

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c.S-5, as am. (“the Act”)**

- and -

IN THE MATTER OF JOHN ILLIDGE (“Illidge”)

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Hearing dated July 11, 2005, the Ontario Securities Commission (the “Commission”) announced that it would hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the Act, it is in the public interest to make an order that:

- (i) Illidge be permanently prohibited from trading in any securities;
- (ii) Any exemptions contained in Ontario securities law do not apply to Illidge permanently;

- (iii) Illidge be reprimanded;
- (iv) Illidge resign any position he currently holds as an officer or director of any issuer;
- (v) Illidge be banned from acting as an officer or director of any issuer;
- (vi) Illidge pay costs of the investigation and hearing of this matter; and,
- (vii) such other order as the Commission may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“Staff”) recommend settlement of the proceeding initiated in respect of Illidge in accordance with the terms and conditions set out below. Illidge consents to the making of an order against him in the form attached as Schedule “A” on the basis of the facts set out below.

III. STATEMENT OF FACTS

A. Acknowledgement

3. Only for the purposes of this proceeding, and any other proceeding commenced by a securities regulatory agency, Illidge agrees with the facts as set out in Part III of this Settlement Agreement.

B. Facts

i. Hucamp Mines Ltd.

4. Hucamp Mines Ltd. (“Hucamp”), a junior mining company, was a reporting issuer in Ontario until becoming dormant in early 2002. Until October 9, 2000 common shares in Hucamp were quoted on the Canadian Dealing Network (“CDN”). From

October 10, 2000 until early 2002 when trading was halted, common shares in Hucamp were listed for trading on the CDNX Exchange.

ii. The Respondents

a. Illidge

5. Illidge was the President and CEO of Hucamp from March, 1996 until May, 2001. He was Chairman of Hucamp from May, 2001 until September 6, 2001.

6. Illidge was also a Director of Rampart Mercantile Inc. ("Mercantile") from December, 1999 until his resignation on September 19, 2001. Mercantile was the parent corporation of Rampart Securities Inc. ("Rampart"), a Toronto brokerage house. Rampart was a member of the IDA until its membership was terminated in on January 21, 2002.

7. In 1996, Illidge founded St. James Securities Inc. ("St. James"), a Toronto brokerage house and a member of the Toronto Stock Exchange. St. James ceased operations in October 1999 when most of its clients were transferred to Northern Securities Inc. ("Northern").

8. Illidge has not been registered with the Commission since January 26, 2000.

b. Patricia McLean

9. Patricia McLean (“McLean”) was a director of Hucamp from March 1996 until June 30, 2001. McLean was also the Secretary of Hucamp until her resignation in May, 2001.

10. McLean was also a member of the corporate finance department of Rampart, beginning in November, 1999. She was a registered representative with Rampart between February 2000 and February 2001.

c. David Cathcart

11. David Cathcart (“Cathcart”) was a registered representative with Rampart from December 1999 to August 2001.

12. Cathcart was a registered representative with St. James from May 1996 to November, 1999, and with Northern from November to December, 1999.

d. Stafford Kelley

13. Stafford Kelley (“Kelley”) is the President of Medallion Capital Corporation (“Medallion”), a company that offers investor relations consulting services to Canadian companies. Kelley and Medallion provided investor relation services to Hucamp beginning on January 3, 2001.

e. Devendranauth Misir

14. Devendranauth Misir (“Misir”) is a Toronto businessman, financial advisor and lawyer, at the firm of Misir & Co. He is not registered with the Commission in any capacity.

iii. Hucamp Private Placements

15. In 2000 and 2001, Hucamp entered into a series of private placements.

a. May 12, 2000

16. Hucamp’s public file reflects a private placement dated May 12, 2000. Hucamp announced its “completion” to the public by press release on July 7, 2000. This transaction involved 2.0 million units, each unit being comprised of one Hucamp share at \$0.25 and one “series B warrant” which was exchangeable for 1 common share at \$0.20 until June 25, 2003.

17. The placees in this private placement were Southampton Capital Limited (“Southampton”), a company controlled by McLean, which received 600,000 units for \$150,000; MPH Consulting Inc. (“MPH”), a geological consulting company, which was to receive 600,000 units for \$150,000; and Elkhorn Capital (Elkhorn), a private investment company, which received 800,000 units for \$200,000.

18. 600,000 and 800,000 units were issued to Southampton and Elkhorn, respectively.

19. The units that were to be placed with MPH were never issued. The principals of MPH were not aware of the private placement. These facts were never publicly disclosed.

20. Neither Southampton nor Elkhorn ever paid for the units issued, and Hucamp never received any of the proceeds of this private placement. These facts were never publicly disclosed.

