

October 20, 2011

Commission Finds Sponagle, Hill Made Unregistered Trades

Halifax -

The Nova Scotia Securities Commission has found Quintin Sponagle and Trevor Hill solicited investments without being registered, failed to file a prospectus before distributing securities and engaged in unfair practice.

The commission has ordered sanctions against Mr. Sponagle and Mr. Hill.

Between April and September 2006, Mr. Sponagle and Mr. Hill solicited and traded investments (securities) resulting in Jabez receiving \$4,130,000 from 137 residents of Nova Scotia and 52 residents of other provinces.

Mr. Sponagle, Mr. Hill and Jabez were not registered with the commission, in Panama or in any jurisdiction in Canada to trade or distribute securities.

Mr. Sponagle spent investor's money on himself, and indulged friends, relatives and business associates including Mr. Hill and his family.

The commission also heard submissions about penalty and ordered:

- exemptions contained in Nova Scotia securities laws do not apply to Mr. Sponagle and Mr. Hill permanently
- Mr. Sponagle and Mr. Hill be permanently prohibited from becoming, or acting as, a director or officer of an issuer
- Mr. Sponagle and Mr. Hill be permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter
- Mr. Sponagle and Mr. Hill be reprimanded
- Mr. Sponagle pay an administrative penalty of \$500,000
- Mr. Hill pay an administrative penalty of \$500,000
- Mr. Sponagle and Mr. Hill pay investigation costs of \$27,000 and \$18,000, respectively.

The commission determined the pair's actions constituted a "deceptive and dishonest ruse, designed to extract money from trusting and unsuspecting Canadian investors. It was in the nature of a 'ponzi scheme'. Mr. Sponagle was the mastermind of this scam, and his breaches of the Securities Act in this case are extremely egregious and among the most serious possible breaches of the act."

The maximum penalty allowed at the time illegal trades was \$500,000, but the commission stated "were (we) able to assess penalties against Mr. Sponagle and Mr. Hill pursuant to the current administrative penalty provisions of section 135, then on the basis of their egregious breaches of the Securities Act, we would have ordered Quintin Sponagle to pay an administrative penalty of \$3,120,000 and Trevor Hill to pay an administrative penalty of \$2,080,000."

The Nova Scotia Securities Commission is the provincial government agency responsible for regulating trading in securities within the province. The decision can be viewed at www.gov.ns.ca/nssc/compliancenforce/enforproceedings.asp.

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