

2005 BCSECCOM 391

Settlement Agreement

Del Michel Albert Delisle

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

- ¶ 1 Del Michel Albert Delisle (Delisle) has settled the following issues with the Executive Director.

Statement of Facts

- ¶ 2 Delisle acknowledges the following facts as correct solely for securities regulatory purposes in British Columbia and elsewhere and as the basis for the undertakings and orders referred to in this settlement:

Background

Delisle

1. Delisle is a resident of British Columbia. He acted as an agent and, also, engaged in investor relations activities for 526053 B.C. Ltd. (526053). He has never been registered under the Act.
2. Delisle is subject to a settlement agreement with, and order by, the Executive Director of the Commission dated July 17, 2001.

526053

3. 526053 is a company incorporated under the laws of British Columbia and is not a reporting issuer.
4. James Nelson McCarney is the sole shareholder, a director and an officer of 526053.

Delisle Distributed Securities

5. Between May 10, 1998 and December 31, 2002 (the Relevant Period), Delisle and others on behalf of 526053 promoted an investment in 526053 to residents of seven provinces, including British Columbia and Saskatchewan, as well as the United States, Germany, England, Costa Rica, Belize, Bahamas and Turks and Caicos Islands (the Investors).
6. Delisle and others encouraged Investors to enter into loan agreements with 526053 (the Loan Agreements). The Loan Agreements were represented as having the following material particulars:

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- (a) the funds provided by Investors were to be used for the development of Autolab's business and to acquire a public company in the United States (Pubco);
 - (b) upon the acquisition of Pubco, the original investments in the Loan Agreements were to be repaid with Pubco securities, namely, shares and share purchase warrants; and
 - (c) depending on when the Loan Agreements were entered into, the Pubco shares were assigned a value that ranged from CAD \$1.00 to USD \$5.00 per share.
7. During the Relevant Period, Delisle and others on behalf of 526053 distributed and sold the Loan Agreements to approximately 1,435 investors, for total proceeds of approximately \$26,637,512, with approximately \$4,500,000 raised in British Columbia from 253 British Columbia residents.
8. In particular, during the Relevant Period, Delisle distributed and sold the Loan Agreements raising approximately Cdn. \$177,000 from 12 British Columbia residents.
9. Delisle received commissions in the approximate amount of \$12,000 from 526053 for selling the Loan Agreements to British Columbia residents.

Mitigating Factor

- ¶ 3 The Executive Director has taken into account as a mitigating factor that Delisle does not have any reasonable prospect of being able to pay to the Commission the sanction amount of \$10,000, which would otherwise be required in the public interest in respect of the misconduct described in this settlement.

Breaches of the Act

- ¶ 4 During the Relevant Period, Delisle breached the Act as follows:
- 1. Delisle:
 - (a) traded in Loan Agreements in British Columbia without being registered in accordance with the requirements of the Act, and without an exemption from the registration requirements of the Act, contrary to section 34(1)(a) of the Act; and
 - (b) distributed Loan Agreements in British Columbia without filing a prospectus and without any exemption from the prospectus requirements of the Act, contrary to section 61(1) of the Act.

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Public Interest

- ¶ 5 Delisle acted contrary to the public interest by engaging in the conduct set out above.

Undertaking

- ¶ 6 Delisle undertakes not to say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

Order

- ¶ 7 Delisle consents to an order by the Executive Director (the Order) that:
1. under section 161(1)(a) of the Act, Delisle comply fully with the Act, the Securities Rules, and any applicable regulations, policies and guidelines;
 2. under section 161(1)(b) of the Act, Delisle cease trading in and be prohibited from purchasing any securities for 6 years from the date of the Order, except that Delisle may trade and purchase securities in one account held with a registered dealer to whom Delisle has first provided a copy of the Order;
 3. under section 161(1)(d) of the Act, Delisle resign any position he holds as a director or officer of any issuer, and be prohibited from becoming or acting as a director or officer of any issuer for 6 years from the date of the Order; and
 4. under section 161(1)(d)(iii) of the Act, Delisle be prohibited from engaging in investor relations activities on behalf of any issuer for 6 years from the date of the Order.

Consent to Reciprocal Orders

- ¶ 8 Delisle consents to any securities regulator anywhere relying on the facts admitted in this settlement to make orders against him.

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Waiver

¶ 9 Delisle waives any right he may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this settlement.

¶ 10 June 6, 2005

“Del Delisle”

¶ 11 Del Michel Albert Delisle

“Sean Boyle”)

Witness Signature)

Sean K. Boyle)

Witness Name (please print))

1500-1040 West Georgia Street)

Vancouver, BC V6E 4H8)

Address)

Barrister & Solicitor)

Occupation

¶ 12 June 6, 2005

¶ 13 Brenda M. Leong
Executive Director