



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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Toronto ON M5H 3S8

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20, rue queen ouest
Toronto ON M5H 3S8

File No. 2023-12

**IN THE MATTER OF
KALLO INC., JOHN CECIL and SAMUEL PYO**

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. This proceeding involves an Ontario-based corporation, Kallo Inc. (**Kallo**), that disclosed in 2020, during a global pandemic, it had entered into contracts with five African countries to provide over €5.9 billion worth of healthcare goods and services. Kallo along with its Chief Executive Officer, John Cecil (**Mr. Cecil**) reasonably ought to have known the disclosure was misleading. The contracts were not real. Kallo, Mr. Cecil, and Kallo's only other full-time employee Samuel Pyo (**Mr. Pyo**) failed to recognize red flags that should have led them to question whether the contracts were genuine and therefore whether they would be performed.

2. Between August 10, 2020 and December 23, 2020, Kallo filed initial reports disclosing that it had entered into material definitive agreements with the governments of Kenya, Ethiopia, Eritrea, Eswatini and Mozambique to provide significant upgrades to their healthcare infrastructure, including provision of mobile clinics, emergency services, medical devices, a telehealth and electronic medical records system, and healthcare education/training (the **2020 Contracts**). On March 11, 2021, a week after Kallo filed its 10-K annual report, Kallo's share price increased significantly until trading was suspended on March 23, 2021.

3. Kallo and Mr. Cecil reasonably ought to have known that the disclosure of the 2020 Contracts in the circumstances was misleading or untrue and could have reasonably been expected to have a significant effect on the market price of Kallo's shares. As set out below, there were multiple red flags

that should have caused the Respondents to be suspicious of the veracity of the 2020 Contracts and to make further inquiries.

4. The Respondents missed indications that the 2020 Contracts were fabricated. They did insufficient due diligence on their agents who purportedly liaised with the African governments on Kallo's behalf. They took no steps to verify the authenticity of the 2020 Contracts, despite warning signs, including when the government of Kenya in March 2021 publicly denied entering into any such agreements with Kallo.

5. Investors buy and sell securities in reliance on a company's public disclosure and it is critical to the integrity of the capital markets that this disclosure is truthful and accurate.

PART II - JOINT SETTLEMENT RECOMMENDATION

6. A Notice of Hearing was issued and a Statement of Allegations was published in respect of a proceeding against the Respondents (the **Proceeding**) on May 23, 2023.

7. The parties will jointly file a request that the Capital Markets Tribunal (the **Tribunal**) issue a Notice of Hearing to announce that it will hold a hearing (the **Settlement Hearing**) to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5 (the **Act**), it is in the public interest for the Tribunal to make certain orders against the Respondents.

8. The Respondents consent to the making of an order (the **Order**) substantially in the form attached as Schedule "A" to this agreement (the **Settlement Agreement**) based on the facts set out in this Settlement Agreement. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, the Respondents agree with the facts set out in Part III of this Settlement Agreement and the settlement in Part IV of this Settlement Agreement.

PART III – AGREED FACTS

(i) The 2020 Contracts

Kallo's Background

9. Kallo, a Nevada corporation with its head office, mind and management in Ontario, is a public company created through a reverse takeover. Kallo files disclosure with the Securities and Exchange

Commission (**SEC**) and trades on the over-the-counter markets. Kallo claims to offer a healthcare solution for developing countries called the Kallo Integrated Delivery System (**KIDS**), which consists of a plan to implement a system of mobile clinics, emergency services, digital services such as telehealth and an electronic medical records (**EMR**) system, as well as education/training for various aspects of healthcare management.

10. Kallo employees and vendors undertook development work on the KIDS concept between 2014 and 2016, but the development work was put on hold in early 2017 when anticipated contracts being negotiated by Kallo did not transpire and Kallo exhausted its financial resources. Kallo shut its offices, vendors terminated their relationships and repossessed equipment due to nonpayment, and all employees other than Mr. Cecil and Mr. Pyo (and Kallo's two remaining members of the Board of Directors) left the company. At the time the 2020 Contracts were entered into, Kallo had not produced a mobile clinic or implemented any other elements of its KIDS concept within a client country.