21. Elkhorn was not at arm's length to Hucamp or Illidge. This fact was not publicly disclosed.

22. Illidge permitted the inaccurate public disclosures described in paragraphs 16 to 21 to be made and to remain uncorrected. Illidge failed to be duly diligent in this regard.

b. June 26, 2000 and June 30, 2000

23. Hucamp's public file reflects a private placement dated June 26, 2000. Hucamp announced the "completion" of this placement to "arm's length parties" to the public by press release on August 23, 2000. This transaction involved 1.0 million units, each unit being comprised of one Hucamp share at \$0.25 and one "series D warrant" which was exchangeable for 1 common share at \$0.28 until June 28, 2003.

24. The places in this private placement, the identities of which were not publicly disclosed, were Atlas Securities Inc. ("Atlas"), a brokerage house in Turks & Caicos,

B.W.I., which received 400,000 units for \$100,000; and Elkhorn, which received 600,000 units for \$150,000.

25. Hucamp's public file reflects a private placement dated June 30, 2000. Hucamp announced the "completion" of this placement to "arm's length parties" to the public by press release on August 23, 2000. This transaction involved 1.0 million units, each unit being comprised of one Hucamp share at \$0.29 and one "series F warrant" which was exchangeable for 1 common share at \$0.50 until June 30, 2003.

26. The placee in this private placement, the identity of which was not publicly disclosed, was Atlas, which received 1,000,000 units for \$290,000.

27. Elkhorn was issued 400,000 units.

28. Although the total number of units to be placed with Atlas by virtue of these two private placements was to be 1.4 million, 1.8 million units were actually issued to Atlas. These units were divided equally between accounts at Atlas held by Illidge, Misir and Scott Turner. These facts were never publicly disclosed.

29. Elkhorn was not at arm's length to Illidge or Hucamp. This fact was not publicly disclosed.

30. Neither Elkhorn nor Atlas ever paid Hucamp for the units issued, and Hucamp never received any of the proceeds of these private placements. These facts were never publicly disclosed.

31. Illidge permitted the inaccurate public disclosures described in paragraphs 23 to 30 to be made and to remain uncorrected. Illidge failed to be duly diligent in this regard.

c. November 4, 2000

32. Hucamp's public file reflects a non-brokered private placement dated November 4, 2000 and announced to the public by press release on October 10, 2000. Hucamp announced that "it has agreed to a non-brokered private placement of up to" 1.5 million flow through common shares at \$1.30 per share.

33. As at December 31, 2000, 500,000 shares had been issued to one place: Almasa Distribution FZCO ("Almasa"), a private investment company. These shares were deposited in the Almasa account at Rampart at the direction of Cathcart and Illidge. Neither Almasa nor Almasa's principals authorized the purchase of these shares.

34. These facts were never publicly disclosed.

d. November 27, 2000

35. Hucamp's public file reflects a private placement dated November 27, 2000. Hucamp announced to the public that it had "agreed to" the private placement by press

release on November 27, 2000. This transaction involved 1.0 million units, each unit being comprised of one Hucamp share at \$1.15 and one “series H warrant” which was exchangeable for 1 common share at \$1.40 until November 27, 2002.

36. The places in this private placement included new clients of Misir who had just won a lottery (the “Lottery Winners”) and Misir’s brother and wife. The Lottery Winners were unsophisticated investors and relied on Misir for investment advice. Misir controlled their account at Rampart with Illidge and Cathcart. They had the Lottery Winners participate in this private placement without authorization, without disclosing their own interests in the investment, and without disclosing the risks associated with it.

37. After the private placement was announced, its terms were changed so that each unit consisted of 1 share and approximately 1.217 warrants. The terms were also changed so that the warrants were exercisable until November 27, 2002. These changes in terms were not disclosed to the public.

38. Only 749,428 units were issued pursuant to this private placement for proceeds of only \$861,716.10. These facts were not disclosed to the public.

39. The Lottery Winners made their purchase of 401,578 units for \$461,648.60 on March 27, 2001. Misir’s brother purchased 217,350 units for \$249,972.50 on March 6, 2001. Misir’s sister-in-law purchased 130,500 units for \$150,095.00 on February 28, 2001.

iv Trading in Hucamp Shares

40. In 2000 and 2001, the market in Hucamp was subjected to abusive trading practices by the Illidge, McLean, Cathcart, Kelley and Misir. Each of the other Respondents engaged in some of the conduct described below and Illidge engaged in all of the conduct described below or permitted it to occur in his accounts:

- a. Controlled the market for Hucamp shares and manipulated or attempted to manipulate the market price for Hucamp shares;
- b. Engaged in trading for the purpose of creating a false appearance of trading volume in and demand for Hucamp shares;
- c. Frequently engaged in trades in Hucamp shares with each other;
- d. Dominated trading in Hucamp shares;
- e. Engaged in trading of Hucamp shares by using nominee accounts at Rampart and elsewhere;
- f. Both bought and sold Hucamp shares through jitney trades;
- g. Engaged in up ticking and high closing; and,
- h. Engaged in wash trades.

