



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
THE *SECURITIES ACT*, RSO 1990, c S.5**

- and -

**IN THE MATTER OF
GLOBAL 8 ENVIRONMENTAL TECHNOLOGIES, INC.,
HALO PROPERTY SERVICES INC.,
CANADIAN ALTERNATIVE RESOURCES INC.,
RENÉ JOSEPH BRANCONNIER and CHAD DELBERT BURBACK**

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

Staff of the Ontario Securities Commission (“Staff”) allege:

I. OVERVIEW

1. Global 8 Environmental Technologies, Inc. (“G8”), Halo Property Services Inc. (“Halo”), Canadian Alternative Resources Inc. (“CAR”), René Joseph Branconnier (“Branconnier”) and Chad Delbert Burbach (“Burbach”) (collectively, the “Respondents”) are subject to an order made by the Alberta Securities Commission (the “ASC”) dated February 2, 2016 (the “ASC Order”) that imposes sanctions, conditions, restrictions or requirements upon them.
2. In its findings on liability dated June 5, 2015 (the “ASC Findings”), a panel of the ASC (the “ASC Panel”) found that G8, Branconnier and Burbach engaged in unregistered trading in securities and the distribution of securities without a prospectus, contrary to

sections 75 and 110 of the *Alberta Securities Act*, RSA 2000, c S-4 (the “Alberta Act”). The ASC Panel further found that:

- (i) Halo and CAR engaged in the distribution of securities without a prospectus, contrary to section 110 of the Alberta Act;
 - (ii) Halo, CAR, Branconnier and Burback made prohibited representations relating to the future value of securities, contrary to section 92(3) of the Alberta Act;
 - (iii) all of the Respondents made materially misleading or untrue statements to investors, contrary to section 92(4.1) of the Alberta Act;
 - (iv) Branconnier and Burback authorized and acquiesced in the contravention of Alberta securities laws by G8, Halo and CAR, contrary to section 199(1) of the Alberta Act (as it appeared from July 1, 2006 to December 17, 2014); and
 - (v) all of the Respondents acted contrary to the public interest.
3. Staff are seeking an inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the *Ontario Securities Act*, RSO 1990, c S.5 (the “Act”).

II. THE ASC PROCEEDINGS

The ASC Findings

Background

4. Between May 2005 and June 2009, G8 promoted itself as an environmental business which would develop “Environmental Technology Centres” (“ETCs”) to meet its clients’ needs. During this time, G8 sold certain of its shares and warrants (together, “G8 Securities”) to Alberta investors (the “G8 Operation”).
5. On July 30, 2009, prior to the commencement of the hearing, the ASC issued a temporary order prohibiting trading in securities of G8 and prohibiting G8 from trading in all securities and from using the exemptions provided under Alberta securities law.

6. Halo and CAR were two companies connected to each other, and their planned operations contained an environmental aspect. Between November 2009 and March 2012, Halo and CAR securities were pitched and sold to investors as a package. The investments were structured as loans to Halo backed by CAR shares and options to purchase CAR shares (“Halo/CAR Securities”).

Respondents

7. G8 was a Nevada company incorporated under a different name in 1995. As of February 2013, G8 had never been registered under the Alberta Act, been a reporting issuer in Alberta, or filed a prospectus with the ASC.
8. Halo was a company incorporated in British Columbia in 2005. As of February 2013, Halo had never been registered under the Alberta Act, been a reporting issuer in Alberta, or filed a prospectus with the ASC.
9. CAR was incorporated in the Yukon in 2010. As of February 2013, CAR had never been registered under the Alberta Act, been a reporting issuer in Alberta, or filed a prospectus with the OSC.
10. As of the date of the ASC Findings, Branconnier was a resident of British Columbia. Branconnier had never been registered with the ASC or any other regulatory body to sell securities. Branconnier was the guiding mind of G8, Halo, CAR, and of the Halo/CAR Operation as well as the *de facto* director and officer of G8 during the material time.
11. As of the date of the ASC Findings, Burback was a resident of Alberta. As of May 20, 2010, Burback had not been registered under the Alberta Act. Burback was a director and, at times, the chief financial officer of G8 during the material time. Burback was a director and officer (treasurer) of Halo and a director of CAR.

Other Respondents – ASC Proceeding

12. Milverton Capital Corporation (“Milverton”) was named as a respondent in the ASC proceedings, however, no adverse findings were made against Milverton by the ASC Panel.

