



NEW BRUNSWICK  
ENERGY & UTILITIES BOARD

COMMISSION DE L'ÉNERGIE ET DES SERVICES PUBLICS  
NOUVEAU-BRUNSWICK

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PROVINCE OF NEW BRUNSWICK  
NEW BRUNSWICK ENERGY AND UTILITIES BOARD  
IN THE MATTER OF THE *SECURITIES ACT*, S.N.B. 2004, c. S-5.5

Matter: SA-001-2024

BETWEEN:

**Financial and Consumer Services Commission,**

Applicant,

-and-

**Global Success Management Inc.**

Respondent.

**DECISION AND ORDER**

PANEL: Christopher Stewart, Presiding Chair  
Heather Black, Member  
Kenneth McCulloch, K.C., Member

DATE OF HEARING: March 21, 2025

WRITTEN REASONS: April 3, 2025

APPEARANCES: Mark McElman for the Appellant

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## 1 Introduction and Summary Conclusion

- [1] The Commission is seeking an order that the Respondent cease making any offer to sell or distribute securities to the public on grounds that the Respondent is subject to an order made by the securities regulatory authority of Italy prohibiting the Respondent from offering financial investments to the public resident in Italy.
- [2] The Board orders the Respondent to cease making any offer to sell or distribute securities to the public.

## 2 Background

- [3] The Respondent, Global Success Management Inc., is a corporation under the laws of the province of New Brunswick, having a registered office at Suite 214, 96 Norwood Drive in Moncton, New Brunswick. Maksims Morozovs is a director of the Respondent.
- [4] The Commissione Nazionale per le Società e la Borsa (CONSOB), the securities regulator in Italy, notified the Commission on November 27, 2023 that it had issued two orders against Global Success Management Inc., one on June 15, 2022 suspending its offering to the public resident in Italy and a second on September 6, 2022 permanently prohibiting it from offering investments of a financial nature to the public resident in Italy (the “CONSOB Order”).
- [5] The Equity Convertible Notes that are the subject of the CONSOB Order are securities under the *Act*.
- [6] The Commission filed an application with the Board on October 29, 2024, seeking to reciprocate the CONSOB Order pursuant to paragraph 184(1.1)(c) and clause 184(1)(c)(ii)(A) of the *Act*. Paragraph 184(1.1)(c) allows the Board, on the application of the Commission, to make an order under clause 184(1)(c)(ii)(A) that a person cease trading in securities if the person is subject to an order made by a securities regulatory authority outside Canada imposing restrictions on the person.
- [7] The Commission filed the affidavit of Linda Rickard sworn September 27, 2024 in support of the Application. The Respondent responded to the Application by providing the affidavit of Maksims Morozovs sworn December 28, 2024. The Respondent was given notice of the hearing.

### 3 Issue

- [8] Is it in the public interest that a reciprocal order be issued against the Respondent pursuant to paragraph 184(1.1)(c) and clause 184(1)(c)(ii)(A) of the *Act*?

### 4 It is in the public interest to issue a reciprocal order

- [9] It is in the public interest to reciprocate the CONSOB Order because the Respondent is subject to the CONSOB Order, a real and substantial connection exists between CONSOB and the subject matter of the CONSOB Order, there is a risk to New Brunswick investors and capital markets, and no evidence indicates that CONSOB improperly exercised its jurisdiction.
- [10] The purposes of the *Act* are to protect investors from unfair, improper or fraudulent practices, and to foster fair and efficient capital and derivatives markets and confidence in those markets. The New Brunswick Securities Commission noted in *Shire International Real Estate Investment Ltd., Re*, 2010 NBSECE 1 that the purpose of subsection 184(1.1) is to promote the protection of relevant capital markets as effectively and efficiently as possible. Therefore, it is appropriate to grant a reciprocal order when there is evidence that such an order would serve a protective purpose for New Brunswick investors and capital markets.
- [11] The New Brunswick Securities Commission and its successor, the Financial and Consumer Services Tribunal, developed a test to determine whether it is in the public interest to issue a reciprocal order pursuant to paragraph 184(1.1)(c). This test, set out in *New Brunswick (Financial and Consumer Services Commission) v. Sebastian*, 2016 NBFCST 9 (CanLII) and based on the analysis in *Shire*, can be expressed as follows: **Where the statutory preconditions in paragraph 184(1.1)(c) have been met, it is in the public interest for the Board to exercise its discretion to recognize the order of another securities regulatory authority where the Board is satisfied that a real and substantial connection exists between that securities regulator and the subject matter of that order.** Mr. McElman submitted that the Board should reciprocate the CONSOB Order because the Commission has satisfied the *Sebastian* test.
- [12] For the reasons below, the Board agrees that the evidence satisfies the *Sebastian* test but is not persuaded that passing the test ensures reciprocating an order originating outside Canada serves a protective purpose unless, as in this case, a risk to New Brunswick investors and capital markets is established and the originating authority did not improperly exercise its jurisdiction.

