ALBERTA SECURITIES COMMISSION

SETTLEMENT AGREEMENT AND UNDERTAKING OF CLINTON DEAN WOLSTENHOLME

Citation: Genoray Advanced Tech. Ltd., Re, 2005 ABASC 227 Date: 20050311
Docket**:** E/00311

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

Genoray Advanced Technologies Ltd., Lambert Joseph Lavallee, Clinton Dean Wolstenholme, Richard George Kearl, Ross Vincent Bayne, Patrick Joseph Cochrane, Douglas Andrew Nesbitt and Wyatt Gordon McNabb

Introduction

1. The staff (Staff) of the Alberta Securities Commission (Commission) conducted an investigation into allegations that Clinton Dean Wolstenholme (Wolstenholme) contravened the Alberta securities laws and acted contrary to the public interest.

2. The investigation confirmed, and Wolstenholme acknowledges, that he breached subsections 75(1)(a), 92(3)(b), 92(3)(c) and 110(1) of the *Act* 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 24, Wolstenholme agrees to the facts and consequences set out in this Settlement Agreement and Undertaking (Agreement).

4. Unless otherwise stated, terms used in this Agreement have the same meaning as provided in the Alberta securities laws.

Circumstances

5. Wolstenholme is a 32-year old businessman and resides in Airdrie, Alberta. He was registered with the Executive Director of the Commission (Executive Director)

under the *Act* as a registered representative through the Investment Dealers Association between December 17, 1999 and June 18, 2001. Wolstenholme was never registered in any other capacity or at any other time with the Executive Director.

6. American Technology Exploration Corporation (AmTech), a Nevada corporation, has never been a reporting issuer in Alberta.

7. Genoray Advanced Technologies Ltd. (Genoray), an Alberta corporation, was a reporting issuer in Alberta but was never listed on any exchange or quoted on any quotation system. Genoray was previously known as Soundcache.com Inc.

AmTech Sales

8. During 2001, Wolstenholme introduced a number of Alberta investors (the AmTech Investors) to AmTech as a potential investment. The AmTech Investors were family, friends and former clients of Wolstenholme, and he received one AmTech share for every 10 shares he sold.

9. Wolstenholme witnessed signatures on sales agreements between Lavallee and the AmTech Investors. The AmTech Investors introduced by Wolstenholme invested approximately $750,000.00.

10. Wolstenholme admits that his activities constituted trades in securities of AmTech, and that he breached section 75(1)(a) of the *Act*.

11. Without the written permission of the Executive Director, Wolstenholme told various AmTech Investors that the AmTech securities would be listed on the NASDAQ exchange. Wolstenholme admits that these statements were prohibited representations made with the intention of effecting a trade in the AmTech securities and that he breached section 93(2)(b) of the *Act*.

12. Wolstenholme admits that he made other statements to AmTech Investors that he knew or ought reasonably to have known were misrepresentations, with the intention of effecting a trade in the AmTech securities, including:

a. The funds invested by the AmTech Investors would be used to acquire personal digital assistant technology; and

b. The funds would be held by Richard Kearl “in trust”;

and that he breached section 93(2)(c) of the *Act*.

Genoray Distribution

13. In March 2002 Lavallee hired Wolstenholme as an investor relations representative of Genoray. Wolstenholme stopped working for Genoray in December 2002.

14. Between March 2002 and June 2002, Wolstenholme and others introduced a number of Alberta investors (the Genoray Investors) to Genoray as a potential investment. The Genoray Investors introduced by Wolstenholme were his friends, family and former clients. The Genoray Investors introduced by Wolstenholme invested approximately $500,000.00.

15. Wolstenholme witnessed the signatures of investors on sales agreements between Lambert Joseph Lavallee and the Genoray Investors. Wolstenholme received approximately $200,000 in salary and commissions for these and other activities performed in respect of Genoray.

16. Wolstenholme admits that his activities constituted trades in securities of Genoray, and that he breached section 75(1)(a) of the *Act*.

17. As the holder of more than 20% of the outstanding voting securities of Genoray, Lavallee was a control person of Genoray, as defined in the *Act*. The securities were registered in Lavallee's name and in the names of nominee shareholders. The trades to the Genoray Investors were trades in securities from the holdings of a control person, Lavallee. As such, the trading by Wolstenholme in the Genoray securities was a distribution under the *Act*.

18. Neither Genoray nor Lavallee had filed a preliminary or final prospectus and neither had received a receipt for a preliminary or final prospectus from the Executive Director relating to the distribution of the Genoray securities. There were no available exemptions for the trades at issue in this matter.

19. Wolstenholme admits that he engaged in a distribution of a security without a prospectus or an appropriate exemption, and that he breached section 110 of the *Act*.

20. Wolstenholme also admits that his failure to register under the *Act* and to ensure that the securities he sold to the Investors were qualified by a prospectus, or were otherwise exempt, made his actions contrary to the public interest.

Other Agreed Facts Relevant to Sanction

21. Wolstenholme believed, and Staff does not dispute, that exemptions under Alberta securities laws were available for the trades in the securities of AmTech and

Genoray. Wolstenholme admits he should have been more diligent to ensure that the trades complied with Alberta securities laws.

22. Wolstenholme is not involved as an officer or director of any other reporting issuer.

23. The Commission has not previously sanctioned Wolstenholme and he has cooperated with Staff's investigation.

Settlement and Undertaking

24. Based on these facts and admissions, Wolstenholme undertakes to the Executive Director that:

a. He will cease trading in all securities for a period of 5 (five) years from the date of this Agreement, except for trades within his personal registered retirement savings plan account through the services of a registered representative;

b. He will resign any position that he holds as a director or officer of any issuer, and will refrain from acting as or becoming either a director or officer, or both, of any issuer for a period of 5 (five) years from the date of this Agreement;

c. He will not make use of any exemptions contained in the Alberta securities laws for a period of 5 (five) years from the date of this Agreement;

d. He agrees to pay to the Commission an amount of $20,000 to settle these allegations;

e. He agrees to pay to the Commission an amount of $5,000 in partial satisfaction of the costs of the investigation.

Procedure

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

26. Wolstenholme acknowledges that this Agreement may be referred to in any future proceedings under the *Act*.

27. Wolstenholme agrees that he will continue to cooperate fully with Staff in Staff's ongoing investigation and any hearing or other proceedings resulting from Staff's investigation.

28. This Agreement resolves all issues involving Wolstenholme described in the attached paragraphs, and Staff will take no further steps against Wolstenholme arising from these facts.

29. The Agreement may be signed in counterpart.

Signed by Clinton Dean Wolstenholme at Calgary, Alberta this 7th day of March 2005, in the presence of:

(original signed by)
Clinton Dean Wolstenholme

Redacted
PRINT NAME

(original signed by)
SIGNATURE

ALBERTA SECURITIES COMMISSION

DATED at Calgary, Alberta

this 11 day of March

2005.

(original signed by)
John P. Petch
Director, Enforcement

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