available exemptions from the prospectus requirement, in breach of s.53 of the Act.

19. In directing share trading in the Nominee Accounts, Vucicevich was advising and committing acts in furtherance of trading without being registered, in breach of s. 25 of the Act.

20. In arranging for the Loftwerks and, later, Sulja Nevada, shares to be transferred into the Nominee Accounts, DeVries was committing acts in furtherance of trades in Ontario without being registered to trade, in breach of section 25 of the Act.

21. Vucicevich and DeVries continued to issue press releases throughout February to April, 2006 announcing, among other things, that Steve Sulja was Chief Executive Officer

of Sulja Brothers Specialty Building Materials, Ltd., a company which appears never to have been incorporated, and that Loftwerks would merge with variously named Sulja companies, some of which did not exist.

22. In fact, Loftwerks never did merge with Sulja Ontario, or any other Sulja company, but, in the end, it simply changed its name to Sulja Nevada as set out in paragraph one of these Allegations.

23. After Loftwerks changed its name to Sulja Nevada, press releases were issued between April through November, 2006, by Vucicevich and DeVries, which spoke of present and future business opportunities from which Sulja Nevada would earn large revenues. The press releases issued by Sulja Nevada contained misrepresentations made intentionally or otherwise about the revenue potential of Sulja Nevada. They were part of a scheme to sell Sulja Nevada shares into the market to profit from the misrepresentations about Sulja Nevada in breach of ss. 122, 126.1 and 126.2 of the Act.

24. Steven Sulja as CEO ought to have taken sufficient steps to find out whether these press releases were true or false. He did nothing to stop them being issued or to correct them.

25. Many of the press releases issued from May through November, 2006, stated that Sulja Nevada had contracts (the "Contracts") for building materials in the Middle East and that it would earn large revenue from the Contracts. Sulja Nevada had not entered into the Contracts, nor did it ever earn revenue from the Contracts.

26. For example, on September 5, 2006, Vucicevich and DeVries caused Sulja Nevada to issue a press release (the September 5 Press Release) announcing it had signed a contract, the "Cement Contract," to supply cement to Ramada General Contracting in Abu Dhabi, one of the United Arab Emirates. The press release stated that the cement contract would produce yearly revenues of \$350,000,000.

27. In fact, the Cement Contract did not exist and Sulja Nevada earned no revenue from it as alleged or at all. Sulja Nevada did not correct the September 5 Press Release until it issued another press release dated December 5, 2006, stating that the "concrete

commodities mentioned in that release [the September 5 Press Release] were indeed cancelled and no contract, even if drafted to finality, was consummated."

28. On December 6, 2006, Vucicevich and DeVries caused Sulja Nevada to issue a press release announcing it was pursuing other cement deals in the Middle East. On December 11, 2006, it issued a press release announcing a cement contract, the "Second Cement Contract", totalling 25,300,000 tonnes over three years, paying a commission of \$0.90 USD per tonne to Sulja Nevada.

29. In fact, the Second Cement Contract did not exist either, and Sulja Nevada never received the revenue set out.

30. Vucicevich and DeVries also caused Sulja Nevada to issue press releases in which it stated that it was negotiating with KPMG and PWC for those firms to handle all future SEC filings and reporting and that those firms were its auditors.

31. Those press releases were also untrue. Neither KPMG nor PWC had done any work for Sulja Bros. When advised by those firms that its representations were untrue, Sulja Nevada did nothing or did not do enough to advise investors of the true facts or to correct its public disclosure, in breach of ss. 122 and 126.2 of the Act.

32. Vucicevich continued, until October 2006, the practice of selling shares through the Nominee Accounts, over which he had beneficial control.

33. As a result of selling Loftwerks and then Sulja Nevada shares in the Nominee Accounts while promoting them through press releases, Kore received about \$3 million (CAN) from trading over the period February 2006 to November 2006.

34. By trading heavily as nominees for Vucicevich at his behest, pursuant to press releases that were highly suspicious and which Banumas and Shah had participated in issuing, Banumus and Shah acted as conduits for illegal conduct and their actions were contrary to the public interest.

35. In addition, Kore received cash from Kore US in the amount of about \$2.7 million (CAN) and about \$4.7 million (US) from July 2006 to January 2007, which appears to be

the results of trading by DeVries or organized by him in Loftwerks and Sulja Nevada shares.

36. On or about December 22, 2006 the Commission issued an order, the “Temporary Order”, that trading in Sulja Nevada shares cease and that any exemptions available under Ontario securities law not apply to Sulja Nevada, Sulja Ontario, Vucicevich, DeVries and Kore, The Temporary Order was extended by the Commission from time to time until May 22, 2008.

**V. CONDUCT CONTRARY TO THE PUBLIC INTEREST**

37. The conduct of the Respondents contravened Ontario securities law and is contrary to the public interest.

38. The Staff seek enforcement orders under section 127 of the Act and costs under s. 127.1 of the Act.

39. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto this 16th day of June, 2008.