

# Scheme lured stars, investors: Montrealer's food firm comes under scrutiny

Montreal Gazette  
Sat Oct 10 1998  
Page: A1 / FRONT  
Section: News  
Byline: ROD MACDONELL  
Source: The Gazette

Superstar singer Celine Dion laced on boxing gloves and playfully threw jabs at Muhammad Ali, the former three-time heavyweight boxing champion of the world.

Under the blaze of Entertainment Tonight cameras, she and Ali put on a show for a cause of great magnitude: feeding starving children.

Basking in the reflective glare of the spotlight was Yank Barry, the Montrealer who contrived the media event in August 1997 at Dion's Le Mirage golf course in Terrebonne, north of Montreal.

The cameras showed him looking on with a blissful smile as the two mega-celebrities, among the hottest public-relations and advertising properties in the world, posed and frolicked for the cameras in support of Barry's campaign to give away 100 million meals to hungry kids, mostly in Africa, in 1998. The meals would consist of a dehydrated soya product that Barry produces and sells under the brand name VitaPro through his company, Global Village Market.

A year later, several spotlights are focused directly on Barry himself - not for his humanitarianism but for the business side of Global Village Market.

The Quebec Securities Commission, a regulatory agency mandated to protect the public "against unfair, improper or fraudulent practices," has ordered Barry to appear at a hearing. Several disgruntled investors in Global Village Market have complained formally that promised developments were not taking place and that Barry had refused to return their investment money as he had promised in an oral undertaking.

Security commissions in British Columbia and New Brunswick have also received complaints and are looking into Global Village Market.

The Federal Competition Bureau is examining the firm's multilayered investment scheme.

Celine Dion's lawyer has put Barry on notice to cease and desist in his claims that the singer endorses his investment scheme or anything beyond his campaign to feed children. Muhammad Ali's lawyer also warns that if people have been led to believe that Ali is endorsing Barry's investment plan, they are mistaken.

On top of it all, Barry is nowhere near the 100 million meals he says he is delivering to those children this year - the philanthropic side of his company that he uses to attract the celebrity endorsements, which he uses in turn to promote the investment side. There is very little documentation of donated food.

Barry told The Gazette five months ago that he had reached 30 million donated meals, but information from

Global Village Market accounts for only 1.62 million at the most.

Most of the people complaining about Global Village Market are not big-time investors. They are worried they might lose their investments ranging from \$2,500 U.S. - the minimum allowed, always in U.S. currency - up to \$25,000 U.S. each. But aside from being disgruntled, they are also disillusioned. Many of them were drawn in as much by the idea of feeding children as by the promise made to some of doubling their money within two years.

The company's motto is "doing well by doing good," and Barry has promised that the more money Global Village Market makes, the more food it will give away in the developing world. There is a sour taste of things gone awry, and a need to find out how it happened.

Global Village Market is a multilevel marketing scheme, an increasingly popular sales system whereby a product is sold only through distributors, not through retail stores. The distributors themselves recruit other distributors, and each person in the chain makes commissions on his own sales and on the sales of his recruits.

In Global Village Market, the product is VitaPro, a line of soya-based meat replacements in the form of dehydrated food, energy bars and shakes.

Some people were solicited to become distributors by word of mouth, some by participating in telephone conference calls held by Barry, and some by get-togethers where people were given tastings of VitaPro - like a Tupperware happening of the '90s. Recruiting more distributors is a key incentive in multilevel marketing firms, because that generates new commissions for distributors higher up in the chain.

Of almost 400 investors who have sunk money into Global Village Market since it was set up last fall, Barry says, only about 30 want their money back. The Gazette has interviewed about 15 investors who say they lost faith in Global Village Market because of numerous start-up problems, coupled with too many broken promises.

Some distributors said they were promised that leads for potential sales would be sent to them by the company, but that system never got started.

Others said they were frustrated by chronically slow delivery of the product, and by the price. They said Barry promised that the dehydrated soya would cost less than meat, but the cost for the medium-quality meat substitute was about \$17 per kilogram (\$8 per pound), more than many cuts of meat and poultry.

