

**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**

STATEMENT OF ALLEGATIONS

1. Staff of the Ontario Securities Commission make the following allegations:

I. Hucamp Mines Ltd.

2. 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. John Illidge

3. 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.

4. 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.

5. 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”).

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

b. Patricia McLean

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

8. 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.

9. Prior to joining Rampart, McLean worked as a registered representative at St. James.

c. David Cathcart

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

11. 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

12. 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

13. 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

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

a. May 12, 2000

15. 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.

16. The places 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.

17. 600,000 and 800,000 units were issued to Southampton and Elkhorn, respectively.

18. 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.

19. 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.

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

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" 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.

22. 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.

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" 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.

24. 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.

25. Elkhorn was issued 400,000 units.

26. 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.

27. 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.

28. 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.

c. November 4, 2000

29. 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.

30. 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 at the direction of Cathcart and Illidge. Neither Almasa nor Almasa's principals authorized the purchase of these shares.

31. These facts were never publicly disclosed.

d. November 27, 2000

32. 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.

33. The placees 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.

34. 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.

35. 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.

36. 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.

e. March 29 2001

37. Hucamp's public file reflects a private placement dated April 23, 2001. Hucamp announced to the public that it had "agreed to a non-brokered private placements" by press release on March 29, 2001. This transaction involved 40 units, each unit being comprised of one "\$50,000 Convertible Senior Debenture." The debentures entitled the holder to interest of 10% per annum payable quarterly and was convertible into Hucamp shares at any time before March 30, 2002 at \$1.75 per share.

38. At the direction of Misir, Illidge and Cathcart, all 40 units were placed with the Lottery Winners without authorization, without disclosing their own interests in the investment, and without disclosing the risks associated with it. These facts were not disclosed to the public.

IV. Trading in Hucamp Shares

39. In 2000 and 2001, the market in Hucamp was subjected to abusive trading practices by the Respondents. In particular, the Respondents' conduct included the following conduct:

- a. The Respondents controlled the market for Hucamp shares and manipulated or attempted to manipulate the market price for Hucamp shares;
- b. The Respondents engaged in trading for the purpose of creating a false appearance of trading volume in and demand for Hucamp shares;

- c. The Respondents frequently engaged in trades in Hucamp shares with each other;
- d. The Respondents dominated trading in Hucamp shares;
- e. The Respondents engaged in trading of Hucamp shares by using nominee accounts at Rampart and elsewhere;
- f. The Respondents both bought and sold Hucamp shares through jitney trades;
- g. The Respondents engaged in upticking and high closing;
- h. Illidge, McLean, Cathcart and Kelley engaged in wash trades;
- i. Illidge and McLean were, as described below in Part V, parties to or authorized, permitted or acquiesced in the violations of sections 75 and 122(1)(b) of the Act in respect of Hucamp's public record respecting Hucamp's private placements and used Hucamp private placements to consolidate control of the market in Hucamp shares and to provide liquidity in the marketplace rather than to provide Hucamp with funds to carry out its operations;
- j. Illidge and McLean were parties to or authorized, permitted or acquiesced the violation of section 75 of the Act by failing to disclose to the public that the Respondents effectively controlled the market for Hucamp shares and that the Respondents were manipulating the market for Hucamp shares;
- k. Illidge and McLean, both insiders of Hucamp, violated section 76 of the Act by trading in Hucamp shares while these material facts were undisclosed to the public; and
- l. Illidge and McLean violated section 107 of the Act by failing to file Insider Reports or failing to file them in a timely manner during this period.

V. Conduct Contrary to the Public Interest

a. Hucamp Private Placements

(i) May 12, 2000

40. By engaging in the conduct described in paragraphs 15 to 20, Hucamp violated sections 75 and 122(1)(b) of the Act. As parties to that conduct or by authorizing,

permitting or acquiescing in it, Illidge and McLean violated Ontario securities law and acted in a manner contrary to the public interest.

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

41. By engaging in the conduct described in paragraphs 21 to 28, Hucamp violated sections 53, 75 and 122(1)(b) of the Act. By participating in that conduct or by authorizing, permitting or acquiescing in it, Illidge and McLean violated Ontario securities law and acted in a manner contrary to the public interest.

42. By engaging in the conduct described in paragraphs 26 and 28, Misir violated section 53 of the Act and acted in a manner contrary to the public interest.

(iii) November 4, 2000

43. By participating in the conduct described in paragraphs 29 to 31 Hucamp violated sections 75 and 122(1)(b) of the Act. By participating in that conduct or by authorizing, permitting or acquiescing in it, Illidge violated Ontario securities law and acted in a manner contrary to the public interest. By participating in the conduct described in paragraph 29, or by authorizing, permitting or acquiescing in it, McLean violated Ontario securities law and acted in a manner contrary to the public interest.

44. By participating in the conduct described in paragraph 30, Cathcart and Illidge acted in a manner contrary to the public interest.

(iv) November 27, 2000

45. By participating in the conduct described in paragraphs 32 to 36 Hucamp violated sections 75 and 122(1)(b) of the Act. By participating in that conduct, or by authorizing, permitting or acquiescing in it, Illidge violated Ontario securities law and acted in a manner contrary to the public interest. By participating in the conduct described in paragraph 32, or by authorizing, permitting or acquiescing in it, McLean violated Ontario securities law and acted in a manner contrary to the public interest.

46. By participating in the conduct described in paragraph 33, Illidge, Misir and Cathcart acted in a manner contrary to the public interest.

(v) March 29, 2001

47. By participating in the conduct described in paragraphs 37 and 38 Hucamp violated sections 75 and 122(1)(b) of the Act. By participating in that conduct or by authorizing, permitting or acquiescing in it, Illidge violated Ontario securities law and acted in a manner contrary to the public interest.

48. By participating in the conduct described in paragraph 38, Illidge, Misir and Cathcart acted in a manner contrary to the public interest.

b. Trading in Hucamp Shares

49. By participating in the conduct described in sub-paragraphs 39 a. to l. Illidge and McLean violated Ontario securities law and acted in a manner contrary to the public interest.

50. By participating in the conduct described in sub-paragraphs 39 a. to h. Cathcart and Kelley acted in a manner contrary to the public interest.

51. By participating in the conduct described in sub-paragraphs 39 a. to g, Misir acted in a manner contrary to the public interest.

DATED at Toronto, July 11, 2005.