

**ALBERTA SECURITIES COMMISSION**  
**SETTLEMENT AGREEMENT AND UNDERTAKING**

Citation: Richardson, Re, 2007 ABASC 467

Date: 20070703  
Docket: E/03044

*Securities Act, R.S.A. 2000, c. S-4 (Act)*

**Kenneth Richardson**

**Agreed Facts**

*Introduction*

- 1 The staff of the Alberta Securities Commission (respectively, Staff and Commission) conducted an investigation into allegations that Kenneth Richardson (Richardson) breached the Alberta securities laws by manipulating the share price of and the market for the securities of Agau Resources, Inc. (Agau) during the period January 1, 2005 to May 31, 2005 (Period), and acted contrary to the public interest.
- 2 The investigation confirmed and Richardson admits that he breached those sections of the *Act* and Rules referred to in this Settlement Agreement and Undertaking (Agreement), and that he acted contrary to the public interest.
- 3 Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertaking referred to in paragraph 13, Richardson agrees to the facts and consequences set out in this Agreement.
- 4 Terms used in this Agreement have the same meaning as provided in the Alberta securities laws, a defined term in the *Act*.

*Parties*

- 5 Richardson is a self-employed metallurgist and prospector who resides in Edmonton, Alberta. He was a founding shareholder of Agau and a former director. At all material times, Richardson was a control person of Agau by virtue of his holding and controlling approximately 46% of the voting shares of Agau.
- 6 Agau is an Alberta corporation, representing itself as being in the business of acquiring, exploring and developing mining properties in northern Alberta. Agau's

securities were at all material times listed for trading on the TSX Venture Exchange, trading under the symbol “AGS”.

### *Circumstances*

7 During the Period, Richardson traded in the securities of Agau on an almost daily basis through his discount brokerage account (Account). The majority of Richardson’s purchases were upticks on single board lot volumes of 500 shares (i.e. they were trades at a value greater than the last board lot trade). The majority of the trades occurred around the opening and closing of the trading days.

8 Richardson’s trading activity in Agau securities during the Period can be summarized as follows:

- 8.1 He purchased 37,100 shares at an average price of \$0.73;
- 8.2 He sold 67,000 shares at an average price of \$0.63;
- 8.3 He paid commissions of \$2,237.81;
- 8.4 He conducted 85 trades, involving 67 purchases and 18 sales;
- 8.5 Of the 67 purchases, 40 were upticks and 0 were downticks;
- 8.6 Of the 67 purchases, 62 were single board lots of 500 shares, representing 73% of his total trades and 92.5% of his purchases; and
- 8.7 Of the 40 uptick purchases, approximately 30% were conducted within 15 minutes of the close of trading.

9 Richardson’s trading was intended to, or had the effect of, creating an enhanced and artificial appearance of strength, stability and liquidity in the market for Agau securities.

### *Breaches*

10 As a result, Richardson admits that he engaged or participated in trading activity relating to the securities of Agau that he knew or reasonably ought to have known would result in, or contribute to, a false or misleading appearance of trading activity in the securities of Agau, and an artificial price for the securities of Agau, in breach of subsections 93(a)(i) and (ii) of the *Act* and was contrary to the public interest.

### *Other Circumstances Relevant to Settlement*

11 Richardson has previously been sanctioned by the Commission. In *Re Richardson*, 2004 ABASC 807, he was found to have not complied with in his disclosure obligations as an insider and control person, largely in relation to deficient disclosure of his trading

and his shareholdings. The Commission issued a 60-day cease trade order, a 1-year director and officer prohibition, and ordered payment of costs.

12 Richardson has cooperated with Staff during the investigation of this matter and this Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

### **Settlement Payments and Undertakings**

13 Based on these facts and admissions, Richardson undertakes to the Executive Director upon execution of this Agreement:

- 13.1 to pay to the Commission the amount of \$25,000 in settlement of the allegations;
- 13.2 to pay to the Commission the amount of \$15,000 towards investigation costs;
- 13.3 to cease trading in or purchasing securities for a period of 5 years, except that Richardson may trade and purchase securities in one RRSP account held with a registered representative to whom Richardson has first provided a copy of this decision (provided that such trades and purchases are not in securities of Agau);
- 13.4 to not use any exemptions in the Alberta securities laws for a period of 5 years;
- 13.5 to resign all positions as a director and officer of any issuer; and
- 13.6 to refrain from becoming or acting as a director or officer, or as both a director and officer, of any issuer for a period of 5 years.

### **Administration**

14 Richardson waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.

15 Richardson acknowledges that this Agreement may be referred to in any other proceedings under the *Act*.

16 The Agreement resolves all issues involving Richardson as described in the attached paragraphs, and Staff will take no further steps against Richardson arising from these facts.

17 The Agreement may be executed in counterpart.

Signed by Kenneth Richardson at  
Edmonton, Alberta this 28<sup>th</sup> day of  
June 2007, in the presence of:

Andrew J. Chamberlain  
WITNESS NAME

“original signed by”  
SIGNATURE

)  
)  
)  
) “original signed by”  
) Kenneth Richardson  
)  
)  
)

) ALBERTA SECURITIES COMMISSION  
)

Calgary, Alberta, July 3, 2007

)  
) “original signed by”  
) John P. Petch  
) Director, Enforcement