11. In or around 2019, Kallo engaged agents, such as Global Interest Services Inc. (**GIS**) and its principal Charles Muir (**Muir**), to negotiate agreements on its behalf in Africa (the **Agents**). Kallo did little or no diligence on its Agents to ensure that they were legitimate or had the experience necessary to negotiate or work on significant healthcare infrastructure projects.

Disclosure of Contracts with Five Countries in Six Months

12. Between August and December 2020, Kallo disclosed that it had entered into the 2020 Contracts with the following countries:

- (a) Republic of Kenya on June 26, 2020 (€1,068,932,543);
- (b) Kingdom of Eswatini (formerly Swaziland) on November 19, 2020 (€549,978,787);
- (c) Federal Democratic Republic of Ethiopia on November 30, 2020 (€2,459,817,336);
- (d) Republic of Mozambique on December 18, 2020 (€1,305,256,575); and
- (e) State of Eritrea on December 18, 2020 (€521,437,477).

13. The 2020 Contracts all purportedly involved a sale of KIDS, along with certain extra goods or services for certain countries. The healthcare services included in each of the 2020 Contracts are based on the KIDS concept and include mobile clinics, emergency services, telehealth and EMR systems, medical devices and specialist hospitals.

14. The 2020 Contracts for Kenya also included the provision of a rapid response program for the COVID-19 pandemic (including COVID-19 test kits and personal protective equipment (**PPE**)). At the time of the alleged contract execution (June 2020) and disclosure of the contracts (August 2020), the COVID-19 pandemic was raging and there was a worldwide shortage of PPE.

Kenya Denial of 2020 Contracts

15. Following the disclosure of Kallo's 2020 Annual Report on March 3, 2021, which provided an overview of all the 2020 Contracts, an article in a local Kenyan newspaper alerted the government of Kenya to Kallo's public disclosure of the 2020 Contracts. The same day, the Kenyan government publicly denied entering into any contracts with Kallo. On March 22, 2021, the government of Kenya made a complaint to the SEC about Kallo's false disclosure and trading in Kallo shares was temporarily suspended.

16. On March 26, 2021, while its trading was suspended, Kallo disclosed to investors that it had received a letter from Kenya stating that the project was "put on hold" as a result of upcoming elections, media attention and political complications.

17. The government of Kenya maintains that the 2020 Contracts are fabrications and that these letters, purportedly from the government of Kenya, are not authentic. Kallo never disclosed to investors that the Kenyan government had specifically denied entering into any contracts with Kallo.

Red Flags

18. The following red flags should have caused Kallo to question whether the 2020 Contracts were real, and should have prompted Kallo to undertake further inquiries:

- (a) No one from Kallo ever visited the countries in question.

- (b) No one from Kallo ever communicated directly with any government officials of the countries in question.
- (c) The Agents had insufficient experience in negotiating significant healthcare infrastructure products.
- (d) The Agents provided no proof that they actually spoke with any government officials in any of the African countries.
- (e) Introductory letters were allegedly sent to African governments and Kallo received signed contracts back in as little as 21 days.
- (f) No one from any of the African governments, such as healthcare experts or legal counsel, provided comments on the healthcare project or the loan terms.
- (g) No drafts of the 2020 Contracts were exchanged.
- (h) There were no negotiations on the prices in the 2020 Contracts or the terms of the loan.
- (i) No one had any input into the 2020 Contracts other than the Respondents. The African governments apparently had no questions or inquiries about Kallo's proposals or the 2020 Contracts.
- (j) Kallo should have been suspicious that five different African governments were prepared to potentially borrow billions of euros to finance the implementation of the KIDS concept without conducting any due diligence on Kallo to ascertain its ability to perform the contracts. At the time the 2020 Contracts were purportedly entered into, Kallo had no active business operations, no office, no equipment, no contracts with vendors, three directors and one additional full-time employee, and was relying on a single private investor in Ontario to continue to fund its expenses. Kallo's public disclosures indicated that Kallo had never earned any revenue, that Kallo was insolvent, and that Kallo may not be able to continue as a going concern. Kallo would not have been able to take any steps toward performing the 2020 Contracts without financing and re-establishing its business operations.
- (k) Kallo did not independently verify whether the 2020 Contract amounts were realistic in light of the healthcare budgets of the African countries in question, or take independent steps to ascertain whether any of the African governments allocated funds for the 2020 Contracts in their budgets.

