

2006 BCSECCOM 414

June 6, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act s. 114(2) Takeover Bids - Exemption from the take over bid requirements - General - An issuer wants to complete a take over bid that meets some, but not all of the conditions set out in s. 98 (1)(d) of the Act required for an exempt take over bid - The target company has more than 50 shareholders; the bid will satisfy all other conditions required for an exempt take over bid under s. 98(1)(d); all of the target's shareholders will be treated equally under the offer; the target's shareholders are all within the class of purchasers that private issuers may sell their securities to

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 105-110, and 114(2)

In the Matter of
the Securities Legislation of
British Columbia and Ontario
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Interlude Capital Corp.
(the Filer)

MRRS Decision Document

Background

- ¶ 1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the take over bid requirements contained in the Legislation do not apply in connection with the acquisition of all the issued and outstanding shares of RemoteLaw Online Systems Corp. (RemoteLaw) by the Filer (the Transaction) (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

2006 BCSECCOM 414

- (a) the British Columbia Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

- ¶ 2 Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

- ¶ 3 This decision is based on the following facts represented by the Filer:
- 1. the Filer is incorporated under the *Business Corporations Act* (British Columbia) (BCBCA) and is a reporting issuer in British Columbia, Alberta and Ontario;
 - 2. the Filer's head office is in Vancouver, British Columbia;
 - 3. the Filer's common shares are listed on the TSX Venture Exchange (the Exchange) and the Filer is classified as a "Capital Pool Company" under the policies of the Exchange;
 - 4. RemoteLaw is incorporated under the BCBCA and is not a reporting issuer in any jurisdiction in Canada;
 - 5. RemoteLaw's head office is in Vancouver, British Columbia;
 - 6. there is no published market for RemoteLaw's securities;
 - 7. RemoteLaw has 11,149,272 common shares outstanding held by 100 shareholders, of whom
 - (a) 82 reside in British Columbia and hold 9,660,174 common shares,
 - (b) 11 reside in Ontario and hold 630,300 common shares,
 - (c) 3 reside in Saskatchewan and hold 15,099 common shares, and
 - (d) 4 reside in foreign jurisdictions and hold 843,699 shares;
 - 8. all of RemoteLaw's shareholders purchased their shares under the exemptions from the registration and prospectus requirements available under the

2006 BCSECCOM 414

Legislation for directors, officers, and their family, close personal friends and close business associates, employees, consultants, and accredited investors;

9. the Transaction will constitute the Filer's "Qualifying Transaction" under the policies of the Exchange;
10. under the policies of the Exchange, the Filer must prepare a detailed disclosure document about the Transaction (the Disclosure Document), which will contain prospectus-level disclosure about the Transaction, RemoteLaw and the resulting entity assuming completion of the Transaction;
11. the Disclosure Document will be a prospectus that the Filer will file with each of the Decision Makers and deliver to each of RemoteLaw's shareholders;
12. the Transaction, as the Filer's Qualifying Transaction, will be subject to regulatory oversight of the Exchange and will be subject to the Exchange's sponsorship requirements;
13. 77 of RemoteLaw's shareholders, holding 73.51% of RemoteLaw's outstanding shares, are either insiders or employees of RemoteLaw or accredited investors as defined in the Legislation;
14. the Transaction will be subject to the shareholders holding over 90% of the shares of RemoteLaw signing a formal, negotiated share exchange agreement that sets out all the terms and conditions of the Transaction; and
15. the Filer will treat all of RemoteLaw's shareholders equally under the Transaction.

Decision

- ¶ 4 Each of the Decision Makers is satisfied that the test in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission