

# 2008 BCSECCOM 281

## Settlement Agreement

**James Richard Elliott**

*Securities Act, RSBC 1996, c. 418*

¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and James Richard Elliott (Elliott) agree as follows:

### *Elliott*

1. Elliott was a resident in British Columbia and a director, the president, and chief executive officer of MDMI Technologies Inc. (MDMI) from July 27, 1998 until November 25, 2005, when he resigned from all management positions.
2. He was registered as a salesperson in British Columbia from 1985 to 1987. Elliott was not registered in any capacity under the Securities Act, RSBC 1996, c. 418 at the time of the misconduct described in this Settlement Agreement.
3. Between 2003 to 2004, Elliott transferred his options to existing MDMI shareholders for proceeds of approximately \$3,000,000. He gave all of the proceeds to MDMI for its business purposes.

### *MDMI*

4. MDMI has never filed a prospectus under the Act.
5. All of the funds obtained from investors by MDMI went to research, development and marketing of its products.

### **Misconduct**

6. Elliott held presentations, met with investors, and marketed the shares of MDMI from April 1999 to March 2005, raising approximately \$2,306,105 from 262 British Columbia investors.
7. Elliott relied on the “friends and family” exemption, but approximately 259 investors did not qualify for this exemption.
8. Elliott acted contrary to sections 34(1)(a) and 61 of the Act by distributing shares without registration and without a prospectus having been filed.

# 2008 BCSECCOM 281

## **Public Interest**

9. Elliott acted contrary to the public interest by engaging in the conduct set out above.

## **Inability to Pay**

10. There is no reasonable prospect of Elliott paying \$70,000 that would otherwise be assessed in the public interest for the misconduct described in this Settlement Agreement. He has provided satisfactory evidence to the Executive Director that his liabilities exceed his assets.

## **Order**

- ¶ 2 The Executive Director will issue an order (the Order) that:
1. under section 161(1)(a) of the Act, Elliott will comply fully with the Act, the *Securities Rules*, BC Reg. 194/97, and any applicable regulations;
  2. under section 161(1)(b) of the Act, Elliott will cease trading in and be prohibited from purchasing any securities or exchange contracts for 5 years from the date of the Order, except that he may trade in one account in his own name through a registered representative if he provides a copy of the Order to the registered representative beforehand;
  3. under section 161(1)(d) of the Act, Elliott will resign any position he may hold, and be prohibited from becoming or acting, as a director or officer of any issuer, be prohibited from acting in a managing or consultative capacity in connection with activities in the securities market, and be prohibited from engaging in investor relations activities for the later of:
    - (a) five years from the date of the Order; and
    - (b) the date Elliott successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers.

## **Consent to Reciprocal Orders**

- ¶ 3 Any securities regulator in Canada may rely on the facts admitted in this agreement solely for the purpose of making an order similar to the one contemplated above

## **Waiver**

- ¶ 4 Elliott 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.

## 2008 BCSECCOM 281

### Counterpart

¶ 5 This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

¶ 6 May 28, 2008

“J. Elliott”

¶ 7 James Richard Elliott

“B. Turner” )  
Witness Signature )  
Bronwyn M. Turner )  
Witness Name (please print) )  
701 W. Georgia Street, Vancouver )  
 )  
BC V7Y 1L2 )  
Address )  
Lawyer )  
Occupation )

¶ 8 May 28, 2008

“B. Leong”

¶ 9 Brenda M. Leong  
Executive Director