



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

ROBERT KASNER

**SETTLEMENT AGREEMENT BETWEEN
ROBERT KASNER and
STAFF OF THE ONTARIO SECURITIES COMMISSION**

PART I - INTRODUCTION

1. By Notice of Hearing dated September 29, 2009, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Robert Kasner (the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") recommend settlement with the Respondent of the proceeding commenced by Notice of Hearing dated June 26, 2008 (the "Proceeding") according to the terms and conditions set out in Part VII 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 in Canada, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement
4. The Respondent was, at all material times, the President and Chief Executive Officer of GLR Resources (“GLR”). GLR is a gold mining and exploration company based in Kirkland Lake, Ontario. At the material time, it was publicly traded on the Toronto Stock Exchange.
5. On January 29, 2008, GLR announced that it had agreed to raise \$4.0 million in securities on a “best efforts” basis through M Partners Inc., Blackmont Capital Inc., and Evergreen Capital Partners Inc. (the “Offering”). The Offering consisted of up to 2.0 million units at \$0.40 per unit and up to 2.0 million of flow-through shares at \$0.50 per share. Each unit consisted of a share and half a warrant. A whole warrant would be exchangeable into a share at \$0.60 for two years.
6. The price of the Offering was determined on or about January 29, 2008. The Offering closed on or about February 27, 2008.
7. Pursuant to OSC Rule 48-501, persons who fall within a defined category of persons called “issuer-restricted persons” shall not trade in securities of an issuer making a restricted private placement during a time frame defined as the “issuer-restricted period”.
8. The issuer-restricted period in the Offering ran from January 27, 2008 until February 27, 2008. The Respondent was an issuer-restricted person during this period.
9. On February 7, 2008, the Respondent entered an order with his broker to purchase 20,000 shares of GLR at \$0.40 for an account under his control. Very shortly after this order was placed with his broker, it was cancelled by Market Regulation Services who

identified him as an issuer-restricted person in relation to the purchase of these shares in GLR.

PART IV - CONDUCT CONTRARY TO OSC RULE 48-501 AND THE PUBLIC INTEREST

10. The Respondent's conduct was contrary to OSC Rule 48-501 and was contrary to the public interest.

PART V – AGGRAVATING FACTORS

11. The Respondent was previously found to have acted contrary to the public interest by trading in shares of GLR when he was prohibited from doing so pursuant to OSC Rule 48-501.
12. On April 23, 2007, the Respondent entered into a settlement agreement with Staff whereby he acknowledged he purchased a total of 56,500 shares of GLR for a total price of \$16,969.62 during an issuer-restricted period as defined in OSC Rule 48-501.
13. These purchases or attempted purchases took place when the Respondent was prohibited from purchasing securities in GLR by virtue of his position at GLR.
14. Notwithstanding the fact that he was restricted from trading or attempting to trade shares of GLR from October 15, 2005 until December 2, 2005 due to his status as President and Chief Executive Officer of GLR, the Respondent was operating under a mistaken belief that he was not restricted from trading. The Respondent made no efforts to disguise his trading in GLR. Everything was done transparently through his account at CIBC and the Respondent cooperated fully with Staff's investigation.
15. On April 30, 2007, the Commission approved that settlement and issued an order containing the following sanctions against the Respondent:

i) that he cease trading directly or indirectly in securities in GLR for a period of 6 months; and

ii) that he pay to the Commission costs of its investigation in the amount of \$25,000 immediately.

PART VI - MITIGATING FACTORS

16. The Respondent requests that the settlement hearing panel consider the following mitigating circumstances.
17. The Respondent cooperated with Staff's investigation and provided a voluntary statement.
18. The Respondent never challenged the allegations that he attempted to buy shares in GLR on February 7, 2008.
19. It is the Respondent's position that at the time he entered the trade order on February 7, 2008 he was suffering from a major depressive disorder that caused him to forget that he was forbidden from doing so by OSC Rule 48-501.
20. The Respondent has provided Staff with an expert report of a general and forensic psychiatrist (the "Expert"), dated May 13, 2009 (the "Report") supporting the position of the Respondent.
21. The Expert interviewed the Respondent and the wife of the Respondent and reviewed the Respondent's psychiatric history. The Respondent has a documented history of severe depression and it is the opinion of the Expert that the Respondent was suffering from this mental disorder on February 7, 2009 as he had ceased taking his prescribed medication several months earlier.

