



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor CP 55, 19^e étage
20 Queen Street West 20, rue queenouest
Toronto ON M5H 3S8 Toronto ON M5H 3S8

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

- AND -

**IN THE MATTER OF
URANIUM308 RESOURCES INC., MICHAEL FRIEDMAN, GEORGE SCHWARTZ,
PETER ROBINSON, and SHAFI KHAN**

**SETTLEMENT AGREEMENT
BETWEEN STAFF AND URANIUM308 RESOURCES INC.
AND MICHAEL FRIEDMAN**

PART I - INTRODUCTION

1. By Notice of Hearing dated February 23, 2009, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on March 6, 2009, to consider whether it is in the public interest for the Commission to extend a temporary cease trade order (the "Temporary Order") issued on February 20, 2009, pursuant to subsections 127(7) and (8) of the Ontario *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), until the conclusion of the hearing or until such further time as considered necessary by the Commission.
2. The Temporary Order was issued against, *inter alia*, Uranium308 Resources Inc. ("U308 Inc.") and against Michael Friedman ("Friedman"). The Commission has ordered that the Temporary Order be extended against U308 Inc. and Friedman on several occasions. On June 30, 2010, the Commission ordered that the Temporary Order against U308 Inc. and Friedman be extended until the completion of the hearing on the merits.
3. By Notice of Hearing dated March 2, 2010, the Commission announced that it proposed to hold a hearing, commencing on March 5, 2010, pursuant to sections 37, 127, and 127.1 of the Act to consider whether it is in the public interest to make orders, as specified therein, against

U308 Inc., Friedman, George Schwartz ("Schwartz"), Peter Robinson ("Robinson"), and Shafi Khan ("Khan") (collectively the "Respondents").

4. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37, 127 and 127.1 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of U308 Inc. and Friedman.

PART II – JOINT SETTLEMENT RECOMMENDATION

5. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated March 2, 2010 against U308 Inc. and Friedman (the "Proceeding") in accordance with the terms and conditions set out below. Friedman and U308 Inc. consent to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

Background

6. Uranium308 Synergies Inc. ("Synergies") was incorporated in Ontario in April, 2007.

7. On June 7, 2007, the corporate name of Synergies was changed to Uranium308 Resources Inc. ("U308 Inc.").

8. Friedman is the sole registered Director of U308 Inc. and the President of U308 Inc. Friedman is a resident of Ontario.

9. Schwartz is a resident of Ontario and was a directing mind of U308 Inc. Friedman reported to Schwartz and acted under the instruction of Schwartz.

10. Throughout the time period between and including July 1, 2007 and December 31, 2008 (the "Material Time"), Friedman knew that Schwartz was the subject of a Commission cease trade order in relation to Euston Capital and, as such, Schwartz could not be a registered Director

of U308 Inc. Friedman deliberately held himself out as the Director and President of U308 Inc. so that Schwartz' true role as the directing mind of U308 Inc. was concealed.

11. Robinson is a resident of Ontario and was a salesperson of U308 Inc. securities.

12. Khan is a resident of Ontario and was a salesperson of U308 Inc. securities.

Trading in Securities of U308 Inc.

13. The Respondents traded in securities of U308 Inc. during the Material Time.

14. The Respondents traded in securities of U308 Inc. from offices in the Toronto area. The U308 Inc. website and investor relations documents showed two addresses for U308 Inc. that differed from the actual office address. The publicly disclosed addresses were virtual offices.

15. U308 Inc. has never filed a prospectus or a preliminary prospectus with the Commission.

16. U308 Inc. has never been registered with the Commission.

17. Friedman, Schwartz, Robinson and Khan were not registered with the Commission in any capacity during the Material Time.

18. During the Material Time, residents of Ontario and elsewhere in Canada received unsolicited phone calls from salespersons, agents and representatives of U308 Inc. and were solicited to purchase securities of U308 Inc.

19. During the Material Time, Friedman corresponded with investors by e-mail and provided investors and potential investors with subscription agreements in relation to the sale of U308 Inc. securities. Friedman would sign e-mails using the false names used by certain salespeople of U308 Inc.

20. During the Material Time, \$2,380,390 was received from 107 individuals and companies (collectively the "Investors") that purchased securities of U308 Inc. as a result of being solicited to do so by the salespersons, agents and representatives of U308 Inc.