Background

G8 Operation

13. The conduct related to the G8 Operation for which G8, Branconnier, and Burback were sanctioned took place between May 2005 and June 2009 (“G8 Fundraising Period”).
14. G8 was an environmental company as of July 7, 2005 (the date of a previous name change), or possibly earlier that year. G8 presented itself as operating in four areas: earth, air, fire and water. G8’s stated business model was solving environmental problems with a process that would lead to “site specific” Environmental Technology Centres (“ETC”), for example, ranging from a plant, to a solar panel on a light post, to an organic waste conversion process; however, G8 never completed any ETCs.
15. During the G8 Fundraising Period, G8 raised money from investors by selling G8 Securities. The illegal trades and distributions totalled between \$5 million and approximately \$9 million.
16. G8 raised money from investors by selling G8 Securities, purportedly relying on the family, friends and business associates exemption under the Alberta Act. G8 did not use a prospectus. The ASC Panel found that the evidence was clear that exemptions were not available for many of the trades and distributions of G8 Securities during the relevant period.
17. G8 employed “agents” to sell G8 Securities and paid them a 15% commission. No specific training was given to those selling G8 Securities regarding how to apply the family, friends, and business associates exemption.
18. None of G8, Branconnier and Burback was registered to trade in securities in Alberta.
19. During the G8 Fundraising Period, Branconnier was involved in the distribution of G8 Securities. For example, Branconnier: (i) contracted (through Milverton) to provide investment-related services to G8; (ii) was involved (through Milverton) in providing and processing documentation for the sales; (iii) conducted G8 operational meetings at which fundraising and securities sales were discussed; (iv) consulted with G8 selling agents; (v)

reviewed and appeared in a G8 promotional video (the “G8 Video”) (which he knew would be viewed by prospective investors); and (vi) was involved in the content and preparation of printed G8 marketing materials.

20. Burback also engaged in acts in furtherance of sales of G8 Securities, in connection with at least some of the illegal trades and distributions effected by one of the selling agents for G8, by signing G8 subscription agreements and accepting cheques.
21. Some of G8’s marketing materials, including the G8 Video, G8’s website and printed materials, contained several materially misleading or untrue statements, including that:
 - “an investment in [G8] was secure and guaranteed,” when the investment was not secure;
 - G8 “had an extensive history of building waste management facilities,” when G8 did not have any ETCs or any other types of facility;
 - G8 “was selling products,” when G8 had not sold any products and was not at a stage of being able to sell products; and
 - G8 possessed technology, when the evidence was clear that G8 did not own any technology.
22. Branconnier was the guiding mind of G8. He was part of the G8 Video, and was involved in the content, preparation and approval of the G8 website, G8 Video and printed marketing materials.
23. Burback was part of the G8 Video, showed the video to some investors, told them about the G8 website, and distributed some of G8’s marketing materials.
24. The ASC Panel found that G8, Branconnier, and Burback, knew or reasonably ought to have known that the statements were misleading or untrue and that they knew or reasonably ought to have known that the misleading or untrue statement would reasonably have been expected to have a significant effect on the market price or value of G8 Securities.

25. In its Findings with respect to the G8 Investments, the ASC Panel concluded that:
- a. G8, Branconnier and Burback illegally traded and distributed G8 Securities, contrary to sections 75(1)(a) and 110(1) of the Alberta Act.
 - b. G8, Branconnier and Burback made materially misleading or untrue statements to investors, contrary to section 92(4.1) of the Alberta Act.
 - c. Branconnier and Burback authorized and acquiesced in all of the contraventions found against G8 through acts of employees or agents, contrary to section 199(1) of the Alberta Act (as it appeared from July 1, 2006 to December 17, 2014).

Halo/CAR Operation

26. The conduct related to the Halo/CAR Operation for which Halo, CAR, Burback and Branconnier were sanctioned took place between November 2009 and March 2012 (“Halo/CAR Fundraising Period”).
27. Halo had entered into an agreement to license nitrogen-generating technology from a US company named ZEEOT, Inc. (“Zeeot”). Under the agreement, Halo was to receive the exclusive right for ten years to sell “ZEEOT Liquid Nitrogen Powered Energy Storage Systems” in Canada, primarily through the use of generators. Halo “vended the licence into CAR”, with CAR planning to market the licensed products.
28. Halo and CAR were pitched and sold to investors as a package. The investments were structured as loans to Halo backed by CAR shares and options to purchase CAR shares (“Halo/CAR Securities”).
29. During the Halo/CAR Fundraising Period, approximately \$200,000 was raised through illegal distributions.
30. Halo/CAR raised money from investors by selling Halo/CAR Securities, purportedly relying on the family, friends and business associates exemption. While some Halo/CAR investors did qualify for an exemption, many did not.

