



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*  
R.S.O. 1990, C. S.5, AS AMENDED**

**-AND-**

**IN THE MATTER OF  
DAVID CATHCART**

**SETTLEMENT AGREEMENT**

**PART I – INTRODUCTION**

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the “Act”), it is in the public interest for the Commission to make certain orders in respect of David Cathcart [the “Respondent”].

**PART II – JOINT SETTLEMENT RECOMMENDATION**

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding commenced by Notice of Hearing dated July 11, 2005 (the “Proceeding”) against the Respondent according to the terms and conditions set out in Part VI of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

**PART III – AGREED FACTS**

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

### **i. David Cathcart**

4. The Respondent was a registered representative with Rampart Securities Inc. (“Rampart”), a Toronto brokerage house, from December 1999 to August 2001.
5. The Respondent was a registered representative with St. James from May 1996 to November, 1999, and with Northern Securities Inc. (“Northern”) from November to December, 1999.

### **ii. Hucamp Mines Ltd.**

6. 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.

## **III. THE OTHER RESPONDENTS**

### **a. John Illidge**

7. John Illidge (“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.
8. 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. Rampart was a member of the IDA until its membership was terminated in on January 21, 2002.

9. 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.
  
10. Illidge has not been registered with the Commission since January 26, 2000.

b. Patricia McLean

11. 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.
  
12. 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. 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.

d. 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.

**IV. HUCAMP PRIVATE PLACEMENTS**

15. In 2000 and 2001, Hucamp entered into a series of private placements, one of which is described below.

a. November 4, 2000

16. 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.
17. As at December 31, 2000, 500,000 shares had been issued to one placee: Almasa Distribution FZCO (“Almasa”), a private investment company. These shares were deposited in the Almasa account at Rampart by the Respondent at the direction of Illidge. The Respondent was the registered representative on the Almasa account at Rampart. Neither Almasa nor Almasa’s principals authorized the purchase of these shares.
18. By participating in the conduct described in the previous paragraph, the Respondent failed to act in a manner that was duly diligent.

#### **v. Trading in Hucamp Shares**

19. In 2000 and 2001, the market in Hucamp was subjected to abusive trading practices in the accounts of Illidge, McLean, Kelley and Misir. The Respondent was the registered representative on, and executed the trading in, accounts owned or controlled by Illidge, McLean, Misir and others, which accounts traded in the shares of Hucamp. Each of the other Respondents engaged in some of the conduct described below and, on instructions from Illidge, the Respondent engaged in all of the conduct described below or permitted it to occur, both advertently and inadvertently, in accounts on which he was the registered representative. In so doing, the Respondent allowed himself to be used in engaging in the following conduct:

- 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. Engaged in trades in Hucamp shares between the Respondents;
- d. Dominated trading in Hucamp shares;
- e. Engaged in trading of Hucamp shares by using nominee accounts at Rampart and elsewhere; and,
- f. Both bought and sold Hucamp shares through jitney trades.

#### **PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST**

20. By engaging in the conduct described above, the Respondent has acted contrary to the public interest.

## **PART V – TERMS OF SETTLEMENT**

21. The Respondent agrees to the terms of settlement listed below.
22. The Commission will make an order pursuant to section 127(1) of the Act that:
  - (a) The settlement agreement is approved.
  - (b) The Commission will make an Order under section 127 of the Act as follows:
    - i. The Respondent shall be banned from trading in or acquiring any securities for a period of 5 years with the exception that the Respondent will be permitted to trade in securities in one RRSP account in his name and one non-RRSP account in his name, each account to be held at a full service dealer registered with the Commission (which accounts have been identified by the Respondent in writing for Staff of the Commission), if:
      - (a) the securities are listed on the Toronto Stock Exchange, the TSX Venture Exchange, the New York Stock Exchange, NASDAQ or the Chicago Board Options Exchange; or
      - (b) the securities are listed in section 35(2) clauses 1 and 2 of the Act; and
      - (c) neither the Respondent nor any member of his family is an insider, partner or promoter of the issuer of the securities; and
      - (d) the Respondent does not own directly or indirectly more than one percent of the outstanding securities of the issuer of the securities.
    - ii. Any exemptions contained in Ontario securities law shall not apply to the Respondent for a period of 5 years;
    - iii. The Respondent shall be permanently banned from becoming or acting as an officer or director of any registrant or reporting issuer; and,
    - iv. The Respondent shall be permanently banned from becoming or acting as a registrant.

## **PART VI – STAFF COMMITMENT**

23. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 13 below.
24. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

## **PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT**

25. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for February 27, 2009, or on another date agreed to by Staff and the Respondent, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.
26. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.
27. If the Commission approves this Settlement Agreement, the Respondent agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.
28. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.
29. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's

jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

#### **PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

30. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule “A” to this Settlement Agreement:
  - i. this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and
  - ii. Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.
  
31. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

#### **PART IX – EXECUTION OF SETTLEMENT AGREEMENT**

32. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

33. A fax copy of any signature will be treated as an original signature.

Dated this 25<sup>th</sup> day of February, 2009.

*“David Cathcart”*

\_\_\_\_\_  
Respondent

*“Pierrette Foudrignier”*

\_\_\_\_\_  
Witness

*“Tom Atkinson”*

\_\_\_\_\_  
Director, Enforcement Branch

**SCHEDULE A**

**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  
DAVID CATHCART ("Cathcart")**

**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 Cathcart and Staff of the Commission entered into a settlement agreement dated February \_\_\_\_, 2009 (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 Cathcart and from counsel for Staff of the Commission;

AND WHEREAS Cathcart has undertaken in writing to co-operate with Staff and has agreed to provide truthful testimony in this matter;

AND WHEREAS Cathcart has undertaken in writing that he will never apply for registration in any capacity under the Act;

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) The Commission will make an Order under section 127 of the Act as follows:

- a. The Respondent shall be banned from trading in or acquiring any securities for a period of 5 years with the exception that the Respondent will be permitted to trade in securities in one RRSP account in his name and one non-RRSP account in his name, each account to be held at a full service dealer registered with the

Commission (which accounts have been identified by the Respondent in writing for Staff of the Commission), if:

- (i) the securities are listed on the Toronto Stock Exchange, the TSX Venture Exchange, the New York Stock Exchange, NASDAQ or the Chicago Board Options Exchange; or
  - (ii) the securities are listed in section 35(2) clauses 1 and 2 of the Act; and
  - (iii) neither the Respondent nor any member of his family is an insider, partner or promoter of the issuer of the securities; and
  - (iv) the Respondent does not own directly or indirectly more than one percent of the outstanding securities of the issuer of the securities.
- b. Any exemptions contained in Ontario securities law shall not apply to the Respondent for a period of 5 years; and,
  - c. The Respondent shall be permanently banned from becoming or acting as an officer or director of any registrant or reporting issuer, and,
  - d. The Respondent shall be permanently banned from becoming or acting as a registrant.

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**DATED** at Toronto, February \_\_\_\_, 2009