- (1) Even when advised through Kenya’s public denials and complaint to the SEC (resulting in a trading suspension) that the Kenya contract was fabricated, the Respondents did not independently verify the authenticity of the contracts or follow up directly with Kenya or other countries to ensure the validity of the agreements.

Denials by African Governments

19. As indicated above, the government of Kenya has publicly and repeatedly denied any relationship with Kallo and denied that it entered into any contract with Kallo. The government of Kenya made a complaint to the SEC when it learned of Kallo’s disclosure to investors and stated that its purported contracts with Kallo were forgeries.

20. The government of Eswatini similarly has denied any relationship with Kallo and denied that it entered into any contracts with Kallo. The Eswatini Minister of Finance maintains that the 2020 Contracts purportedly signed with Eswatini were not signed by him, the stamps of the Eswatini government on the 2020 Contracts are not the correct stamps, and the 2020 Contracts were never shared with the government.

No Evidence of Government Communications

21. Although they have not publicly denied the 2020 Contracts, there is no reliable evidence that the governments of Ethiopia, Mozambique or Eritrea have or ever had any relationship with Kallo or entered into the 2020 Contracts. There is no evidence that legislative or other government approvals were obtained by these countries. None of these countries have publicly or otherwise acknowledged entering into contracts with Kallo or otherwise agreed to any healthcare projects with Kallo.

Document Irregularities

22. There are document irregularities in the 2020 Contracts and alleged correspondence with African government officials that suggest that these contracts and correspondence were fabricated. For example:

- (a) the purported signatures of government officials do not match other publicly available signatures by these individuals;
- (b) certain seals purportedly placed on the contracts by African government officials have a high school logo as their base layer;

- (c) signatures and stamps of the notaries who notarized the contracts for Mr. Cecil and Sergei Pokusaev, a purported financier and signatory to the 2020 Contracts, were moved and/or altered after they notarized the contracts;
- (d) one of the notaries for the 2020 Contracts did not notarize the contract for Eritrea, despite his signature and stamp being on the documents;
- (e) letters that appear to be from different government officials share similarities and/or metadata suggesting that they were drafted by the same source; and
- (f) Mr. Pyo drafted and sent Mr. Cecil Word documents of letters that appear to be from African government officials.

(ii) Kallo's Share Price

23. In early August 2020, prior to the first disclosure of the 2020 Contracts, Kallo's share price was publicly reported as trading for less than a penny (US \$0.008). Kallo had approximately 1.1 billion common shares issued and outstanding and was thinly traded. Following the disclosure of the 2020 Contracts with Kenya on August 10, 2020, the volume of trading in Kallo shares increased and the price of Kallo shares also began to increase in the following weeks.

24. Following the disclosure of the 2020 Contracts with Eswatini on November 25, 2020 the volume of trading and the price of Kallo shares rose again. The share price and volume of trading fluctuated between US \$0.021 and US \$0.0748 as Kallo disclosed the other 2020 Contracts for Ethiopia, Eritrea and Mozambique in December 2020. Then, following the release of Kallo's 2020 Annual Report on March 3, 2021, Kallo's share price was publicly reported as hitting a high of US \$0.1899 on March 10, 2021.

25. The Kenyan government publicly denied entering into the contracts with Kallo on March 22, 2021, and the SEC ordered a trading suspension of Kallo's shares on March 23, 2021. From March 23 until April 8, 2021, Kallo's share price was frozen at US \$0.096. When the trading suspension was lifted on April 8, 2021, Kallo's share price closed at US \$0.001.

26. Between August 10, 2020 to March 23, 2021, approximately 8 million shares of Kallo were traded on the secondary market for a value of approximately US \$570,000.

(iii) Kallo's Later Disclosure

27. Kallo did not revise or remove the misleading public disclosure regarding the 2020 Contracts. Following the trading suspension, Kallo continued to issue disclosure maintaining the existence of the 2020 Contracts and Kallo's shares continue to trade on the OTC markets with a caveat emptor warning.

(iv) Respondents' Position

28. Prior to 2020, Mr. Cecil had taken business trips to other African countries and interacted directly with other African government officials. However, due to the COVID-19 pandemic, Mr. Cecil was not able to travel to Africa during the relevant time. Kallo and Mr. Cecil relied entirely on representations from the Agents and other third-party intermediaries regarding the authenticity of the 2020 Contracts. Further, Kallo and Mr. Cecil relied entirely on their Agents and other third-party intermediaries to conduct all communications and negotiations with the governments of Kenya, Ethiopia, Eritrea, Eswatini and Mozambique.

29. The public disclosure made by Kallo and Mr. Cecil of the 2020 Contracts contained qualifications with respect to Kallo's finances and the 2020 Contracts and indicated that the 2020 Contracts involved significant risk and uncertainties, including that Kallo had no prior experience in successfully undertaking similar projects.

30. Although the public disclosure made by Kallo and Mr. Cecil in the relevant time frame included some qualifications about their ability to perform the contracts absent financing, in addition to other warnings, Kallo and Mr. Cecil ought to have known that disclosure of the financial value of the 2020 Contracts if performed could be perceived as material and could be expected to have a significant effect on the market price of the securities of Kallo.

31. Kallo and Mr. Cecil did not issue any press releases or engage in promotional activity with respect to the 2020 Contracts.

32. Kallo did not seek to raise money from the public based on the 2020 Contracts. Neither Mr. Cecil nor Mr. Pyo sold any securities of Kallo into the market following the disclosure of the 2020 Contracts.

33. Mr. Pyo claims he was advised by Kallo's Agents that it was standard practice for draft letters to be prepared and sent as a baseline for negotiations, and that the relevant governments would modify the

letters as appropriate. Mr. Pyo acknowledges that he should not have trusted this assertion and should have exercised greater diligence in all the circumstances.

(v) Breaches of Ontario Securities Law and Conduct Contrary to the Public Interest

34. The Respondents acknowledge and admit that, by engaging in the conduct described above:

- (a) Kallo and Mr. Cecil made statements which they reasonably ought to have known were materially false or misleading and would reasonably be expected to have a significant effect on the price or value of Kallo's securities, contrary to subsection 126.2(1) of the Act; and
- (b) Mr. Pyo engaged in conduct contrary to the public interest by participating in document irregularities, particularly:
 - (1) by moving and/or altering signatures and stamps of the notaries who notarized the contracts for Mr. Cecil and Pokusaev after they notarized the contracts; and
 - (2) by drafting and sending to Mr. Cecil Word documents of letters that appear to be from African government officials.

PART IV - TERMS OF SETTLEMENT

35. The Respondents consent to the Order substantially in the form attached as Schedule "A", pursuant to which it is ordered that:

- (a) This Settlement Agreement is approved;

Kallo

- (b) pursuant to paragraph 2 of s. 127(1) of the Act, trading in any securities or derivatives by Kallo cease permanently;
- (c) pursuant to paragraph 2.1 of s. 127(1) of the Act, the acquisition of any securities by Kallo is prohibited permanently;
- (d) pursuant to paragraph 3 of s. 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Kallo permanently;
- (e) pursuant to paragraph 8.5 of s. 127(1) of the Act, Kallo is prohibited from becoming or acting as a registrant (including an investment fund manager) or promoter permanently;

