

2005 BCSECCOM 458

Settlement Agreement

Dilbagh Singh Gujral

Securities Act, RSBC 1996, c. 418

- ¶ 1 The following settlement of issues has been reached between Dilbagh Singh Gujral (Gujral) and the Executive Director.

Agreed Statement of Facts

- ¶ 2 As the basis for the undertakings referred to in this settlement, Gujral acknowledges the following facts as correct:
1. Cachet Enterprises Corp. (Cachet) is a company incorporated in British Columbia. It is listed on the TSX-Venture Exchange (Exchange).
 2. On April 1, 2004, Cachet changed its name to Gold Star Resources Corporation.
 3. Gujral was president, chief executive officer (CEO) and a director of Cachet from January 1990 to December 2003.

The 297741 Loans

4. 297741 BC Ltd. is a private company incorporated in British Columbia. Gujral is the beneficial owner.
5. Cachet advanced \$61,094.00 to 297741 BC Ltd. from 1999 to 2002 (the 297741 Loans).
6. The 297741 Loans were not formally documented and were not publicly disclosed as required.
7. In 2003, Cachet wrote off the 297741 Loans as uncollectible.

African Gemstones

8. African Gemstones Inc. (African) is a company incorporated in British Columbia. It was listed on the Vancouver Stock Exchange (VSE) (predecessor to the Exchange) on November 30, 1990 and delisted on June 5, 2002 for failure to pay its filing fees.

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9. Gujral was president, CEO and a director of African from September 1990 to March 1997.
10. In March 1997, the VSE required Gujral to resign as a director of African, citing various disclosure issues. He was allowed to remain as a financial consultant to African and accrue \$2,500 per month in consulting fees.
11. Cachet advanced approximately \$29,059 to African in 1998 and 1999 (the African Loans).
12. The African Loans were not formally documented and were not publicly disclosed as required.
13. In 2003, Cachet wrote off the African Loans as uncollectible.

Globetech Loans

14. Globetech Ventures Corp. (Globetech) is a company incorporated in British Columbia. Its securities are quoted and trade on the over the counter bulletin board market in the United States.
15. Gujral was president, chief executive officer and a director of Globetech from July 27, 1992 to July 26, 2004.
16. In 2000 and 2002, Cachet advanced \$15,179 to Globetech (the Globetech Loans).
17. The Globetech Loans were not formally documented and were not publicly disclosed as required.
18. In 2003, Cachet wrote off the Globetech Loans as uncollectible.

Cachet Enterprises Corp.

19. From July 2002 to February 2003, a former bookkeeper of Cachet misappropriated approximately \$80,000 from Cachet's treasury by cashing pre-signed cheques and/or forged cheques. The financial institution reimbursed Cachet for \$40,000 of this amount.
20. In November 2003, the Compliance Services department of the Exchange deemed Gujral to be unsuitable as a director of Cachet due to various undisclosed related party loans from Cachet to various public and private companies.

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Breaches

21. Gujral authorized Cachet to advance the 297741 Loans, the African Loans, and the Globetech Loans (collectively the Loans) without filing material change reports or press releases, contrary to sections 85(1) and 168.2 of the of the *Securities Act*, RSBC 1996 c. 418 (the Act).
22. By authorizing the Loans, Gujral failed to act in the best interests of Cachet and failed to exercise the care, diligence and skill of a reasonably prudent person, contrary to section 118 of the former *Company Act*, RSBC 1996, c. 62 in effect during the relevant period.
23. Gujral failed to disclose his interests in the Loans at any meeting of the board of directors of Cachet, contrary to section 120 of the former *Company Act*, RSBC 1996, c. 62 in effect during the relevant period. The Loans were disclosed in the financial statements.
24. By failing to ensure Cachet had sufficient corporate governance controls in place to prevent or detect, on a timely basis, the funds misappropriated by the bookkeeper, Gujral failed to exercise the care, diligence and skill of a reasonably prudent person, contrary to section 118 of the former *Company Act*, RSBC 1996, c. 62 in effect during the relevant period.
25. Gujral's conduct as described in this settlement was contrary to the public interest.

Undertakings

¶ 3 Gujral undertakes and agrees:

1. to pay to the Commission, upon execution of this agreement, the sum of \$30,000 and
2. to not say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

Orders

¶ 4 Gujral consents to an order by the Executive Director (the Order) that:

1. under section 161(1)(d)(i) of the Act, Gujral resign any officer or director position he holds in any issuer;

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2. under section 161(1)(d)(ii) of the Act, Gujral be prohibited from becoming or acting as an officer or director of any issuer for the later of four years from the date of the Order and the date he pays \$30,000 to the Commission;
3. under section 161(1)(d)(iii) of the Act, Gujral be prohibited from engaging in investor relations activities for any issuer for the later of four years from the date of the Order and the date he pays \$30,000 to the Commission; and
4. under section 161(1)(a) of the Act, Gujral comply fully with the Act, the *Securities Rules* B.C. Reg. 194/97 and all applicable regulations, policies and guidelines.

Waiver

¶ 5 Gujral 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 agreement.

¶ 6 July 5, 2005

¶ 7 “Dilbagh Singh Gujral”)
Dilbagh Singh Gujral

“S. Sobolewski”)
Witness Signature)
S. Sobolewski)
Witness Name (please print))
501, 837 W. Hastings St., Vancouver, BC)
Address)
Barrister & Solicitor)
Occupation)

¶ 8 July 8, 2005

¶ 9 “B. Leong”
Brenda M. Leong
Executive Director