22. In the Report, the Expert described the mental state of the Respondent on February 7, 2008 as follows:

Mr. Kasner's mental state including his memory was significantly compromised from the major depressive disorder. This disorder is associated with impairment in memory, poor judgement, difficulty focusing, concentrating, and making decisions. Individuals in states of depression, particularly later in life, are sometimes misdiagnosed as suffering from a dementia, i.e., Alzheimer's type disease because of the significant cognitive impairment that is often evident. It is my opinion that this was in fact the state he was in during the months around February 7, 2008. It is likely that his action was not the product of a deliberate attempt to engage in a prohibited act, but instead the reflexive action of an impaired individual with poor and incomplete awareness of his own conduct. The action was a product of his mental disorder.

PART VII - TERMS OF SETTLEMENT

23. The Respondent agrees to the following terms of settlement listed below.
24. The Commission will make an order (the "Order") pursuant to section 127(1) of the Act that:
- (a) The settlement agreement is approved.
 - (b) The Respondent is prohibited for one year from trading in the securities of any issuer of which he is an officer, director or insider including but not limited to GLR.
 - (c) After the expiration of the sanction outlined in paragraph 24(b), the Respondent shall permanently not trade in GLR directly but only through
 - i) a registrant or ii) a lawyer or an accountant in accordance with section 34(b) of the Act to whom a copy of the Order is given and who agrees to such supervision and where such registrant, lawyer or accountant confirms that the trades of the Respondent are in compliance with Ontario securities law.

- (d) The Respondent is to pay an administrative penalty of \$8,000 to be allocated under s.3.4(2)(b) of the Act to or for the benefit of third parties.

PART VIII - STAFF COMMITMENT

25. 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 26 below.
26. 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 IX – PROCEDURE FOR APPROVAL OF SETTLEMENT

27. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for June 3, 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.
28. 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.
29. 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.
30. 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.

31. 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 X – DISCLOSURE OF SETTLEMENT AGREEMENT

32. If the Commission does not approve this Settlement Agreement or does not make the Order attached as Schedule “A” to this Settlement Agreement:
 - (a) 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
 - (b) 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.
33. 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 X – EXECUTION OF SETTLEMENT AGREEMENT

- 34. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.
- 35. A fax copy of any signature will be treated as an original signature.

Dated this 30th day of September, 2009.

STAFF OF THE ONTARIO SECURITIES COMMISSION

“Tom Atkinson”

Director, Enforcement Branch
Ontario Securities Commission

ROBERT KASNER

“Robert Brush, Counsel for Robert Kasner”

Robert Kasner

“Hugh Craig”

Witness

Schedule A

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

– AND –

**IN THE MATTER OF
ROBERT KASNER**

ORDER

WHEREAS on June 26, 2008, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the “Act”) in respect of the trading of securities in GLR Resources (“GLR”) by Robert Kasner (the “Respondent”);

AND WHEREAS on June 25, 2008 Staff of the Commission filed a Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated September 30, 2009 (the “Settlement Agreement”) in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated September 29, 2009, setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from the Respondent through his agent and from 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, PURSUANT TO SECTION 127 OF THE ACT, THAT :

1. The Settlement Agreement dated September 30, 2009, between Staff of the Commission and the Respondent is approved;
2. The Respondent is prohibited for one year from trading in the securities of any issuer of which he is an officer, director or insider including but not limited to GLR;
3. After the expiration of the sanction outlined in the preceding, the Respondent shall permanently not trade in GLR directly but only through i) a registrant or ii) a lawyer or accountant in accordance with section 34(b) of the Act to whom a copy of the Order is given and who agrees to such supervision and where such registrant, lawyer or accountant confirms that the trades of the Respondent are in compliance with Ontario securities law.

4. The Respondent is to pay an administrative penalty of \$8,000 to be allocated under s.3.4(2)(b) of the Act to or for the benefit of third parties.

Dated at Toronto, Ontario this 30th day of September, 2009.