Mr. Cecil

- (f) pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act, trading in any securities or derivatives, and the acquisition of any securities, by Mr. Cecil cease for a period of ten years, commencing on the date of the Order, except that Mr. Cecil may trade in securities or derivatives or acquire securities in his own name, in accounts in which only he, his spouse or his children are the sole or joint legal and beneficial owners, solely through a registered dealer in Ontario, to whom Mr. Cecil must have given a copy of this Settlement Agreement and Order;
- (g) pursuant to paragraph 3 of s. 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to Mr. Cecil for a period of ten years, except to the extent necessary to allow him to trade securities or derivatives or acquire securities as permitted by the preceding paragraph;
- (h) pursuant to paragraphs 7, 8.1 and 8.3 of s. 127(1) of the Act, Mr. Cecil resign all positions that he holds as a director or officer of any issuer, registrant, or investment fund manager;
- (i) pursuant to paragraphs 8, 8.2 and 8.4 of s. 127(1) of the Act, Mr. Cecil be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager for a period of ten years, except that Mr. Cecil may become and/or act as a director or officer of an issuer other than a registrant or reporting issuer, as long the amounts required to be paid by paragraphs (k) and (l) below are paid in accordance with the schedule set out in paragraphs (m) and (n) below;
- (j) pursuant to paragraph 8.5 of s. 127(1) of the Act, Mr. Cecil be prohibited from becoming or acting as a registrant, including as an investment fund manager or as a promoter, for a period of ten years;

Kallo and Mr. Cecil

- (k) pursuant to paragraph 9 of s. 127(1) of the Act, Kallo and Mr. Cecil shall pay an administrative penalty of \$200,000, jointly and severally;
- (l) pursuant to s. 127.1 of the Act, Kallo and Mr. Cecil shall pay costs of the investigation of \$50,000, jointly and severally;

- (m) Of the total \$250,000 reflected in paragraphs 35(k) and 35(l) above, Kallo and Mr. Cecil are jointly and severally liable to pay \$75,000 to the Commission prior to the Settlement Hearing in this proceeding;
- (n) Of the total \$250,000 reflected in paragraphs 35(k) and 35(l) above, Kallo and Mr. Cecil are jointly and severally liable to pay \$175,000 to the Commission on or before November 14, 2025;
- (o) Until the entire amounts set out in paragraphs (k) and (l) are paid in full, the provisions of paragraphs (f), (g), (i), and (j) shall continue in force and without limitation as to time.

Mr. Pyo

- (p) pursuant to s. 127.1 of the Act, Mr. Pyo shall pay costs of the investigation of \$5,000;
- (q) pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act, trading in any securities or derivatives, and the acquisition of any securities, by Mr. Pyo cease for a period of four years, commencing on the date of the Order, except that Mr. Pyo may trade in securities or derivatives or acquire securities in his own name, in accounts in which only he, his spouse or his children are the sole or joint legal and beneficial owners, solely through a registered dealer in Ontario, to whom Mr. Pyo must have given a copy of this Settlement Agreement and Order;
- (r) pursuant to paragraph 3 of s. 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to Mr. Pyo for a period of four years, except to the extent necessary to allow him to trade securities or derivatives or acquire securities as permitted by the preceding paragraph;
- (s) pursuant to paragraphs 7, 8.1 and 8.3 of s. 127(1) of the Act, Mr. Pyo resign all positions that he holds as a director or officer of any reporting issuer, registrant, or investment fund manager;
- (t) pursuant to paragraphs 8, 8.2 and 8.4 of s. 127(1) of the Act, Mr. Pyo be prohibited from becoming or acting as a director or officer of any reporting issuer, registrant, or investment fund manager for a period of four years; and

- (u) pursuant to paragraph 8.5 of s. 127(1) of the Act, Mr. Pyo be prohibited from becoming or acting as a registrant, including as an investment fund manager or as a promoter, for a period of four years.

36. Mr. Cecil has provided the Commission with a sworn Statement of Financial Condition indicating a limited ability to make full, up-front payments of the agreed financial sanctions. This Statement of Financial Condition will be provided to the Tribunal at the confidential settlement conference and public settlement hearing, but will not be made public.

37. Kallo and Mr. Cecil acknowledge that, in addition to any proceedings referred to below, failure to pay the amounts payable in accordance with paragraph 35(n) above will result in their names being added to the list of “Delinquent Respondents” with unpaid sanctions published on the Commission’s and/or the Tribunal’s website.

PART V – FURTHER PROCEEDINGS

38. If the Tribunal approves this Settlement Agreement, the Enforcement Division of the Ontario Securities Commission (the **Enforcement Division**) will not commence or continue any proceeding against the Respondents under Ontario securities law based on the misconduct described in Part III of this Settlement Agreement, unless the Respondents fail to comply with any term in this Settlement Agreement, in which case the Enforcement Division may bring proceedings under Ontario securities law against the non-compliant Respondent(s) that may be based on, among other things, the facts set out in Part III of the Settlement Agreement as well as the breach of the Settlement Agreement.