One big reason for nervousness that some investors cited in interviews with The Gazette was the July 3 departure from Global Village Market of Christian Martin, an expert in multilevel marketing who was Barry's right-hand man in making the marketing side of the business work.

Martin sent out a fax to countless distributors warning them of serious mismanagement and chaos at the company. Martin alleged in the fax that Global Village Market appeared to be in dire financial straits and about \$2 million raised by the firm "seems to have disappeared."

In a court document filed in Toronto after Barry sought an injunction to stop Martin from talking about the company, Barry denied that funds had disappeared or that the company was in financial trouble. He filed an unaudited financial statement dated June 30 that showed it had about \$1.2 million in current assets, including about \$150,000 in bank accounts.

In the early days, Martin said, he was blown away by the star power behind the firm and the sales potential. "I thought I was going to be a millionaire and save the world in the process."

But Martin cannot speak further because, he said, he and Barry have agreed in court documents to refrain

from maligning each other.

Investors in Global Village Market are people like Canadian Airlines pilot Rob Young and his wife, Mary Ann McDaniel, of the Vancouver suburb of Delta. The Youngs told The Gazette they were attracted to the company because they liked the product and saw an opportunity to make some extra money selling it.

They were hooked when they were shown a promotional videotape that included footage of Ali, stricken with Parkinson's disease, kibitzing with Dion, as well as touching scenes of Barry and Ali in Africa giving away soya products.

The couple plunked down \$7,500 U.S., and Rob Young began planning a trip to Africa so he could show the firm's good works to his two children.

The Youngs were captivated by Barry's charm, and celebrated their involvement at a company party. Barry took the microphone and belted out the song Louie Louie, telling them he had been a member of the Kingsmen, the band that made the song so popular to 1960s rock'n'rollers.

But since then, the Youngs have wondered about their ability to judge people.

Barry never sang with the Kingsmen. He declared bankruptcy in 1987. In 1982, he was sentenced to six years in prison for extorting \$82,000 from his business partner. And he is currently charged in Texas with money-laundering and paying a \$20,000 bribe to the head of prisons there, allegedly to get a contract to supply the prisons with \$33.7 million worth of VitaPro.

- - -

First things first.

Barry, 50, did spend much of his adult life gravitating around professional athletes and the world of show business. But he was never a member of the Kingsmen who recorded Louie Louie - a claim he has made repeatedly over the years.

The issue of the Kingsmen is a trivial one at first blush. But it is important to Barry, because about 30 years ago when he was touring New York State with an imitation band also called the Kingsmen, he says he met Ali and struck up a hard and fast friendship with the boxer.

Fast forward to about eight years ago, when Barry was introduced to dehydrated soya while at a golf tournament in South Africa.

That twist of fate got him into the food business, and in 1992 he launched a firm called VitaPro Foods Inc. to sell a soya meat substitute, also called textured vegetable protein. VitaPro is produced at a plant in Pointe Claire.

In a 1996 interview with The Gazette, Barry said he sold the product in schools, hospitals, factories and prisons in 17 countries, including the prison system in Texas, the second-largest in the U.S. The basic soya is high in protein but much less expensive than meat to produce. It is used in institutions as a basic ingredient, mixed in with meat.

The more sophisticated version sold in North America can be made to taste like meat.

Barry has told The Gazette that he always had a philanthropic bent and had been involved in relief efforts, and he deplored the idea of low-quality food being given to the world's famished.

He wanted to give his dehydrated soya away to starving kids in the Third World, but he said he ran into

brick walls because countries were not interested in accepting an unfamiliar product.

He contacted Ali. The former boxing champion's enduring fame made all the difference in opening doors, and now some African countries such as Liberia and the Republic of Congo (formerly Zaire) have accepted Barry's largesse.

Now, Barry says, he pays Ali more than \$50,000 U.S. every three months to endorse Global Village Market and to lend his likeness and image to the VitaPro products. Ali's proud profile from his boxing years is stamped on the pails of VitaPro powder. And in the last few years, Ali and Barry have gone on two missions - to the Ivory Coast and to Morocco - to deliver soya to starving kids.