21. The salespersons, agents and representatives of U308 Inc. told potential investors that U308 Inc. would be going public in the future and they would receive securities of the public company. Neither of these events have ever happened. Potential investors were also told that U308 Inc. owned certain properties in Zambia and New Mexico.

22. Investors have not been contacted by anyone from U308 Inc. since December 2008 and the securities of U308 Inc. that they own have no determinable value. Accordingly, the funds provided by the Investors have been irrevocably lost.

23. The Respondents participated in acts, solicitations, conduct, or negotiations directly or indirectly in furtherance of the sale or disposition of securities for valuable consideration, in circumstances where there were no exemptions available to the Respondents under the Act.

Fraudulent Conduct

24. During the Material Time, the Respondents and other employees, representatives or agents of U308 Inc. provided information to the Investors that was false, inaccurate and misleading, including, but not limited to, the following:

- that U308 Inc. owned certain properties in Zambia and New Mexico, U.S.A.; and
- that the net proceeds of the sale of U308 Inc. securities was to be used for the exploration and development of the Zambian and New Mexico properties.

25. The U308 Inc. website address was www.uranium308resources.com (the "U308 Website") and contained numerous pieces of false, inaccurate and misleading information.

26. The U308 Website claimed that U308 Inc.'s "Zambian holding is a 40% interest in the uranium assets of a 570-sq. km. Property in northwest Zambia in an area known as the Luswishi Dome." U308 Inc. never actually obtained the ownership stake claimed in the Zambian property. The agreement by which U308 Inc. was to acquire this ownership stake was never completed as U308 Inc. did not honour certain terms of the agreement. Moreover, the party that was to vend this ownership stake to U308 Inc. provided a formal Notice of Termination to U308 Inc. as early as February 6, 2008. The U308 Website continued, after that point in time, to assert that U308 Inc. owned the Zambian property as set out above. No steps were taken to

advise investors or potential investors of the termination of the contract or even the existence of a dispute with respect to the contract.

27. The U308 Website also contained the following statement,

“The New Mexico interest consists of a 50% concession in mining claims and leases of lands totaling approximately 3,000 acres near Grants, New Mexico.”

This statement was completely false as it describes a property, known as F-33, that U308 Inc. never had any ownership interest in. There was some preliminary discussions with respect to acquiring F-33, but the discussions never progressed in a meaningful way. The F-33 property, described on the U308 Website, was actually acquired in November of 2007 by a company completely unrelated to U308 Inc.

28. The false, inaccurate and misleading representations were made with the intention of effecting trades in U308 Inc. securities.

29. Salespeople used false names when communicating with investors and potential investors in U308 Inc. Khan used the false name “Ken Shaw”. Robinson used the false name “Alan Barnard”. Robinson also used his own name when dealing with some of the Investors.

30. As set out below in the Use of Funds section of this Part of the Settlement Agreement, approximately \$1,470,000 dollars was paid to individuals and companies as compensation for their involvement in the sale of U308 Inc. securities. This constituted approximately 62% of the funds received from the sale of the U308 Inc. securities to the Investors. The Investors were never informed that their funds would be paid out in this manner.

31. Furthermore, a significant amount of funds received from the Investors was used to purchase shell companies. These shell companies performed no function in relation to the stated objectives of U308 Inc. Investors were never informed that their funds would be used in this manner.

32. The Respondents and other employees, representatives or agents of U308 Inc. engaged in a course of conduct relating to securities that they knew or reasonably ought to have known would result in a fraud on persons purchasing securities of U308 Inc.

Misleading Staff of the Commission

33. On May 9 and 16, 2008, Friedman signed two letters to Staff in response to certain inquiries made by Staff with respect to U308 Inc. (the "Letters to Staff"). Both of the Letters to Staff were written by Schwartz and signed by Friedman.

34. Numerous statements contained in the Letters to Staff were, in a material respect and at the time and in light of the circumstances under which they were made, misleading or untrue. The misleading or untrue statements were made with respect to, *inter alia*, the following: the nature of the operations of U308 Inc., the role played by Schwartz in U308 Inc., the financial situation of U308 Inc., and the sale of U308 Inc. securities to persons or companies in Ontario.

35. Specifically, the letter dated May 9, 2008 from U308 Inc. to Staff was misleading with respect to Schwartz's role in the trading of securities of U308 Inc. The letter stated,

"We have not engaged him [Schwartz], directly or indirectly in any manner, for any securities trading within the definition of "trading" in the provincial securities acts of these jurisdictions, nor for any use of exemptions in these acts. He [Schwartz] did not manage, oversee or otherwise assist in the sale of URI [U308 Inc.] securities, contrary to the allegations of your informant. To the best of our knowledge and belief he has not traded in URI securities in any manner or used any exemption to acquire URI securities."

36. Contrary to the assertions in the May 9, 2008 letter to Staff, Friedman, Schwartz, Robinson, Khan and Gus Gualdieri ("Gualdieri") met with Mr. "J.V.", a potential investor in U308 Inc., in the fall of 2007. This meeting took place in Toronto and Schwartz, Khan and Robinson were in charge of the meeting. The "J.V. Family Trust" purchased 1 million U308 Inc. securities for \$250,000 on November 7, 2007.

37. Contrary to the assertions set out in the May 9, 2008 letter, as set out in paragraph 35, *supra*, Schwartz also signed the U308 Inc. share certificates as the Treasurer of U308 Inc.

38. The letter to Staff, dated May 16, 2008, claims that U308 Inc. "generated revenues of \$378,000 within our first year". This statement was false as U308 Inc. never generated any revenues.

39. The May 16, 2008 letter to Staff also states that U308 Inc. had raised "NIL" in terms of money raised in Ontario. This was false as, on or about December 11, 2007, U308 Inc. securities were sold to a resident of Ontario, "G.M."

Funds Received by U308 Inc. and Use of Funds

40. During the Material Time, \$2,380,390 was received from Investors in U308 Inc. into three separate bank accounts at the following banking institutions: the Royal Bank of Canada, the Canadian Imperial Bank of Commerce and TD Canada Trust (the "U308 Bank Accounts"). Friedman was the sole signatory on the U308 Bank Accounts.

41. The table below sets out the funds received by U308 Inc. in the U308 Bank Accounts and the use of the funds received into the U308 Bank Accounts:

U308 Bank Accounts

Summary from July 31, 2007 to November 28, 2008

FUNDS IN Summary

Total funds in as cash	\$	5,720.00
Total funds from Investors	\$	2,380,390.00
Total funds from Peter Robinson	\$	17,000.00
Total funds in from unidentified sources	\$	20,100.00
Total funds from Michael Friedman	\$	50,000.00
Total Funds In		<u><u>\$2,473,210.00</u></u>

FUNDS OUT Summary

Funds out to 1751564 Ontario Inc. (Robinson is the director)	-\$	512,360.00
Funds out to 2096516 Ontario Inc. (Robinson is the director)	-\$	146,250.00
Funds out to Alexander Branitsky	-\$	2,200.00
Funds out to Capital Transfer Agency Inc.	-\$	7,987.91
Funds out as Cash	-\$	68,772.40
Funds out to David O'Brien	-\$	1,850.00
Funds out to Debrebud Capital Corp. (Schwartz is a director)	-\$	50,006.50
Funds out to Dorothy Stewart (Qualifier for U308 Inc.)	-\$	24,570.20
Funds out to Fred Canagasingham (Qualifier for U308 Inc.)	-\$	22,315.20
Total funds out to Herb Groberman (Salesperson for U308 Inc.)	-\$	50,500.00
Funds out to Irv Lightstone (Salesperson for U308 Inc.)	-\$	24,960.00
Funds out to Kevin Hiles (Salesperson for U308 Inc.)	-\$	20,450.00
Funds out to Kevin Wash (Salesperson for U308 Inc.)	-\$	10,200.00
Total funds out to Mack Griffiths	-\$	11,830.00
Funds out to Mauria Cornwall (Qualifier for U308 Inc.)	-\$	18,826.10
Total funds out to Merger Law Associates Limited – London (funds used in connection with the purchase of shell companies)	-\$	173,061.74
Funds out to Friedman	-\$	60,784.62

Funds out to Mir Enterprises Ltd. (Khan is the director)	-\$	25,500.00
Funds out to Mirianne Hyacinthe (Qualifier for U308 Inc.)	-\$	13,693.00
Funds out to Miscellaneous individuals and/or entities	-\$	121,734.53
Funds out to Murray Shiner (Salesperson for U308 Inc.)	-\$	8,500.00
Funds out to North Star Publishing	-\$	13,444.61
Funds out to Robinson	-\$	214,779.76
Funds out to Platinum International Investments Inc. (Robinson is the director)	-\$	61,500.00
Funds out to Randy Lucas (Qualifier for U308 Inc.)	-\$	34,583.94
Funds out to Mallpaks Development Limited (re: 207)	-\$	66,959.53
Funds out to Robert Geller	-\$	24,950.00
Funds out to Khan	-\$	74,000.00
Funds out to The Kinti Group Inc. (Gualdieri is the director)	-\$	178,080.00
Funds out to The MLJ Group Inc. (Friedman is the officer and director)	-\$	99,792.87
Total funds out to The Venture Catalysts (funds used in connection with the purchase of shell companies)	-\$	16,070.00
Total funds out to Uranium 308 Resources PLC Uniglobe Oil - Germany	-\$	30,989.61
Funds out to World Wide Graphite Producers Ltd.	-\$	279,861.49
Total Funds Out		<u><u>-\$2,471,364.01</u></u>

42. Friedman received \$99,792.87, paid to his company The MLJ Group Inc. during the Material Time. Friedman also received \$60,784.62 directly from U308 Inc. Friedman received a total of \$160,577.49 from the U308 Inc. Bank Accounts.

43. It is unclear how much of the "Funds out as Cash", as set out in the table in paragraph 41, *supra*, went directly to Friedman.

44. Friedman provided U308 Inc. with \$50,000 on June 5, 2007. These funds were provided in furtherance of commencing the U308 Inc. operations.

45. Schwartz received payments from U308 Inc. via his company, Debrebud Capital Corp., and via payments made to Robinson or Robinson's companies.

PART IV - CONDUCT CONTRARY TO THE PUBLIC INTEREST

46. By engaging in the conduct described above, Friedman and U308 Inc. admit and acknowledge that both Friedman and U308 Inc. contravened Ontario securities law during the Material Time in the following ways:

- (a) During the Material Time, Friedman and U308 Inc. engaged or participated in acts, practices or courses of conduct relating to securities of U308 Inc. that the Friedman and U308 Inc. knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act and contrary to the public interest;
- (b) During the Material Time, Friedman and U308 Inc. traded in securities without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest;
- (c) During the Material Time, U308 Inc. and representatives of U308 Inc. made representations without the written permission of the Director, with the intention of effecting a trade in securities of U308 Inc., that such security would be listed on a stock exchange or quoted on any quotation and trade reporting system, contrary to section 38(3) of the Act and contrary to the public interest;
- (d) During the Material Time, Friedman and U308 Inc. traded in securities of U308 Inc. when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to section 53(1) of the Act and contrary to the public interest;
- (e) During the Material Time, Friedman, being a director and officer of U308 Inc., did authorize, permit or acquiesce in the commission of the violations of sections 25, 38, 53 and 126.1 of the Act, as set out above, by U308 Inc. or by the employees, agents or representatives of U308 Inc., contrary to section 129.2 of the Act and contrary to the public interest; and
- (f) During the Material Time, Friedman made statements to Staff that, in a material respect and at the time and in light of the circumstances under which they were made, were misleading or untrue, contrary to section 122(1)(a) of the Act and contrary to the public interest.

47. Friedman admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 46 (a),(b),(d),(e), and (f).

48. U308 Inc. admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 46 (a) to (d).

PART V - TERMS OF SETTLEMENT

49. Friedman and U308 Inc. agree to the terms of settlement listed below.

50. The Commission will make an order, pursuant to sections 37 and s. 127(1) of the Act, that:

- (a) the Settlement Agreement is approved;
- (b) trading in any securities by Friedman and U308 Inc. cease permanently from the date of the approval of the Settlement Agreement, with the exception that Friedman is permitted to trade in securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada));
- (c) the acquisition of any securities by Friedman and U308 Inc. is prohibited permanently from the date of the approval of the Settlement Agreement, with the exception that Friedman is permitted to acquire securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada));
- (d) any exemptions contained in Ontario securities law do not apply to Friedman and U308 Inc. permanently from the date of the approval of the Settlement Agreement;
- (e) Friedman and U308 Inc. are reprimanded;
- (f) Friedman is prohibited permanently from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(g) Friedman is prohibited permanently from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter; and,

(h) Friedman and U308 Inc. shall disgorge to the Commission, jointly and severally, \$2,380,390 obtained as a result of their non-compliance with Ontario securities law. The \$2,380,390 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing U308 Inc. securities, in accordance with s. 3.4(2) of the Act;

(i) Friedman and U308 Inc. each pay administrative penalties of \$100,000 for their failure to comply with Ontario securities law. These \$100,000 administrative penalties shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing U308 Inc. securities, in accordance with s. 3.4(2) of the Act; and

(j) Friedman cease permanently, from the date of the approval of the Settlement Agreement, to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

51. Friedman and U308 Inc. undertake to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 50. (a) to (g) above.

PART VI - STAFF COMMITMENT

52. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Friedman and/or U308 Inc. in relation to the facts set out in Part III herein, subject to the provisions of paragraph 53 below.

53. If this Settlement Agreement is approved by the Commission, and at any subsequent time Friedman or U308 Inc. fail to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Friedman or U308 Inc. based on,

but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT

54. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and U308 Inc. and Friedman for the scheduling of the hearing to consider the Settlement Agreement.

55. Staff and Friedman and U308 Inc. agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding Friedman and U308 Inc.'s conduct, unless the parties agree that further facts should be submitted at the settlement hearing.

56. If this Settlement Agreement is approved by the Commission, Friedman and U308 Inc. agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

57. If this Settlement Agreement is approved by the Commission, neither party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

58. Whether or not this Settlement Agreement is approved by the Commission, Friedman and U308 Inc. agree that they will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

59. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

- (a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and Friedman and U308 Inc. leading up to its presentation at the

settlement hearing, shall be without prejudice to Staff and Friedman and U308 Inc.; and

- (b) Staff and Friedman and U308 Inc. shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

60. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Friedman, U308 Inc. and Staff or as may be required by law.

61. PART IX. - EXECUTION OF SETTLEMENT AGREEMENT

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

63. A facsimile copy of any signature will be as effective as an original signature.

Dated this 30 day of September, 2010.

Signed in the presence of:

A. Evans
Witness

[Signature]
Michael Friedman

Dated this 30 day of September, 2010

[Signature]
Witness

[Signature]
Uranium308 Resources Inc.

Per: Michael Friedman

Authorized to bind the corporation

Dated this 30 day of Sept., 2010

STAFF OF THE ONTARIO SECURITIES COMMISSION

[Signature]

Tom Atkinson
Director, Enforcement Branch

Dated this 1st day of OCTOBER, 2010

SCHEDULE "A"



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

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

- AND -

IN THE MATTER OF

URANIUM308 RESOURCES INC. and MICHAEL FRIEDMAN

**ORDER
(Sections 37 and 127(1))**

WHEREAS on _____, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37 and 127 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") in respect of Uranium308 Resources Inc. ("U308 Inc.") and Michael Friedman ("Friedman");

AND WHEREAS U308 Inc. and Friedman entered into a Settlement Agreement with Staff of the Commission dated _____, 2010 (the "Settlement Agreement") in which U308 Inc. and Friedman agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing, and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for U308 Inc. and Friedman 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;

SCHEDULE "A"

IT IS HEREBY ORDERED THAT:

- (a) the Settlement Agreement is approved;
- (b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by U308 Inc. and Friedman cease permanently, with the exception that Friedman is permitted to trade in securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada));
- (c) pursuant to clause 2.1 of section 127(1) of the Act, U308 Inc. and Friedman are each prohibited permanently from the acquisition of any securities, with the exception that Friedman is permitted to acquire securities in mutual funds through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada));
- (d) pursuant to clause 3 of section 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to U308 Inc. and Friedman permanently;
- (e) pursuant to clause 6 of subsection 127(1) of the Act, U308 Inc. and Friedman are reprimanded;
- (f) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Friedman is prohibited permanently from the date of this Order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (g) pursuant to clause 8.5 of subsection 127(1) of the Act, Friedman is prohibited permanently from the date of this Order from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (h) pursuant to clause 9 of subsection 127(1) of the Act, Friedman and U308 Inc. shall each pay administrative penalties of \$100,000 for their failure to comply with Ontario securities law. The \$100,000 administrative penalties shall be for allocation to or for the

SCHEDULE "A"

benefit of third parties, including investors who lost money as a result of purchasing U308 Inc. securities, in accordance with s. 3.4(2) of the Act;

- (i) pursuant to clause 10 of subsection 127(1) of the Act, Friedman and U308 Inc. shall disgorge to the Commission, jointly and severally, \$2,380,390 obtained as a result of their non-compliance with Ontario securities law. The \$2,380,390 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing U308 Inc. securities, in accordance with s. 3.4(2) of the Act; and
- (j) pursuant to section 37(1) of the Act of the Act, Friedman shall be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of security.

DATED AT TORONTO this day of , 2010.
