



Citation: 2021 BCSECCOM 168

## **Settlement Agreement**

### **Francesco Servedio**

#### ***Securities Act, RSBC 1996, c. 418***

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Francesco Servedio (Servedio) agree as follows:

#### ***Agreed Statement of Facts***

1. Servedio is a resident of Kelowna, British Columbia.
2. Between March 2015 and July 2017, Servedio raised approximately \$3.2 million dollars from investors to develop a blockchain platform that would use a new cryptocurrency.
3. The platform was developed and operated successfully for a period of approximately two years. The new cryptocurrency was utilized as a form of payment to merchants within a closed loop economy on the blockchain.
4. When the platform ceased operating in 2017, Servedio returned nearly the full amount of their original investments to investors. This was made possible primarily by increases in the price of bitcoin, for which the cryptocurrency could be exchanged.

#### ***Misconduct***

5. Servedio made misrepresentations to the investors when he used \$480,000 for personal purposes he had not told investors about when they invested.
6. By engaging in this conduct, Servedio made statements to investors that he ought to have known were misrepresentations, contrary to section 50(2) of the Act.

#### ***Mitigating Factors***

7. Servedio agreed to make admissions with respect to the above-noted misconduct prior to the issuance of a Notice of Hearing.

#### ***Public Interest***

8. It is in the public interest that the Executive Director issue orders under section 161 of the Act.



### ***Undertaking***

9. Servedio will pay \$70,000 to the British Columbia Securities Commission in respect of settlement of this matter, which sum is due and payable immediately without further demand.

### **Order**

- ¶ 2 The Executive Director will issue an order under section 161(1) of the Act (the Order) that:

Servedio is prohibited for a period of 10 years:

1. under section 161(1)(c), from relying on any exemptions set out in the Act, the regulations or a decision;
2. under section 161(1)(d)(ii), from becoming or acting as, a director or officer of any issuer or registrant;
3. under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
4. under section 161(1)(d)(iv), from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives markets; and
5. under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of an issuer, security holder or party to a derivative, or another person that is reasonably expected to benefit from the promotional activity.

### **Consent to Regulatory Orders**

- ¶ 3 Servedio consents to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the Orders set out in paragraph two above.

### **Waiver**

- ¶ 4 Servedio 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.



**Counterpart**

¶ 5 This Settlement Agreement may be signed in counterpart and all such counterparts of signed copies, whether delivered electronically or otherwise, shall be read or construed together as if they formed one originally executed document.

¶ 6 April 28, 2021

¶ 7 Francesco Servedio  
Francesco Servedio  
(Signing Authority)

Redacted )  
Witness Signature )  
Redacted )  
Witness Name (please print) )  
Redacted )  
Redacted )  
Address )  
Redacted )  
Occupation )

*Peter J Brady*  
*Apr 28 2021 12:37 PM -07:00*

¶ 8 Peter J. Brady  
Executive Director