Barry had spotted the potential earning power of Ali's image at a time when the no-longer-affluent pugilist had virtually vanished from the public scene. Since then, he has re-emerged as a marketing commodity, and an ad for Pizza Hut last year paid him an estimated \$250,000.

- - -

By 1997, according to Barry, VitaPro was selling well to institutions but the firm did not know how to retail the product to individual consumers.

His solution was to create Global Market Village last fall. Its headquarters is a spiffy \$350,000 condominium on sedate and tony Redpath Row, just above Sherbrooke St. in the Golden Square Mile.

The firm's goal is to sell the VitaPro product line not in stores but through a network Barry hoped would be composed of several thousand distributors. Barry says he now has 900 in his multilevel marketing setup, about half of whom have not invested in the firm.

Distributors who have also invested in the firm must undertake to buy \$100 U.S. worth of VitaPro every month.

To finance the company's operations, Barry sold investment units in what he called a "right to profit in a distribution plan." Each unit of investment costs \$2,500 U.S.

People from all over North America, solicited through the conference calls or parties or through personal contact, bought in. Some have purchased 10 units for \$25,000 U.S., some bought three or four, and others bought just one.

Distributors who buy units of investment are called "founders" or "partners."

Barry handed out a business plan that describes the firm's objectives and includes an unaudited profit-and-loss statement from the accounting firm Richter Usher Vineberg.

The plan provides projected steeply escalating profits of \$43,052,380 in 1998-99, \$112,281,569 in 1999-2000 and \$210,668,928 by the year 2000-2001.

The business plan was a mix of numbers and idealism, explaining at one point that "Global Village was born out of the dream that you can become whatever you desire. Dream your dearest dream, and achieve that goal in your heart."

The plan also states that "GVM pledges to provide 100 million meals where they are needed most, at home and abroad, in 1998."

Barry has generated about \$1.5 million U.S. in the plan, based on the 384 distributors he said have invested between \$2,500 and \$27,500 each.

On July 29, about 15 people went to the Quebec Securities Commission to complain they had asked for their investment money back but Global Village Market had refused to repay them. Several of them filed formal complaints. On Aug. 25, another seven investors appeared together at the commission and complained about Barry's refusal to repay. The commission will not say how many complaints it has received.

Securities commissions in British Columbia and New Brunswick have also received complaints, and also refuse to give details.

The Quebec commission's legal department is looking into whether Barry's investment plan amounts to the sale of a security and whether it therefore should have been presented to the commission for its approval prior to being offered to the public. That would have involved issuing a prospectus, a document that contains considerable information on the company and gives investors an idea of the riskiness of their investment.

Businesses in contravention of this law face fines ranging between \$5,000 and \$1 million.

Quebec's securities law applies to almost any form of investment imaginable - everything from shares, bonds and capital stock to options on commodity futures contracts, to a share in any investment club with more than 50 members.

Barry says the law does not apply to the "right to profit" plan, but his lawyers are the experts.

"There is a little onus of responsibility on them (the lawyers), too," he said, since "before we put these things (investment opportunities) out I definitely hired the right counsel to make sure we did not do anything that was offside."

Barry referred The Gazette to one of his lawyers, Aubi Herscovitch at the law firm Kaufman Laramee, who Barry claims prepared the investment arrangement. Herscovitch did not return a reporter's telephone calls.

Barry then referred The Gazette to his new securities lawyer, Howard Levine, whom he hired when the securities officials sent him a subpoena. The Quebec commission had scheduled a hearing for Oct. 4 to determine whether a cease-and-desist order should be issued against Barry's investment plan, but it agreed to postpone it because Barry was to have minor surgery that day. A new hearing date has not yet been set.

"I have been in touch with the commission and we are fully co-operating with the commission in their investigation," Levine said. "We are providing them with all the documentation that they are requesting."

Levine also said: "What we have done to accommodate them is undertaken to not sell any more of these contracts" pending the outcome of the investigation.

But Barry told The Gazette the whole exercise is academic because "we stopped selling positions way way back."

- - -

There is Global Village Market, and there are the Muhammad Ali Global Village Champions.

Global Village Market is the business. The Champions are high-profile U.S. and Canadian athletes and performers who speak on behalf of feeding starving kids. On paper, however, only Global Village Market exists as a legal entity.

"The Muhammad Ali Global Village Champions is a nonentity," Barry explained in a promotional tape for his company. "It's not a corporation, and it's definitely not a charity. We don't accept donations. We don't

accept contributions.

"The Champions were set up as a philanthropic arm for Global Village Market, the network marketing company.

"We believe in doing well by doing good, which means we are for profit. We have to make money to be able to help kids around the world."

Celebrity endorsements are a big part of Global Village Market's doing well. But those endorsing the feeding of hungry children sometimes find their words being used to promote the investment side of Barry's company, too.

When Barry got Celine Dion involved in his campaign to feed kids, he had her husband and manager, Rene Angelil, sign a release authorizing Barry to use Dion's image and words free for endorsements of "Global Village."

Angelik understood Global Village to be a purely philanthropic firm. He did not know it was also for profit. But as Barry keeps telling people, the more profits there are, the more food he will give away.

How did it all start? Barry knew Dion had met Muhammad Ali at the Academy Awards in 1997.

And Barry's partner in another firm, Rubin Fogel, a concert organizer, knew Angelil. Fogel phoned Angelil to tell him that Ali would be landing at Dorval airport on Aug. 17, 1997, and would have a few hours to kill before leaving for Africa to give away dehydrated soya to hungry kids.

Angelik told The Gazette this week that Fogel told him Ali "would appreciate an invitation to see Celine and me, and asked whether we were agreeable."

"Obviously we agreed. I could hardly believe it. Muhammad Ali was going to come out to the Mirage," an upscale 36-hole golf course in Terrebonne that is owned by Dion and Angelil.

"We were really impressed. I don't have to tell you that it was impressive.

"Ali has been my idol forever," said Angelil, explaining that the two were born on the same day in the same year. They're both 56.

A crew from Entertainment Tonight was accompanying Ali to Africa, and tagged along to film the meeting.

Angelik recalled: "I was so excited that I told the chef: 'Please cook everything that we have on the menu and he (Ali) will choose whatever he wants to eat.' We served a table that was pretty spectacular on which there was everything that we have on the menu. We were honoured that Ali had come to our place. He's a great personality.

"While we were at the table with Ali, Yank Barry asked Celine and me if we would present a message for Muhammad on behalf of starving children because they were headed off to the Ivory Coast.

"For sure we presented a message, but we did this for a humanitarian cause. Muhammad Ali was heading off to Africa and we wanted to help him with his cause."

A cameraman handed Angelil a copy of the release for his signature. Angelil, famous for his fierce protection of his protegee's image, was not his usual diligent self and just assumed that Global Village Market was a philanthropic entity.

The message they recorded was made into a video by Global Village Market that is used as a marketing tool

to promotes the firm's good deeds. However, Barry also used Dion's voice in an audiotape in such a way to convey the message that she is endorsing the business venture, not the charity.

"I honestly did not read the (release) form," said Angelil, who has been on tour with Dion in the U.S. and Canada and has heard rumblings from Quebec that some Global Village Market investors are suspicious or confused by Dion's apparent involvement with the company.

"I am giving this interview for people to understand that we have no involvement in the business side of Global Village. ... I still to this day don't understand what the business side of it is. Maybe it's good. Maybe it's not. I don't know. We have no interest in it.

"I don't agree with the fact that he takes bits of Celine's voice and integrates it into a tape for (the promoting) of a business opportunity."

But for the time being, Angelil will wait to find out the result of the Quebec Securities Commission investigation.

"If we find out that there is harm done to innocent people who think that we are (involved) in the business side of it, yes, we will act. We do not want to harm anyone. We do not want anyone to be misled."

Dion's message captured on the video is certainly a ringing endorsement of Barry.

On it, she looks admiringly at Barry and says to him in front of the Entertainment Tonight camera: "You know, Yank, I am so proud of you, you're a great example, you're wonderful.