IV. CONDUCT CONTRARY TO THE PUBLIC INTEREST

41. Illidge acknowledges that his conduct, as described in paragraphs 16 to 40 above, was contrary to the public interest.

V. POSITION OF THE RESPONDENT

42. Illidge asserts the following points in mitigation:

- a. With respect to the private placements described above, that he relied on lawyers, accountants and associates to close those placements;
- b. With respect to the June 12 and 26, 2000 private placements, he was not aware that units were placed into an account in his name at Atlas;
- c. With respect to the trading described above, that he gave trading authority to the registered representatives on his accounts as he was managing two other businesses and traveling extensively for business purposes at the time of the trading;
- d. That he lost in excess of \$4 million when Hucamp was cease traded and Rampart placed in receivership, and
- e. That, despite the reliance Illidge placed on others, he accepts responsibility for his actions and omissions.

VI. TERMS OF SETTLEMENT

43. Illidge agrees to the following terms of settlement:

- (a) The Commission will make an Order under section 127 of the Act that:
 - (i) Illidge shall be permanently banned from trading in any securities;
 - (ii) Illidge shall be permanently banned from acquiring any securities;
 - (iii) Any exemptions contained in Ontario securities law shall not apply to Illidge permanently;
 - (iv) Illidge shall resign any position he currently holds as an officer or director of any registrant or issuer; and,

- (v) Illidge shall be permanently banned from acting as an officer or director of any issuer or registrant;

VII. STAFF COMMITMENT

44. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of Illidge in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 49, below.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

45. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for May 15, 2008, or such other date as may be agreed to by Staff and Illidge in accordance with the procedures described in this Settlement Agreement.

46. Staff and Illidge agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting Illidge's conduct in this matter, and Illidge agrees to waive his right to a full hearing, judicial review, or appeal of the matter under the Act.

47. Staff and Illidge agree that if this Settlement Agreement is approved by the Commission, Illidge will not make any public statement inconsistent with this Settlement Agreement and that Staff will not make any public statement inconsistent with Parts I, II, III, IV, VI, VII and VIII of this Settlement Agreement.

48. If Illidge fails to honour the agreement contained in the preceding paragraph of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Illidge based on the facts set out in Part III of this Settlement Agreement and based on the breach of this Settlement Agreement.

49. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or an order in the form attached as Schedule "A" is not made by the Commission, each of Staff and Illidge will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this Settlement Agreement or the settlement negotiations.

50. Whether or not this Settlement Agreement is approved by the Commission, Illidge agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

IX. DISCLOSURE OF AGREEMENT

51. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commission, except with the written consent of both Illidge and Staff or as may be required by law.

52. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission execution of settlement agreement.

53. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

54. A facsimile copy of any signature shall be as effective as an original signature.

DATED this 13th day of May, 2008

Signed in the presence of:

“Anne Paiement”

“John Illidge”

WITNESS

**John Illidge
Respondent**

DATED this 13th day of May, 2008

STAFF OF THE ONTARIO SECURITIES

“Michael Watson”

**Michael Watson
Director, Enforcement Branch**

SCHEDULE 'A'

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990 c.S.5, as amended (the "Act")**

- and -

**IN THE MATTER OF
JOHN ILLIDGE ("Illidge")**

**ORDER
(Sections 127 and 127.1)**

WHEREAS on July 11, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act in respect of Illidge and others;

AND WHEREAS Illidge and Staff of the Commission entered into a settlement agreement dated May 13, 2008 (the "Settlement Agreement") in which they agreed to a settlement of the proceeding subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing the submissions from Illidge and from counsel for Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT:

- (1) the Settlement Agreement attached to this Order is hereby approved;
- (2) pursuant to section 127 of the Act:
 - a. Illidge shall be permanently banned from trading in any securities;
 - b. Illidge shall be permanently banned from acquiring any securities;
 - c. Any exemptions contained in Ontario securities law shall not apply to Illidge permanently;

- d. Illidge shall resign any position he currently holds as an officer or director of any registrant or issuer; and,
- e. Illidge shall be permanently banned from acting as an officer or director of any issuer or registrant.

Dated at Toronto on this 16th day of May 2008

“James E. A. Turner”

James E. A. Turner

“Margot C. Howard”

Margot C. Howard