



IN THE MATTER OF THE SECURITIES ACT
R.S.B.C. 1996, c. 418

AND

IN THE MATTER OF ROBERT DISBROW

Agreed Statement of Facts and Undertaking

The following agreement has been reached between Robert Disbrow ("Disbrow") and the Executive Director:

Facts

1. Disbrow acknowledges the following facts as correct:
 - 1.1 FMSL is an investment dealer registered pursuant to the *Securities Act*, R.S.B.C. 1996, c. 418 (the "*Act*"), has its head office in Toronto, Ontario and is a member of the Vancouver Stock Exchange, Alberta Stock Exchange (the "ASE"), and The Toronto Stock Exchange;
 - 1.2 Cartaway Resources Corporation ("Cartaway") is a company incorporated under the laws of the Province of Alberta, under the name Cambridge Ventures Corporation on June 5, 1986. It changed its name to Cartaway Container Corporation on September 29, 1989, and was registered extra-provincially in British Columbia on July 25, 1995. It changed its name to Cartaway Resources Corporation on July 29, 1996. Cartaway was at all material times a reporting issuer in Alberta trading on the ASE, and became a reporting issuer in British Columbia on November 3, 1995;
 - 1.3 between June 1, 1994 and June 30, 1996, (the "Relevant Period") Robert Hartvikson, Blayne Johnson, Eric Savics, David Lyall and Robert Disbrow (the "Brokers") were registered representatives, registered pursuant to the *Act*, and were employees of FMSL, working in FMSL's Vancouver branch office;
 - 1.4 Disbrow was the Branch Manager of FMSL in Vancouver, and was a director and a Vice-Chairman of FMSL. He was during the Relevant Period the person who had the responsibility of supervising the FMSL employees in the Vancouver office;

- 1.5 Larry Birchall, Michael Stuart, Charles Fraser and Matt Aufricht were registered representatives and were employees of FMSL working in FMSL's Calgary office during the Relevant Period;
- 1.6 by an agreement in writing dated September 1, 1994, Birchall, Stuart, Hartvikson, Johnson, Lyall, Savics, Aufricht and Fraser acquired 45.5% of the issued and outstanding shares of Cartaway for \$0.10 per share;
- 1.7 Stuart was at all material times a vice president of corporate finance of FMSL in Calgary and became president, secretary, and a director of Cartaway on October 17, 1994;
- 1.8 on April 19, 1995, Cartaway issued a press release announcing a brokered private placement of up to seven million (7,000,000) units of Cartaway securities priced at \$0.125 per unit, each unit consisting of one common share and one share purchase warrant entitling the holder to purchase an additional common share at \$0.20 for a period of two years from closing (the "Private Placement"). The Private Placement was to close on May 5, 1995;
- 1.9 FMSL acted as agent for the Private Placement, pursuant to a written agreement dated May 5, 1995, between FMSL and Cartaway. Stuart signed the agreement for both contracting parties;
- 1.10 at the conclusion of the Private Placement, FMSL employees and their families owned approximately 66% of the issued and outstanding common shares of Cartaway;
- 1.11 on or about May 12, 1995, trading in the shares of Cartaway was halted on the ASE at the request of the company, pending an announcement;
- 1.12 trading in the shares of Cartaway did not resume until July 4, 1995;
- 1.13 during the period of the trading halt:
 - 1.13.1 Cartaway engaged in a distribution, by way of an offering memorandum dated June 23, 1995, (the "Offering Memorandum") of 4,000,000 special warrants at \$1 per share for Series A warrants and \$1.50 per share for Series B warrants. The Offering Memorandum was filed with the British Columbia Securities Commission and the offering completed on July 11, 1995;

- 1.13.2 FMSL acted as agent for the distribution;
- 1.13.3 Disbrow sold a number of shares to his clients pursuant to the distribution;
- 1.13.4 on June 29, 1995, Cartaway issued a press release disclosing that John Ivany had joined the company as President and a director and Walter Nash had joined as Vice President in charge of exploration and as a director. Stuart resigned as President but remained a director; and
- 1.13.5 on June 29, 1995, Cartaway announced the acquisition of a number of mining claims and a change in business direction for Cartaway into mining.

Acknowledgment

- 2. Disbrow acknowledges the following:
 - 2.1 Disbrow was aware that the Brokers were purchasing units pursuant to the Private Placement on the understanding that third parties would pay for some of the units and be the beneficial owners of those units;
 - 2.2 the effect of the transaction described in 2.1 (the "Transaction") was that Cartaway was able to issue units to individuals without providing a prospectus and without the benefit of an exemption from prospectus requirements, in breach of section 61 of the *Act*;
 - 2.3 Disbrow represents that he was not aware that the effect of the Transaction was that Cartaway was in breach of the *Act* and that he had obtained an oral legal opinion that it was acceptable to structure a transaction in that way;
 - 2.4 Disbrow, who was the branch manager of FMSL in Vancouver, was aware of the redistribution and did not prevent it, but rather participated in it;
 - 2.5 Disbrow failed to supervise Hartvikson, Johnson, Lyall and Savics in breach of section 66 of the Rules;
 - 2.6 Disbrow entered into a settlement agreement with The Toronto Stock Exchange dated August 20, 1998 in which he agreed to pay a fine in the

amount of \$110,000 to The Toronto Stock Exchange, he agreed to a suspension for a period of three months for employment in any capacity as a member of The Toronto Stock Exchange, and a permanent suspension as a member of The Toronto Stock Exchange in certain supervisory capacities (the "TSE Settlement");

- 2.7 Disbrow acknowledges that the facts set out in the TSE Settlement with respect to him are correct;
- 2.8 Disbrow is aware that FMSL has developed and implemented an internal policy referred to as "The First Marathon Employee Investment Policy" which is designed to address, among other things, the potential conflicts that arise in circumstances where employees of FMSL either individually or collectively own a significant percentage of the securities of any issuer. Among the policies outlined are the following:
 - 2.8.1 no employee of FMSL will act in the legal role of a promoter for any issuer;
 - 2.8.2 no employee of FMSL will, individually or with others purchase or otherwise, acquire, directly or indirectly, a corporate shell to be used to obtain access to public market financing;
 - 2.8.3 employees of FMSL are required to notify the Vice President of Compliance of FMSL when their holdings of any public company reaches five per cent of the issued and outstanding shares; and
 - 2.8.4 the collective holdings of FMSL employees of the issued and outstanding shares of any public company must not exceed 19.9% without the written consent of the Vice President of Compliance of FMSL.

Undertakings

3. Disbrow undertakes and agrees as follows:
 - 3.1 Disbrow undertakes to comply fully with the provisions of the *Act* and the *Securities Rules*, B.C. Reg. 194/94 and, while he remains an employee of FMSL, to comply with the provisions of the First Marathon Employee Investment Policy.

4. Disbrow waives any right it 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.
5. The British Columbia Securities Commission and Disbrow have agreed to a full and final settlement to resolve the allegations and proceedings set out in the Notice of Hearing In the Matter of Cartaway Resources Corporation as against Disbrow dated July 17, 1998 on the basis of the terms and conditions set out in this Agreed Statement of Facts.
6. This Agreed Statement of Facts will be signed in counterpart.

DATED at Vancouver, British Columbia, on _____, 1999.

_____)
Witness Signature)
_____)
Witness Name)
_____)
Address)
_____)
Occupation)

ROBERT DISBROW

DATED at Vancouver, British Columbia, on *January 29*, 1999.



Michael J. Watson
Executive Director