"This guy (Barry) has just given so much," she tells the camera. "He's not only giving his money, you're giving your time, you're giving your heart, your soul. You're traveling the world trying to make people open their eyes about this. And you don't have to."

And Barry interjects angelically: "But I do have to."

The two rub cheeks.

Global Village Market's kit of promotional tools now includes the motivational audiotape for its distributors in which Dion's admiring words are used in the context of the multilevel marketing plan and the investment scheme.

Barry, when asked about the tape, said: "She's in our mission statement as a champion, she endorses what Global Village Champions are doing philanthropically, but that comes from Global Village Market. You can't separate them. That's where the (philanthropic) funds come from."

Meanwhile, Dion's lawyer, Paul-Andre Martel, has sent Barry a blistering letter saying Dion agreed to lend her name only to the cause of starving children.

Barry's response: "We put them right back on notice. ... We have never been offside with Celine or anybody else."

As for Muhammad Ali, his relationship with Barry is both commercial and philanthropic, said Ali's lawyer, Ron DiNicola. He said Ali is paid to endorse the VitaPro food products, but is not remunerated for his travels to Africa with Barry to give soya away.

"You should understand and know that everything that Muhammad Ali is about is helping people," DiNicola said. "He obviously has certain business affairs, and this is a situation where there is a confluence of activity in the form of business and philanthropic."

But the lawyer noted that if people have been led to believe that Ali is endorsing Barry's "right-to-profit" scheme, they are mistaken. "Muhammad has not authorized the use of his name or image to sell a security or to sell any kind of an investment that is in the nature of a security.

"We are keenly interested in making sure the public understands what Muhammad's position is, and that Muhammad does not want to see anyone injured in any fashion."

The name of Canadiens great Guy Lafleur has also been associated with Global Village Market. Lafleur signed a release on May 21 of this year allowing it to use his image.

Barry said in a recent interview that Lafleur was a Global Village Champion, and also a distributor who stood to make commissions from sales of new recruits who were to be placed in Lafleur's network.

Sources told The Gazette that Lafleur seemed skeptical about the viability of the financial side of the deal but seemed sincerely interested in the philanthropic mission. Lafleur did not return telephone calls from The Gazette.

- - -

Global Village Market is just getting off the ground, Barry said, with the help of celebrities like Ali, Dion, Lafleur, several U.S. professional football players, a track star, and former entertainers like Ben E. King (Stand by Me) and Gary U.S. Bonds (Quarter to Three, and This Little Girl Is Mine).

The firm's "prelaunch" began a year ago, and Barry considers that since Sept. 1 it has been in full launch mode. And because it's just getting off the ground, he said, no one has made any profits yet on their investments. He said investors were told they would not earn any profits in the first year. Investors confirm Barry's words.

And now he has been refusing to reimburse them.

Investors say Barry used to tell them: "Not a problem. You want your money back? I will cut you a cheque right now."

Barry acknowledged to The Gazette that he made the money-back offer, but denied it was a blanket promise to reimburse anyone who wanted reimbursement. "It's a lot more complicated than it sounds," Barry said.

"You know that two of the people we reimbursed bad-mouthed us after we reimbursed them. Why? What's the point?"

"We (repaid) some of the people by choice," he said. "We're not (repaying) anybody else. We don't have to. We have not done anything wrong."

Illustration:

- Photo: ALLEN MCINNIS, GAZETTE / Yank Barry, whose real name is Gerard Falovitch, was photographed in his Global Village Market office on Redpath Row in May.
- Photo: MARCOS TOWNSEND, GAZETTE / Muhammad Ali and Celine Dion, with Yank Barry in the background. Photo was taken during Ali's visit to Dion's golf course in Terrebonne on Aug. 17, 1997.
- Photo: PIERRE OBENDRAUF, GAZETTE / Tina Papathankos with powdered soya food.

Edition: Final

Story Type: Special Report

Note: See also: Food documents don't add up. Page A8, Barry faces bribery charge in Texas. Page A9 and Student borrowed \$25,000 to invest. Page A9

Length: 3989 words

Idnumber: 199810100250