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Settlement Agreement

Brent Gordon Edgson

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

- ¶ 1 Brent Gordon Edgson (Edgson) has settled the following issues with the Executive Director.

Statement of Facts

- ¶ 2 Edgson 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

Edgson

1. Edgson is a resident of Alberta. 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.

526053

2. 526053 is a company incorporated under the laws of British Columbia and is not a reporting issuer.
3. James Nelson McCarney is the sole shareholder, a director and an officer of 526053.

Edgson Distributed Securities

4. Between May 10, 1998 and December 31, 2002 (the Relevant Period), Edgson 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).
5. Edgson 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:
 - (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);

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- (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.
6. During the Relevant Period, Edgson 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.
 7. In particular, during the Relevant Period, Edgson distributed and sold the Loan Agreements to approximately 395 investors raising in excess of \$3,000,000 Cdn. with approximately \$225,000 raised in British Columbia from 9 investors.
 8. Edgson received commissions in the approximate amount of \$10,000 from 526053 for selling the Loan Agreements to British Columbia residents. Edgson was to have received further commissions payable in shares of Pubco.

Breaches of the Act

¶ 3 During the Relevant Period, Edgson breached the Act as follows:

1. Edgson:
 - (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.

Public Interest

¶ 4 Edgson acted contrary to the public interest by engaging in the conduct set out above.

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Undertakings

¶ 5 Edgson undertakes:

2. to pay to the British Columbia Securities Commission the amount of \$40,000; and
3. not to say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

Order

¶ 6 Edgson consents to an order by the Executive Director (the Order) that:

1. under section 161(1)(a) of the Act, Edgson comply fully with the Act, the Securities Rules, and any applicable regulations, policies and guidelines;
2. under section 161(1)(b) of the Act, Edgson cease trading in and be prohibited from purchasing any securities for the later of 10 years from the date of the Order and the date Edgson has paid \$40,000 to the Commission, except that Edgson may trade and purchase securities in one account held with a registered dealer to whom Edgson has first provided a copy of the Order;
3. under section 161(1)(d) of the Act, Edgson 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 the later of 10 years from the date of the Order and the date Edgson has paid \$40,000 to the Commission; and
4. under section 161(1)(d)(iii) of the Act, Edgson be prohibited from engaging in investor relations activities on behalf of any issuer for the later of 10 years from the date of the Order and the date Edgson has paid \$40,000 to the Commission.

Consent to Reciprocal Orders

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

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Waiver

¶ 8 Edgson 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.

¶ 9 June 2, 2005

“Brent Edgson”

¶ 10 Brent Gordon Edgson

“Mike Pesunti”)
Witness Signature)
Mike Pesunti)
Witness Name (please print))
701 W. Georgia Street)
Vancouver BC)
Address)
Sr. Investigator)
Occupation)

¶ 11 June 6, 2005

¶ 12 Brenda M. Leong
Executive Director