- [13] The statutory preconditions of paragraph 184(1.1)(c) are met in this case. Mr. McElman submitted that the first step of the **Sebastian** test requires the respondent to be subject to the originating order and to have been given an opportunity to be heard by the Board. Based on the Rickard and Morozovs affidavits, the Board finds that the Respondent is subject to the CONSOB Order. Mr. Morozovs confirmed that the Respondent issued the Equity Convertible Notes that are the subject of the CONSOB Order. The CONSOB Order establishes that Global Success Management Inc. manages the website [globalsuccessmanagement.com](http://globalsuccessmanagement.com), which identified Global Success Management Inc. with Company Number 674541. 674541 is also the Corporation Number associated with the Respondent on its Certificate of Amendment under the *Business Corporations Act* (New Brunswick) and Mr. Morozovs confirmed it to be the Respondent’s registration number. While the opportunity to be heard is no longer a precondition under subsection 184(1.1), having been removed when the *Act* was amended in 2016, the Respondent had an opportunity to be heard in this case and exercised that opportunity by filing the Morozovs affidavit.
- [14] A real and substantial connection exists between CONSOB and the subject matter of the CONSOB Order, satisfying the second step of the **Sebastian** test. The subject matter of the CONSOB Order is the Respondent’s offering of the Equity Convertible Notes to the public resident in Italy. The CONSOB Order establishes that the Respondent conducted selling activities directed to the public resident in Italy in the Italian language through the website [globalsuccessmanagement.com](http://globalsuccessmanagement.com). Mr. McElman submitted that the Morozovs affidavit supports this finding, particularly Mr. Morozovs’s admission that the offering of the Equity Convertible Notes “for business partners who were from Italy” ceased immediately once the Respondent received the CONSOB Order. The Board agrees and infers from Mr. Morozovs’s admission that the Respondent had offered the Equity Convertible Notes to persons resident in Italy before it received the CONSOB Order. The Board will not consider Mr. Morozovs’s statements disputing the public nature of the offering or the conversion rights associated with the Equity Convertible Notes because, as Mr. McElman submitted, inquiring into the evidence behind the CONSOB Order would subvert the purpose of subsection 184(1.1) for the reasons set out in **Shire**.
- [15] The **Sebastian** test, while satisfied in this case, provides an insufficient basis on which to conclude that reciprocating an order originating outside Canada serves a protective purpose for New Brunswick investors and capital markets. The **Sebastian** test evolved through cases reciprocating orders originating from other Canadian securities regulatory authorities at a time when paragraph 184(1.1)(c) applied to those orders and the Canadian Securities Administrators were making efforts to protect capital markets across

Canada. In *Shire*, for example, a reciprocal order was granted despite the absence of any specific New Brunswick connection because it facilitated interprovincial cooperation in the exercise of securities jurisdiction. The New Brunswick Securities Commission relied on interprovincial comity principles espoused by the Supreme Court of Canada in *Morguard Investments Ltd. v. De Savoye* [1990] 3 S.C.R. 1007 to protect the respondent from an improper exercise of jurisdiction. The 2016 amendments to the *Act* essentially codified these principles by removing Canadian securities regulatory authorities from paragraph 184(1.1)(c) and adding subsection 184.1(2), giving Canadian orders the same effect in New Brunswick without notice and without a hearing or opportunity to be heard.

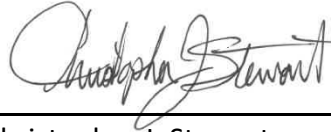
[16] Paragraph 184(1.1)(c) now applies only to orders of securities regulatory authorities outside Canada, but the *Sebastian* test principles do not allow the Board to make the same assumptions regarding the protective purpose of reciprocating those orders. In such cases, the Board must satisfy itself that there is a risk to New Brunswick investors and capital markets and the originating authority exercised proper jurisdiction.

[17] In this case, the evidence demonstrates a risk to New Brunswick investors and capital markets, as the person subject to the CONSOB Order is a New Brunswick corporation. The CONSOB Order, on its face, contains *indicia* of procedural fairness protections such as an opportunity to be heard and detailed reasons and no evidence on the record indicates that CONSOB exercised its jurisdiction improperly. Therefore, the Board concludes that reciprocating the CONSOB order serves a protective purpose and is in the public interest.

## **5 Conclusion**

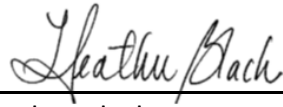
[18] Pursuant to paragraph 184(1.1)(c) and clause 184(1)(c)(ii)(A), the Board orders the Respondent to cease making any offer to sell or distribute securities to the public.

Dated at Saint John, New Brunswick, this 3<sup>rd</sup> day of April, 2025.



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Christopher J. Stewart  
Chairperson



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Heather Black  
Member



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Kenneth McCulloch, K.C.  
Member