31. No prospectus was filed with respect to the Halo/CAR distributions.
32. The ASC Panel found that Branconnier distributed Halo/CAR Securities, and at least some of those distributions were illegal. Branconnier was involved in various meetings that included some discussion of contacting investors and in recruiting at least one agent to sell Halo/CAR Securities. The Halo/CAR fundraising documentation was sent to and administered at a business address where Branconnier also had a home. Furthermore, most (if not all) of the Halo/CAR investor money was deposited directly into a bank account of Milverton, a company in which Branconnier was also a guiding mind.
33. The ASC Panel found that Burback effected some of the illegal distributions of Halo/CAR securities, directly trading or acting in furtherance of trading. For example, his signature appeared on the Halo/CAR loan and option documents, and he referred several investors who invested directly through him (of which no exemption would have been available for at least two of those investors). Burback, along with Branconnier, also took part in a conversation with the investment advisor registered with the ASC.
34. A sales brochure for Halo (the “Halo Brochure”) was the marketing document used in the Halo/CAR Operation on behalf of Halo and CAR. The Halo brochure contained price projections which the ASC Panel found to be undertakings made with the intention of effecting trades in CAR shares. The implication of listing in the Halo Brochure was sufficiently connected in time to the mentioned share price increase to meet the temporal connection specified in ASC Staff’s allegations.
35. The Halo Brochure also contained misleading or untrue statements made to investors, including:
 - a. Statements about the viability of the technology and system:
 - i. the ZEEOT (Halo/CAR) technology was “proven”;
 - ii. the Halo generator could draw nitrogen from air and produce energy; and
 - iii. the Halo generator “could replace all fossil fuels”;

- b. Statements about Halo and CAR's financial projections:
 - iv. Halo/CAR could have by 2011 revenues of over \$83,000,000 and net income of \$33,500,000 and that it further could by 2014 have revenues of over \$1 billion and net income of \$500,000,000.
- 36. Branconnier was the guiding mind of Halo and CAR. He gave final approval to the Halo Brochure and told those selling the Halo/CAR Securities to use the document. The ASC Panel found that Branconnier was ultimately responsible for the content of the Halo Brochure and its use to persuade prospective investors.
- 37. Burback distributed the Halo Brochure and presented the information to investors and some prospective investors. Burback made the same representations as contained within the Halo Brochure to two investors who had, at least partly, invested with him. Burback discussed the projections contained within the Halo Brochure with at least one investor.
- 38. The ASC Panel found that Halo, CAR, Branconnier and Burback knew or reasonably ought to have known that the statements were misleading or untrue, and that they would reasonably have been expected to have a significant effect on the market price or value of Halo/CAR securities.
- 39. In its Findings with respect to the Halo/CAR Operation, the ASC Panel concluded that:
 - a. Halo, CAR, Branconnier and Burback illegally distributed Halo/CAR Securities, contrary to section 110(1) of the Alberta Act.
 - b. Halo, CAR, Branconnier and Burback made prohibited representations regarding the future value of CAR shares, contrary to section 92(3)(a) of the Alberta Act.
 - c. Halo, CAR, Branconnier and Burback made materially misleading or untrue statements to investors, contrary to section 92(4.1) of the Alberta Act.
 - d. Branconnier and Burback authorized and acquiesced in all of the contraventions found against Halo and CAR through acts of employees or agents, contrary to

section 199(1) of the Alberta Act (as it appeared from July 1, 2006 to December 17, 2014).