39. The Respondents waive any defences to a proceeding referenced in paragraph 38 based on the limitation period in the Act, provided that no such proceeding be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement.

PART VI – PROCEDURE FOR APPROVAL OF SETTLEMENT

40. The parties will seek approval of the Settlement Agreement at the Settlement Hearing before the Tribunal, which shall be held on a date determined by the Registrar in accordance with this Settlement Agreement and the Tribunal’s *Rules of Procedure*.

41. Mr. Cecil and Mr. Pyo will attend the Settlement Hearing.

42. The parties confirm that the Settlement Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

43. If the Tribunal approves the Settlement Agreement:

- (a) the Respondents irrevocably waive all rights to a full hearing, judicial review or appeal of this matter under the Act; and
- (b) the parties will not make any public statement or advance a position in any other legal proceeding that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

44. Whether or not the Tribunal approves the Settlement Agreement, the Respondents will not use, in any proceeding, the Settlement Agreement or the negotiation or process of approval of the Settlement Agreement as the basis for any attack on the Tribunal's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VII – DISCLOSURE OF SETTLEMENT AGREEMENT

45. If the Tribunal does not make the Order:

- (a) the Settlement Agreement and all discussions and negotiations between the parties before the Settlement Hearing will be without prejudice to the parties; and
- (b) the parties will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing. Any such proceedings, remedies and challenges will not be affected by the Settlement Agreement, or by any discussions or negotiations relating to the Settlement Agreement.

46. The parties will keep the terms of the Settlement Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law. If, for whatever reason, the Tribunal does not approve the Settlement Agreement, the terms of the Settlement Agreement shall remain confidential indefinitely, unless the parties otherwise agree in writing or if required by law.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

47. This Settlement Agreement may be signed in one or more counterparts which together constitute a binding agreement.

48. A facsimile or other electronic copy of any signature will be as effective as an original signature.

DATED at Toronto, Ontario this **28th** day of November, 2024.

“Rachel Graham”

“John Cecil”

Witness: Rachael Graham

John Cecil

“Rachael Graham”

“Samuel R. Baker”

Witness: Rachel Graham

Samuel R. Baker, Director and Corporate Secretary, Kallo Inc.

I have the authority to bind the Corporation

DATED at Toronto, Ontario this **28th** day of November, 2024.

“Rachel Pyo”

“Samuel Pyo”

Witness: Rachel Pyo

Samuel Pyo

DATED at Toronto, Ontario this **28th** day of November, 2024

THE ONTARIO SECURITIES COMMISSION

“Bonnie Lysyk”

Bonnie Lysyk
Executive Vice President, Enforcement
Ontario Securities Commission

Schedule "A"



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
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IN THE MATTER OF KALLO INC., JOHN CECIL and SAMUEL PYO

Adjudicators: []

File No. 2023-12

[Date Order Made]

ORDER

(Subsection 127(1) and section 127.1 of the
Securities Act, RSO 1990, c S.5)

WHEREAS on [date], 2024, the Capital Markets Tribunal held a hearing at the offices of the Ontario Securities Commission (the **Commission**), located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the Joint Request for a Settlement Hearing filed by John Cecil (**Mr. Cecil**), Kallo Inc. (**Kallo**), and Samuel Pyo (**Mr. Pyo**, and with Mr. Cecil and Kallo, the **Respondents**) and the Commission for approval of a settlement agreement dated November [date], 2024 (the **Settlement Agreement**);

ON READING the Joint Application for Settlement Hearing and the Settlement Agreement, on hearing the submissions of representatives of the parties, and on being advised by the Commission that it has received payment from Mr. Cecil in the amount of \$75,000 and from Mr. Pyo in the amount of \$5,000;

IT IS ORDERED THAT:

Kallo

1. pursuant to paragraph 2 of s. 127(1) of the Act, trading in any securities or derivatives by Kallo shall cease permanently;
2. pursuant to paragraph 2.1 of s. 127(1) of the Act, Kallo is permanently prohibited from acquiring any securities;
3. pursuant to paragraph 3 of s. 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to Kallo permanently;

4. pursuant to paragraph 8.5 of s. 127(1) of the Act, Kallo is prohibited from becoming or acting as a registrant (including an investment fund manager) or promoter permanently;

Mr. Cecil

5. pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act, trading in any securities or derivatives, and the acquisition of any securities, by Mr. Cecil shall cease for a period of ten years, commencing on the date of the Order, except that Mr. Cecil may trade in securities or derivatives or acquire securities in his own name, in accounts in which only he, his spouse or his children are the sole or joint legal and beneficial owners, solely through a registered dealer in Ontario, to whom Mr. Cecil must have given a copy of the Settlement Agreement and this order;
6. pursuant to paragraph 3 of s. 127(1) of the Act, that any exemptions contained in Ontario securities law shall not apply to Mr. Cecil for a period of ten years, except to the extent necessary to allow him to trade securities or derivatives or acquire securities as permitted by the preceding paragraph;
7. pursuant to paragraphs 7, 8.1 and 8.3 of s. 127(1) of the Act, Mr. Cecil shall resign all positions that he holds as a director or officer of any issuer, registrant, or investment fund manager;
8. pursuant to paragraphs 8, 8.2 and 8.4 of s. 127(1) of the Act, Mr. Cecil is prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager for a period of ten years, except that Mr. Cecil may become and/or act as a director or officer of an issuer other than a registrant or reporting issuer, as long the amounts required to be paid by paragraphs 10 and 11 are paid in accordance with the schedule set out in paragraph 12 of this order;
9. pursuant to paragraph 8.5 of s. 127(1) of the Act, Mr. Cecil is prohibited from becoming or acting as a registrant, including as an investment fund manager or as a promoter, for a period of ten years;

Kallo and Mr. Cecil

10. pursuant to paragraph 9 of s. 127(1) of the Act, Kallo and Mr. Cecil shall pay to the Commission an administrative penalty of \$200,000, jointly and severally;
11. pursuant to s. 127.1 of the Act, Kallo and Mr. Cecil shall pay costs of the investigation of \$50,000 (along with the amount set out in paragraph 10, the **Monetary Orders**), jointly and severally;
12. Kallo and Mr. Cecil shall pay the remaining amounts of the Monetary Orders, being \$175,000 to the Commission on or before November 14, 2025;
13. Until the entirety of the Monetary Orders is paid in full, the provisions of paragraphs 5, 6, 8 and 9 shall continue in force without any limitation as to time;

Mr. Pyo

14. pursuant to s. 127.1 of the Act, Mr. Pyo shall pay costs of the investigation of \$5,000;
15. pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act, trading in any securities or derivatives, and the acquisition of any securities, by Mr. Pyo shall cease for a period of four years, commencing on the date of the Order, except that Mr. Pyo may trade in securities or derivatives or acquire securities in his own name, in accounts in which only he, his spouse or his children are the sole or joint legal and beneficial owners, solely through a registered dealer in Ontario, to whom Mr. Pyo must have given a copy of this Settlement Agreement and Order;
16. pursuant to paragraph 3 of s. 127(1) of the Act, that any exemptions contained in Ontario securities law shall not apply to Mr. Pyo for a period of four years, except to the extent necessary to allow him to trade securities or derivatives or acquire securities as permitted by the preceding paragraph;
17. pursuant to paragraphs 7, 8.1 and 8.3 of s. 127(1) of the Act, Mr. Pyo shall resign all positions that he holds as a director or officer of any reporting issuer, registrant, or investment fund manager;
18. pursuant to paragraphs 8, 8.2 and 8.4 of s. 127(1) of the Act, Mr. Pyo be prohibited from becoming or acting as a director or officer of any reporting issuer, registrant, or investment fund manager for a period of four years; and
19. pursuant to paragraph 8.5 of s. 127(1) of the Act, Mr. Pyo be prohibited from becoming or acting as a registrant, including as an investment fund manager or as a promoter, for a period of four years.

[Adjudicator]