

# 2005 BCSECCOM 499

## Notice of Hearing

### Michael Savage and Dianne Oslund

#### Section 161 of the *Securities Act*, RSBC 1996, c. 418

- ¶ 1 The Commission will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders against Michael Savage (Savage) and Dianne Oslund (Oslund) under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418.
- ¶ 2 The Executive Director alleges that the following conduct and activity was contrary to the public interest:

#### **The Respondents**

1. At material times, Savage and Oslund (the Respondents) were residents of British Columbia.

#### **Fraud**

2. In March 2000, the Respondents purported to sell to investors shares in a entity named Savage Tele.com Corporation.
3. Eight investors (the Investors) paid a total of \$765,000 USD to the Respondents for these shares and entered into share subscription agreements signed by Oslund, purportedly on behalf of Savage Tele.com Corporation.
4. The Investors entered into the subscription agreements in reliance upon misrepresentations made by the Respondents, including the false claim that Savage Tele.com Corporation had been incorporated in British Columbia, the State of Delaware, or both.
5. In fact, Savage Tele.com Corporation did not exist and the Investors received nothing in return for their investments.
6. The Investors demanded the return of their money. The Respondents refused and instead fraudulently conveyed the Investors' funds to their personal bank accounts in order to put the money out of the reach of the Investors.

#### **Other Misrepresentations**

7. The Respondents made further misrepresentations to the Investors, both orally and in a business plan pertaining to Savage Tele.com Corporation (the Business Plan). These included the following false or prohibited statements:

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- (a) shares in Savage Tele.com Corporation were, or were going to be, listed on the National Association of Securities Dealers Quotation system;
- (b) the Business Plan was a prospectus;
- (c) Savage Tele.com Corporation had acquired two local internet service providers; and
- (d) Savage Tele.com Corporation was authorized by the Canadian Radio-television and Telecommunications Commission to operate as a competitive local exchange carrier.

### **Breaches of the Act**

8. Through their conduct and the activity described in this Notice of Hearing, the Respondents:
- (a) traded in securities without being registered under the Act, contrary to section 34(1) of the Act;
  - (b) distributed securities without having filed a prospectus, contrary to section 61 of the Act;
  - (c) made statements that they each knew, or ought to have known, were misrepresentations, contrary to section 50(1)(d) of the Act; and
  - (d) participated in a series of transactions that they knew, or ought reasonably to have known, perpetrated a fraud, contrary to section 57.1(b) of the Act.

### **Hearing Process**

- ¶ 3 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Commission Secretary at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 4 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on Wednesday, August 17, 2005, at 10:00 am if they wish to be heard before the Commission sets a date for the Hearing.

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¶ 5 Determinations may be made in this matter if the Respondents, or their counsel, do not appear at the Hearing.

¶ 6 July 8, 2005

¶ 7 Brenda M. Leong  
Executive Director