The ASC Order

40. The ASC Order imposed the following sanctions, conditions, restrictions or requirements upon the Respondents:

a. against Branconnier:

i. under sections 198(1)(b) and (c) of the Alberta Act, Branconnier cease trading in or purchasing securities, and all of the exemptions contained in Alberta securities laws do not apply to him, until the later of (i) 2 February 2036 and (ii) the date on which all monetary orders under sections 199 and 202 of the Alberta Act for which Branconnier is responsible have been paid in full to the ASC, except he is not precluded from trading in or purchasing securities through a registrant (who has first been given a copy of the ASC Order) in:

1. registered retirement savings plans, registered retirement income funds, registered education savings plans or tax-free savings accounts (as defined in the *Income Tax Act* (Canada)) or locked-in retirement accounts for the benefit of one or more of Branconnier, his spouse and his dependent children;

2. one other account for Branconnier's benefit; or

3. both;

ii. under section 198(1)(d) and (e) of the Alberta Act, Branconnier resign all positions he holds as a director or officer of any issuer, registrant or investment fund manager, and he is prohibited from becoming or acting as a director or officer (or both) of any issuer, registrant or investment fund manager, until the later of (i) 2 February 2036 and (ii) the date on

which all monetary orders under sections 199 and 202 of the Alberta Act for which Branconnier is responsible have been paid in full to the ASC;

- iii. under section 198(1)(e.3) of the Alberta Act, Branconnier is prohibited from acting in a management or consultative capacity in connection with activities in the securities market, until the later of (i) 2 February 2036 and (ii) the date on which all monetary orders under sections 199 and 202 of the Alberta Act for which Branconnier is responsible have been paid in full to the ASC;
- iv. under section 199 of the Alberta Act, Branconnier pay to the ASC an administrative penalty of \$350,000; and
- v. under section 202 of the Alberta Act, Branconnier pay to the ASC \$65,000 of the costs of the ASC's investigation and hearing.

b. against Burback:

- i. under section 198(1)(b) and (c) of the Alberta Act, Burback cease trading in or purchasing securities, and all of the exemptions contained in Alberta securities laws do not apply to him, until the later of (i) 2 February 2028 an (ii) the date on which all monetary orders under section 199 and 202 of the Alberta Act for which Burback is responsible have been paid in full to the ASC, except he is not precluded from trading in or purchasing securities through a registrant (who has first been given a copy of the ASC Order) in:
 - 1. registered retirement savings plans, registered retirement income funds, registered education savings plans or tax-free savings accounts (as defined in the *Income Tax Act* (Canada)) or locked-in retirement accounts for the benefit of one or more of Burback, his spouse and his dependent children;
 - 2. one other account for Burback's benefit; or

3. both;
 - ii. under sections 198(1)(d) and (e) of the Alberta Act, Burback resign all positions he holds as director or officer of any issuer, registrant or investment fund manager, and he is prohibited from becoming or acting as a director or officer (or both) of any issuer, registrant or investment fund manager, until the later of (i) 2 February 2028 and (ii) the date on which all monetary orders under sections 199 and 202 of the Alberta Act for which Burback is responsible have been paid in full to the ASC;
 - iii. under section 198(1)(e.3) of the Alberta Act, Burback is prohibited from acting in a management or consultative capacity in connection with activities in the securities market, until the later of (i) 2 February 2028 and (ii) the date on which all monetary orders under sections 199 and 202 of the Alberta Act for which Burback is responsible have been paid in full to the ASC;
 - iv. under section 199 of the Alberta Act, Burback pay to the ASC an administrative penalty of \$75,000; and
 - v. under section 202 of the Alberta Act, Burback pay to the ASC \$35,000 of the costs of the ASC's investigation and hearing.
- c. against G8:
 - i. under sections 198(1)(a), (b) and (c) of the Alberta Act, all trading in or purchasing of securities of G8 cease, G8 cease trading in or purchasing securities, and all of the exemptions contained in Alberta securities laws do not apply to G8, permanently, except that these orders do not preclude trading in or purchasing of securities of G8 for which a filed (final) prospectus has been received by the ASC's Executive Director.
- d. against Halo:

- i. under sections 198(1)(a), (b) and (c) of the Alberta Act, all trading in or purchasing of securities of Halo cease, Halo cease trading in or purchasing securities, and all of the exemptions contained in Alberta securities laws do not apply to Halo, permanently.
- e. against CAR:
- i. under sections 198(1)(a), (b) and (c) of the Alberta Act, all trading in or purchasing of securities of CAR cease, CAR cease trading in or purchasing securities, and all of the exemptions contained in Alberta securities laws do not apply to CAR, permanently.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

- 41. The Respondents are subject to an order of the ASC imposing sanctions, conditions, restrictions or requirements upon them.
- 42. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.
- 43. Staff allege that it is in the public interest to make an order against the Respondents.
- 44. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.
- 45. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the *Ontario Securities Commission Rules of Procedure*.

DATED at Toronto, this 17th day of April, 2017.