

**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,  
PATRICIA McLEAN,  
DAVID CATHCART,  
STAFFORD KELLEY, and  
DEVENDRANAATH MISIR**

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**SETTLEMENT AGREEMENT BETWEEN  
STAFF OF THE COMMISSION  
and PATRICIA McLEAN (“McLean”)**

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**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 Ontario Securities Act, R.S.O. 1990, c.S.5, as amended (the “Act”), it is in the public interest to make an order that:

- (i) McLean’s registration be suspended, restricted or subjected to terms and conditions;
- (ii) McLean be prohibited from trading in any securities;
- (iii) McLean be prohibited from using any exemptions contained in Ontario securities law;

- (iv) Mclean be reprimanded;
- (v) McLean resign any position she currently holds as an officer or director of any issuer;
- (vi) McLean be banned from acting as an officer or director of any issuer;
- (vii) McLean pay costs of the investigation of this matter; and,
- (viii) 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 McLean in accordance with the terms and conditions set out below. McLean consents to the making of an order against her in the form attached as Schedule “A” on the basis of the facts set out below.

## **III. ACKNOWLEDGEMENT**

3. McLean agrees with the facts and conclusions set out in Part IV of this agreement solely for the purpose of this proceeding. McLean expressly denies that the terms of this agreement are intended to be an admission of liability, misconduct, or wrongdoing by her in any other context to any person or company or other entity.

## **IV. AGREED FACTS**

### **A. 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.

## **B. Patricia McLean**

5. Patricia McLean (“McLean”) was a director of Hucamp from March 1996 until June 30, 2001. McLean was also the Secretary of Hucamp from January 2000 until her termination in May, 2001.

6. McLean was also a member of the corporate finance department of Rampart Securities Inc. (“Rampart”), a Toronto brokerage house, beginning in December, 1999 until February 2001. Rampart was a member of the IDA until its membership was terminated on January 21, 2002. McLean was a registered representative with Rampart between February 2000 and February 2001.

## **C. The Other Respondents**

### **i. 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.

ii. David Cathcart

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

iii. Stafford Kelley

10. 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.

iv. Devendranauth Misir

11. 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.

**D. Hucamp Private Placements**

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

a. May 12, 2000

13. Hucamp’s public file reflects a private placement dated May 12, 2000. Hucamp announced its “completion” by press release on July 7, 2000. The press release was authorized by McLean, among others, and named McLean as Hucamp’s contact person for further information about the private placement.

14. The private placement involved 2.0 million units, each unit being comprised of one Hucamp share and one “series B warrant” which was exercisable to purchase 1 common share for \$0.20 until June 25, 2003.

15. The placees in this private placement were Southampton Capital Limited (“Southampton”), a company owned 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.

16. 600,000 and 800,000 units were issued to Southampton and Elkhorn, respectively.

17. The 600,000 units that were to have been placed with MPH were never issued to them. This fact was never disclosed to the public.

18. At the time of the press release on July 7, 2000, the third placee (ultimately Elkhorn) had not yet been identified. This fact was never disclosed to the public.

19. Elkhorn was not at arm’s length to Hucamp or Illidge. This fact was not disclosed to the public.

20. In relation to this private placement, McLean's conduct was contrary to the public interest in the following respect:

- a. McLean authorized a press release that purported to announce the "completed" private placement when, in fact, (i) one of the placees had not yet been identified; (ii) units had not been issued to another of the placees; and (iii) payment to Hucamp for the units for the placement was not complete on July 7, 2000. These matters were never corrected in Hucamp's public disclosure.

b. June 26, 2000 and June 30, 2000

21. Hucamp's public file reflects a private placement dated June 26, 2000. Hucamp announced the "completion" of this placement to "arm's length parties" 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 exercisable to purchase 1 common share for \$0.28 until June 28, 2003.

22. The placees 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 was to receive 400,000 units for \$100,000; and Elkhorn, which received 600,000 units for \$150,000.

23. Hucamp's public file reflects a private placement dated June 30, 2000. Hucamp announced the "completion" of this placement to "arm's length parties" by the same August 23, 2000 press release. 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 exercisable to purchase 1 common share for \$0.50 until June 30, 2003.

24. Atlas, a placee subscriber in this private placement, was to receive 1,000,000 units for \$290,000.

25. Elkhorn was issued 400,000 units.

26. At the time of the press release on August 23, 2000, one of the placees (ultimately Elkhorn) had not yet been identified.

27. A total of 1.8 million units of the June 26, 2000 and June 30, 2000 private placements were issued to Atlas by virtue of these two private placements. These units were divided equally between accounts at Atlas held by Illidge, Misir and Scott Turner. These facts were never publicly disclosed.

28. Atlas was not at arm's length to Illidge or Hucamp. Elkhorn was not at arm's length to Illidge or Hucamp. These facts were not publicly disclosed.

29. In relation to this private placement, McLean's conduct was contrary to the public interest in the following respect:

- a. McLean authorized a press release that purported to announce the "completed" private placement when, in fact, one of the placees had not yet been identified.
- b. McLean authorized a press release which incorrectly noted that Atlas in these two private placements was at arm's length to Hucamp when in fact it was not at arm's length to either Illidge or Hucamp, facts which McLean might have known through the exercise of due diligence.

### **E. Trading in Hucamp Shares**

30. Between October, 2000 and November, 2001, the market in Hucamp shares was subjected to abusive trading practices.

31. Between October, 2000 and March 2001, McLean had Southampton accounts that traded in Hucamp shares at 3 different investment dealers (the “Southampton Accounts”).

32. Between October, 2000 and March 2001, the Southampton Accounts were used in connection with the abusive trading practices to which Hucamp shares were subjected in the following ways:

- (i) the Southampton accounts acquired substantial volumes of the available Hucamp shares;
- (ii) trades were effected using jitneys;
- (iii) trades were effected creating the appearance of high volume trading;
- (iv) the Southampton Accounts effected a “wash trade” on November 21, 2000. This wash trade was the last trade of the day and effected a high closing; and
- (v) the Southampton Accounts were used to effect up-ticks and high-closings.

33. McLean allowed the Southampton Accounts to be used in the ways described in the preceding paragraph and thereby acted in a manner contrary to the public interest.

34. McLean was aware of some trading in which other Respondents were engaged which could be characterized as abusive trading practices during the period January 2001 to February, 2001. In particular, she was aware of some trading wherein:



- a. Other Respondents engaged in trades in Hucamp shares with each other;
  - b. Other Respondents dominated trading in Hucamp shares;
  - c. Other Respondents engaged in trading of Hucamp shares by using nominee accounts to purchase Hucamp shares;
  - d. Other Respondents both bought and sold Hucamp shares through jitney trades; and,
  - e. Other Respondents engaged in up-ticking and high-closing.
35. McLean's failure to act in light of her knowledge of the facts set out in the previous paragraph constituted conduct contrary to the public interest.
36. McLean has provided an undertaking to Staff that she will not apply for registration with the Commission in any capacity for a period of 5 years.

#### **F. Position of the Respondent McLean**

##### a. Background

37. McLean was a member of the corporate finance department of Rampart from December, 1999 to February, 2001.
38. From December 1999 to December 2000, McLean's desk was located in Rampart's trading room.
39. In December 2000, McLean was moved to a private office outside the trading room at Rampart. From December 2000 to February 2001, McLean's private office was located outside the trading room at Rampart.

40. McLean resigned from Rampart on February 14, 2001 effective February 28, 2001 and, after March 26, 2001, ceased to have any contact, except on an adversarial basis, with any of the other Respondents or with anyone at Rampart, including Illidge and Cathcart.

41. After March 26, 2001, McLean's contact with Hucamp, including the other directors, Illidge, Anderson and Brereton, and Elizabeth Kirkwood (Hucamp's President effective May 9, 2001), and Sui & Company, Hucamp's legal counsel was strained and adversarial.

b. Hucamp Private Placements

(i) May 12, 2000

42. Hucamp announced the May 12, 2000 private placement by press release on July 7, 2000. The press release was drafted by Hucamp's legal counsel, Sui & Company.

43. The places in the May 12, 2000 private placement were: Southampton – 600,000 units; MPH – 800,000 units; and a third company – 600,000 units – that had been arranged for by Sui & Company, Hucamp's legal counsel.

44. Sui & Company later advised Hucamp that the corporation which they had identified as the third subscriber was no longer available to complete its part of the May 12, 2000 private placement. Sui & Company undertook to find an alternative entity to be

the third subscriber. Sui & Company had not finalized arrangements with a third subscriber of the May 12, 2000 private placement by July 7, 2000.

45. McLean was never told that Elkhorn was a subscriber of the May 12, 2000 private placement. Hucamp made arrangements with Elkhorn to be a subscriber of the May 12, 2000 private placement after McLean had resigned from Rampart, and after McLean had ceased all contact with any of the other Respondents and anyone at Rampart or Hucamp except on an adversarial basis.

(ii) June 26, 2000 and June 30, 2000 private placements

46. Hucamp announced the June 26, 2000 and June 30, 2000 private placements by press release on August 23, 2000 (the "June 2000 Private Placements"). The press release was drafted by William J. Anderson, MPH Consulting Limited and Hucamp's legal counsel, Sui & Company.

47. Atlas subscribed for 1.8 million units of the June 2000 Private Placements.

48. McLean believed at all times that Atlas was arm's length to Illidge and Hucamp.

49. Sui & Company was to arrange for a subscriber of 200,000 units of the June 2000 Private Placements.

50. McLean was never advised that Elkhorn was a subscriber of the June 2000 Private Placements. Hucamp made arrangements with Elkhorn to be a subscriber of the June 2000 Private Placements after McLean had resigned from Rampart, and after McLean had ceased all contact with any of the other Respondents or with anyone at Rampart or Hucamp except on an adversarial basis.

c. Trading in Hucamp Shares

51. Trading in the Southampton Account at Rampart was executed by its registered representative there, Cathcart.

52. Cathcart executed some trades in the Southampton Account at Rampart, including purchases of shares of Hucamp, without McLean's prior knowledge or authorization.

53. In October, 2000, the Southampton Accounts purchased 30,000 shares of Hucamp. They made no sales. They made 8 purchases. Three of those purchases involved upticks, one of which was completed using a jitney. None of the trades contributed to or effected a high-close.

54. In November, 2000, the Southampton Accounts purchased 67,800 shares of Hucamp. They sold 10,000 shares. The trades involved 7 upticks and 4 trades were made using jitneys.

55. On November 21, 2000, shares were sold, instead of delivered, from a Southampton Account at one investment dealer to a Southampton Account at another investment dealer. This was a trading error executed by the registered representatives for the Southampton Accounts. McLean had no role in or knowledge of the trading error.

56. In December, 2000, the Southampton Accounts did not buy any Hucamp shares. They made one trade, the sale of 10,000 shares through a jitney trade. The trade did not contribute to or effect a high-close.

57. In January, 2001, the Southampton Accounts purchased 28,200 shares of Hucamp and sold 14,000 shares of Hucamp. They bought shares 4 times, 3 of which were through jitney trades, and one of which was an uptick and contributed to one high-close (but did not effect that high-close). The accounts sold twice, both times through jitney trades.

58. In February, 2001, the Southampton Accounts purchased 3,200 shares of Hucamp and sold 1,000 shares of Hucamp. They bought shares twice and sold once. All of these trades involved jitneys. One of the purchases was an uptick. None of the trades contributed to or effected a high-close.

59. In March, 2001, the Southampton Accounts purchased 12,000 shares of Hucamp and sold 1,000 shares of Hucamp. They bought shares three times and sold once. All of these trades involved jitneys. One of the purchases was an uptick and contributed to one high-close (but did not effect that high-close).

60. Between October 2000 and March 2001, the Southampton Accounts never engaged in trades in Hucamp shares with other Respondents.

d. Co-operation with the Regulatory Authorities

61. In July 2001, McLean contacted the Commission delivering two lengthy letters to report her concerns regarding certain improper actions of Hucamp, Illidge and the other officers and directors of Hucamp and Hucamp's lawyers, including concerns regarding the annual 2000 and first quarter 2001 Hucamp financial statements.

62. In August 2001, McLean voluntarily met with Commission staff to discuss her concerns regarding certain improper actions of Hucamp, Illidge and the other officers and directors of Hucamp and Hucamp's lawyers.

63. In January 2005, McLean voluntarily provided Commission staff with a lengthy letter and large binder of exhibits addressing their concerns regarding certain possible improper actions at Hucamp.

