

2005 BCSECCOM 656

Settlement Agreement

Dianne Oslund

Securities Act, RSBC 1996, c. 418

¶ 1 Dianne Oslund (Oslund) has settled the following issues with the Executive Director.

Agreed Statement of Facts

¶ 2 As the basis for the undertakings and orders referred to in this settlement, Oslund acknowledges the following facts as correct:

Background

1. At all material times Oslund was a British Columbia resident.
2. In March 2000, Michael Savage (Savage) and Oslund purported to sell shares in an entity called Savage Tele.com Corporation (Savage Tele.com). Savage and Oslund represented to potential investors that Savage Tele.com was incorporated in British Columbia, the State of Delaware, or both. Savage was represented as the founder and President of Savage Tele.com and Oslund as the Chief Operating Officer and a director.
3. Savage Tele.com was not and never has been incorporated.
4. Eight investors from Alberta and the United States paid US \$765,000 for shares in Savage Tele.com (the Investors).

Misrepresentations and Fraud

5. Oslund participated in drafting a business plan for Savage Tele.com that she knew would be provided to the Investors before they purchased shares in Savage Tele.com (the Business Plan). The Business Plan contained the following statements, none of which were true:
 - (a) shares in Savage Tele.com were, or were going to be, listed on the National Association of Securities Dealers Quotation system;
 - (b) the Business Plan was a prospectus;
 - (c) Savage Tele.com had acquired two local internet service providers; and
 - (d) the Canadian Radio-television and Telecommunications Commission Savage had authorized SavageTele.com to operate as a competitive local exchange carrier.

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6. Oslund participated in disseminating the Business Plan and the misrepresentations in it to the Investors, contrary to section 50(1)(d) of the Act.
7. Oslund, aware that the Investors were relying upon the Business Plan and the false belief that Savage Tele.com existed, signed share subscription agreements purportedly on behalf of Savage Tele.com for the sale of the shares, thereby perpetrating fraud against the Investors, contrary to section 57.1(b) of the Act.
8. The Investors demanded that Savage return their money. In order to keep the money away from the Investors, Savage instead directed their money to himself and Oslund. Oslund was complicit in this arrangement, received the money, and did not return it to the Investors, thereby perpetrating fraud against the Investors, contrary to section 57.1(b) of the Act.

Unregistered Trading and Illegal Distribution

9. No prospectus was ever filed with respect to the sale of the Savage Tele.com shares.
10. Oslund has never been registered under the Act.
11. By purportedly selling shares in Savage Tele.com, Oslund contravened sections 34(1) and 61 of the Act.

Mitigating Factor

- ¶ 3 The Executive Director has taken into account as a mitigating factor that Oslund does not have any reasonable prospect of being able to pay to the Commission the sanction amount of \$100,000, which would otherwise be required in the public interest in respect of the misconduct described in this settlement.

Undertaking

- ¶ 4 Oslund undertakes not to say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

Order

- ¶ 5 Oslund consents to an order by the Executive Director (the Order):
1. under section 161(1)(a) of the *Securities Act*, RSBC 1996, c. 418, that Oslund comply fully with the Act, the *Securities Rules*, BC Reg. 194/97 and any applicable regulations, policies and guidelines;
 2. under section 161(1)(b) of the Act, that Oslund be prohibited from trading in any securities for a period of 15 years from the date of this Order;

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3. under section 161(1)(d) of the Act, that Oslund resign any position she holds as a director or officer of any issuer, and be prohibited from becoming or acting as a director or officer of any issuer from the later of 15 years and the date by which she has completed a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers; and
4. under section 161(1)(d)(iii) of the Act, that Oslund be prohibited from engaging in investor relations activities for a period of 15 years from the date of this Order.

Consent to Reciprocal Orders

- ¶ 6 Oslund consents to any securities regulator anywhere relying on the facts admitted in this settlement to make orders against her.

Waiver

- ¶ 7 Oslund waives any right she 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.

- ¶ 8 October 31, 2005

“Dianne Oslund”

- ¶ 9 Dianne Oslund

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

- ¶ 10 October 31, 2005

“Brenda Leong”

- ¶ 11 _____
Brenda M. Leong
Executive Director