

IN THE MATTER OF
The Securities Act, R.S.N.S. 1989, c. 418, as amended

- and -

IN THE MATTER OF
QUINTIN EARL SPONAGLE, TREVOR WAYNE HILL AND
LARRY ENOS BEATON (collectively the "Respondents")

**STATEMENT OF ALLEGATIONS OF
STAFF OF THE NOVA SCOTIA SECURITIES COMMISSION**

Staff of the Nova Scotia Securities Commission ("Commission") make the following allegations and identify the following circumstances giving rise to the requested hearing:

1. At all material times, Quintin Earl Sponagle ("Sponagle"), Trevor Wayne Hill ("Hill") and Larry Enos Beaton ("Beaton") were residents of Nova Scotia.
2. Jabez Financial Services, Inc. ("Jabez") was a corporation organized on November 22, 2005 pursuant to the General Corporation Law of the Republic of Panama and registered on November 24, 2005 with the Public Registry of Panama. Its contact address was listed as World Trade Center, 1st Floor – Commercial Area, Street 53, Marbella, Postal Box 0832-0755 WTC, Panama, Republic of Panama.
3. Jabez was not registered to distribute or trade in securities with the Comisión Nacional De Valores, the national securities regulator in the Republic of Panama.
4. Jabez was dissolved in Panama, effective October 16, 2007.
5. Sponagle was the General Manager of Operations of Jabez, with full power of attorney over Jabez' operations. Hill was an employee of Jabez.
6. The Community Compassion Foundation ("CCF"), a private foundation organized on 23 December 2005 in the Republic of Panama, was the shareholder of Jabez.

7. JFS Credit Union Ekonomisk Förening ("JFSCU") was an Economic Association registered with the Bolagsverket, the Companies Registration Office of Sweden, on November 17, 2005. Its contact address was listed as Box 882, 11479 Stockholm, Sweden.
8. JFSCU was not authorised by the Finansinspektionen, the financial regulator in Sweden, to conduct any banking business, provide financial services or any other financial business.
9. Sponagle and Hill were Members of the Board of JFSCU.
10. At all material times, the Respondents held Jabez out as being registered in Panama and a licensed financial management entity of Panama.
11. At all material times, the Respondents held JFSCU out to be a legally registered credit union of Sweden and governed by the banking laws of Sweden.
12. On 30 January 2006, Sponagle leased office space in the name of Jabez at 176 Water Street, Windsor, Nova Scotia ("Windsor Office"). Sponagle and Hill began operating Jabez from the Windsor Office in or around April 2006.
13. Beginning in April 2006, the Respondents solicited and distributed investments in Jabez and JFSCU from residents of Nova Scotia and elsewhere through word of mouth, personal invitation, agents, and the internet.
14. Through word of mouth and the Jabez website (JFS-Inc.net) the Respondents promoted returns ranging from 8% to 10% per month for investments in Jabez and 60% per year for investments in JFSCU.
15. Prior to investing any funds in Jabez or JFSCU, investors were required to agree to and acknowledge the terms of the Membership Governance Document via the Jabez website.

16. The Membership Governance Document referred to Jabez, JFSCU, JFS-Inc.net, partners, affiliates, officers, and employees as "JFSI."
17. The Membership Governance Document required investors to agree that they could not use any information received from Jabez and JFSI against the Respondents, and that investors could not use any aspect of transactions between themselves and Jabez or JFSCU as the basis for violating any laws or regulations of any government.
18. Upon approval of the Membership Governance Document by the Respondents, investors were instructed by the Respondents themselves or by representatives of the Respondents to wire-transfer their funds to a bank account in the name of Jabez in Curaçao, Netherlands Antilles ("Curaçao Account").
19. Upon receipt of the funds investors were given the option to sign up for a JFS Debit Card, which allowed agents and investors access to the funds previously provided by other Jabez and JFSCU investors.
20. Between April and September 2006, the Respondents, either directly or indirectly effected trades in securities of Jabez or JFSCU valuing approximately US\$3.2 million from 137 residents of Nova Scotia and approximately US\$930,000 from 52 investors residing in other Canadian provinces.
21. At all relevant times, Sponagle was the authorized signatory for Jabez and JFSCU, he maintained control of the Curaçao Account and he was identified as the ultimate beneficial owner of the CCF.
22. At all relevant times, Sponagle maintained control of investors' funds and used them to fund such things as:
 - a. Purchase of three vehicles and a boat of approximately US\$78,500;

- b. Automatic teller machine withdrawals of approximately US\$129,000 (not including any withdrawals relating to the JFS Debit Card program);
 - c. A wire transfer of US\$80,000 on 1 September 2006 to the Swissfirst Bank branch in Liechtenstein;
 - d. Day to day business expenses such as leasehold improvements to the Windsor Office, lease payments for the Windsor Office, office furniture and telephone charges of approximately US\$68,000;
 - e. Wire transfers of approximately US\$850,000 to the following entities:
 - i. US\$500,000 to Winsome Investment Trust, Houston, Texas;
 - ii. US\$100,000 to Holly's Day in Heaven, Cleveland, Ohio; and
 - iii. US\$250,000 MIG Investments, SA, Switzerland;
 - f. Wire transfers of approximately US\$665,000 to fund JFS Debit Card program, sent from:
 - i. the Curacao Account, US\$505,000, and
 - ii. Winsome Investment Trust, US\$160,000;
 - g. Approximately US\$50,000 to repay individuals who invested in Jabez Holdings, S.A., an organization with which Sponagle was associated prior to his involvement with Jabez and JFSCU, which received investments from residents of Nova Scotia;
23. The Respondents, Jabez and JFSCU were not registered with the Commission at any time or in any other jurisdiction to trade or distribute securities in any capacity whatsoever.

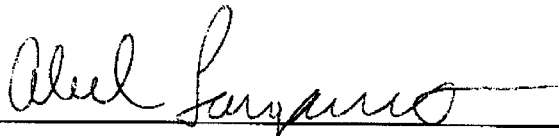
24. The Respondents did not file any reports of trade with the Commission relying on exemptions in Nova Scotia securities laws to distribute or sell securities in Nova Scotia.

Staff of the Commission identifies the following reasons why the order being sought should be granted:

25. As a result of soliciting investments from residents of Nova Scotia and elsewhere, without being registered to do so, the Respondents violated section 31(1) of the Act, as rep. by S.N.S. 2008, c. 32, s. 6.
26. As a result of failing to disclose in sufficient detail the risks associated with investing in Jabez or JFSCU, the Respondents engaged in unfair practice with residents of Nova Scotia and elsewhere, thereby violating section 44A(2) of the Act.
27. As a result of requiring investors and residents of Nova Scotia and elsewhere to agree that they could not use any information received from Jabez and JFSI against the Respondents, and that investors could not use any aspect of transactions between themselves and Jabez or JFSCU as the basis for violating any laws or regulations of any government, the Respondents engaged in unfair practice with residents of Nova Scotia and elsewhere, thereby violating section 44A(2) of the Act.
28. As a result of promoting a high yield investment program with returns ranging from 8% to 10% per month and 60% per year, the Respondents made an untrue statement to residents of Nova Scotia and elsewhere that a reasonable investor would consider important in deciding whether to enter into or maintain a trading or advising relationship with the Respondents, Jabez or JFSCU, thereby violating section 50(2) of the Act.

29. As a result of holding Jabez out to the public as being registered in Panama and a licensed financial management entity of Panama, the Respondents made an untrue statement that a reasonable investor would consider important in deciding whether to enter into or maintain a trading or advising relationship with the Respondents, Jabez or JFSCU, thereby violating section 50(2) of the Act.
30. As a result of holding JFSCU out to the public as being a legally registered credit union of Sweden and governed by the banking laws of Sweden the Respondents made an untrue statement that a reasonable investor would consider important in deciding whether to enter into or maintain a trading or advising relationship with the Respondents, Jabez or JFSCU, thereby violating section 50(2) of the Act.
31. As a result of distributing securities of Jabez and JFSCU to residents of Nova Scotia and elsewhere without having filed a preliminary prospectus or a prospectus with the Commission, and without relying on any exemptions in Nova Scotia securities laws, the Respondents violated section 58(1) of the Act.

DATED this 5th day of January, 2011.



Abel Lazarus
Investigator and Securities Analyst
Nova Scotia Securities Commission



M. Lianne Bradshaw
Investigator
Nova Scotia Securities Commission