**V. TERMS OF SETTLEMENT**

64. McLean agrees to the following terms of settlement:

(1) The Order attached to this Settlement Agreement is hereby approved;

(2) Pursuant to section 127 of the Act:

- a. McLean shall cease trading in any securities for a period of five (5) years with the exception that McLean will be permitted to trade in securities in one RRSP account in her name and one non-RRSP account in her name (collectively, the “Personal Accounts”), and in one corporate account (the “Corporate Account”), each account to be held at a full service dealer registered with the Commission (which accounts have been identified by McLean in writing to Staff of the Commission), if:

(i) with respect to the Corporate Account, any trading is limited to trading only in Government of Canada Treasury Bills;

(ii) with respect to the Personal Accounts,

(a) the securities traded 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 traded are referred to in clauses 1 or 2 of subsection 35(2) of the Act; and

(c) neither McLean nor any member of her family is an insider, partner or promoter of the issuer of the securities; and

(d) McLean does not own directly or indirectly more than one percent of the outstanding securities of any class of the issuer.

- b. Any exemptions contained in Ontario securities law shall not apply to McLean for a period of five (5) years from the date of this Order;
- c. McLean shall be reprimanded;
- d. McLean shall be banned for a period of ten (10) years from acting as an officer or director of any reporting issuer or registrant; and

(3) Pursuant to section 127.1 of the Act, McLean shall pay the costs of the investigation of this matter in the amount of \$10,000.00 within 90 days of this Order.

## **VI. STAFF COMMITMENT**

65. 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 McLean in relation to the facts set out in Part IV of this Settlement Agreement, subject to the provisions of paragraph 69, below.

## **VII. PROCEDURE FOR APPROVAL OF SETTLEMENT**

66. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for September 8, 2008, or such other date as may be agreed to by Staff and McLean in accordance with the procedures described in this Settlement Agreement.

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

68. Staff and McLean agree that if this Settlement Agreement is approved by the Commission, Staff and McLean will not make any public statement inconsistent with this Settlement Agreement, with the exception of Part IV, Section F of this Settlement Agreement.

69. If McLean 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 McLean based on the facts set out in Part IV of this Settlement Agreement and based on the breach of this Settlement Agreement.

70. 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 McLean 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.

71. Whether or not this Settlement Agreement is approved by the Commission, McLean agrees that she 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.

#### **VIII. DISCLOSURE OF AGREEMENT**

72. 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 McLean and Staff or as may be required by law.

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

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

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

**DATED** this 8<sup>th</sup> day of September, 2008

**Signed in the presence of:**

*“Seth Weinstein”*

**WITNESS**

**DATED** this 8<sup>th</sup> day of September, 2008

*“Patricia McLean”*

**Patricia McLean  
Respondent**

STAFF OF THE ONTARIO SECURITIES

Per:

*“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  
PATRICIA McLEAN ("McLean")**

**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 McLean and others;

**AND WHEREAS** McLean and Staff of the Commission entered into a settlement agreement dated September 8, 2008 (the "Settlement Agreement") in which they agreed to a settlement of the proceeding subject to the approval of the Commission;

**AND WHEREAS** the Commission has reviewed the Settlement Agreement and has heard the submissions from counsel for McLean and for Staff of the Commission;

**AND WHEREAS** McLean has undertaken to the Commission that she will not apply to the Commission for registration in any capacity contemplated by the Act for a period of five (5) years;

**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. McLean shall cease trading in any securities for a period of five (5) years with the exception that McLean will be permitted to trade in securities in one RRSP account in her name and one non-RRSP account in her name (collectively, the "Personal Accounts"), and in one corporate account (the "Corporate Account"), each account to be held at a full service dealer

registered with the Commission (which accounts have been identified by McLean in writing to Staff of the Commission), if:

(i) with respect to the Corporate Account, any trading is limited to trading only in Government of Canada Treasury Bills;

(ii) with respect to the Personal Accounts,

(a) the securities traded 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 traded are referred to in clauses 1 or 2 of subsection 35(2) of the Act; and

(c) neither McLean nor any member of her family is an insider, partner or promoter of the issuer of the securities; and

(d) McLean does not own directly or indirectly more than one percent of the outstanding securities of any class of the issuer.

- b. Any exemptions contained in Ontario securities law shall not apply to McLean for a period of five (5) years from the date of this Order;
- c. McLean shall be reprimanded;
- d. McLean shall be banned for a period of ten (10) years from acting as an officer or director of any reporting issuer or registrant; and

3. Pursuant to section 127.1 of the Act, McLean shall pay the costs of the investigation of this matter in the amount of \$10,000.00 within 90 days of this Order.

September 8, 2008

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