

IN THE MATTER OF
THE SECURITIES ACT, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

- and -

IN THE MATTER OF RALPH MACDERMOTT and
A.C.T. ASSOCIATED CAPITAL TRADERS (collectively the "Respondents")

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The parties to this Settlement Agreement ("Agreement") are the Respondents and the Director of Enforcement for the Nova Scotia Securities Commission, Enforcement Branch ("Director of Enforcement").
2. The parties agree that the Nova Scotia Securities Commission ("Commission") has jurisdiction over this matter.
3. The parties agree to recommend to the Commission approval of this Agreement in accordance with the terms and process set out herein.

PART II – PROCEDURE FOR APPROVAL OF THE AGREEMENT

4. The Director of Enforcement agrees to request that a Notice of Hearing be issued setting down a hearing ("Settlement Hearing") wherein the Commission will consider whether it is in the public interest to approve this Agreement and to issue an Order in the form attached as Schedule "A".
5. The parties agree that the Agreement constitutes the entirety of evidence to be submitted to the Commission at the Settlement Hearing.
6. The Director of Enforcement agrees to recommend that the allegations acknowledged and admitted by the Respondents be resolved and disposed of in accordance with this Agreement.
7. The parties acknowledge that this Agreement will become a public document upon its approval by the Commission at the Settlement Hearing.

PART III – STATEMENT OF AGREED FACTS

8. The Director of Enforcement and the Respondents agree with the facts and conclusions set out in this Part of the Agreement.

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9. Ralph MacDermott ("MacDermott") resides in Grand Pré, Nova Scotia.
10. On March 5, 2007 Ralph MacDermott Management Inc. and Port Court Property Holdings Inc. ("Port Court") entered into a Partnership Agreement, for the purpose of carrying on the business of "investment in capital market investments to generate capital gains only (and not dividends or interest)." The name of this partnership was A.C.T. Associated Capital Traders, with MacDermott listed in the Partnership Agreement as the Managing Partner.
11. On April 24, 2007, A.C.T. Associated Capital Traders ("ACT") was registered as a Partnership/Business Name with the Nova Scotia Registry of Joint Stock Companies ("Registry"). Its registered office was listed as 11827 Highway 1, Grand Pré, and MacDermott was listed as Partner and as Recognized Agent.
12. The registration of ACT was revoked by the Registry for non-payment on June 4, 2009.
13. The Respondents are not, nor have they ever been, reporting issuers under the Act and have not filed a prospectus or preliminary prospectus with the Commission.
14. The Respondents are not, nor have they ever been registered with the Commission in any capacity whatsoever.
15. MacDermott created ACT for the purpose of soliciting and facilitating investments from Nova Scotians in Winsome Investment Trust ("Winsome"), a trading program in the United States. Potential investors were told that investing in Winsome was "a rare opportunity to take advantage of an existing and highly successful, yet conservative computerized trading platform."
16. Nova Scotia investors were given an Information sheet by MacDermott, and told to sign a Partnership Application and Joint Venture Business Agreement to become Partners in ACT. These documents stated that the investor would earn a return between 5 and 8% per cent monthly, and that ACT and the investor would split any additional earnings equally.
17. At all relevant times, the Respondents acted as the liaison between Nova Scotia investors and Winsome, by collecting money for the investments via cheque or bank draft, depositing those monies to an account in the name of ACT, then wiring those monies to Winsome.
18. Between October 2006 and June 2008, nine Nova Scotia investors, including MacDermott, invested approximately \$395,000 in ACT and/or Winsome.
19. MacDermott earned approximately \$23,800 in commissions from Winsome as a result of soliciting investments from Nova Scotia investors.

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20. On February 28, 2011, the United States District Court, District of Utah, granted the request of the U.S. Commodity Futures Trading Commission for a preliminary injunction against Winsome and other companies and individuals associated with Winsome, granting a restraining order, an asset freeze and reappointing a receiver.
21. The Respondents intended to rely on the family, friends and business associates exemption found in part 2 of NI 45-106, to sell investments in Winsome and/or ACT to the nine Nova Scotian investors. However, only six of the Nova Scotian investors, including MacDermott, qualify as family, friends and business associates in accordance with part 2 of NI 45-106.
22. By soliciting and facilitating investments in Winsome to Nova Scotian investors, the Respondents traded in securities in Nova Scotia without being registered to do so, thereby violating section 31(1) of the Act, as rep. by S.N.S. 2008, c. 32, s. 16.
23. By selling investments in Winsome and/or ACT to Nova Scotian investors without having filed a prospectus or preliminary prospectus with the Commission, the Respondents distributed securities in Nova Scotia in violation of section 58(1) of the Act.
24. Where the Respondents intended to rely on the family, friends and business associates exemption to the prospectus requirement in Nova Scotia securities laws, the Respondents failed to file any reports of exempt trades, thereby violating section 6.1 of NI 45-106.

PART IV – STATEMENT OF ALLEGATIONS ACKNOWLEDGED AND ADMITTED BY THE RESPONDENT

25. The Respondents admit the facts set forth in Part III herein and acknowledge that they violated Nova Scotia securities laws.
26. The Respondents acknowledge and admit that they violated sections 31(1) of the Act, as rep. by S.N.S. 2008, c. 32, s. 16, and section 58(1) of the Act and section 6.1 of NI 45-106.
27. The Respondents acknowledge that their actions undermined investor confidence in the fairness and efficiency of capital markets and were contrary to the public interest.

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PART V – MITIGATING FACTORS

28. The Respondents acknowledge and accept responsibility for their conduct which is the subject matter of this Agreement.
29. The Respondents cooperated with the Director of Enforcement's investigation of this matter.
30. The Respondents recognize the seriousness of their conduct and are remorseful.
31. MacDermott believed in Winsome, having invested his own money in the investment.
32. This matter has seriously impacted MacDermott's relationship with his family and friends who lost money and were also impacted by this matter.
33. ACT is now defunct and has ceased operations. MacDermott is of limited means and this sanction will have a significant impact on him.
34. The Respondents have no prior disciplinary record with the Commission.

PART VI – TERMS OF SETTLEMENT

35. The terms of settlement are set forth in the Order contained in Schedule "A" to this Agreement which is expressly incorporated herein.
36. The Respondents consent to the Order contained in Schedule "A".

PART VII – COMMITMENTS

37. If this Agreement is approved and the Order as set out in Schedule "A" is granted, the parties agree to waive any right to a full hearing and judicial review and appeal of this matter.
38. If this Agreement is approved by the Commission, the parties will not in any way make any statement, public or otherwise, that is inconsistent with the terms of this Agreement.
39. If this Agreement is approved by the Commission, the Respondents agree to abide by all terms of this Agreement as set out in the Order attached as Schedule "A".
40. If, for any reason whatsoever, this Agreement is not approved, or the Order set forth in Schedule "A" is not granted by the Commission:

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- a) The Director of Enforcement and the Respondents will be entitled to proceed to a hearing of the allegations which are the subject matter of this Agreement unaffected by the Agreement or the settlement negotiations;
 - b) The terms of the Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of the Director of Enforcement and the Respondents or as may otherwise be required by law; and
 - c) The Respondents agree that they will not raise in any proceeding the Agreement or the negotiations or process of approval thereof as a basis of any attack or challenge of the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.
41. If, in the view of the Director of Enforcement and prior to the approval of this Agreement by the Commission, there are new facts or issues of substantial concern regarding the facts set out in Part III of this Agreement, the Director of Enforcement will be at liberty to withdraw from this Agreement. Notice of such intention will be provided to the Respondents in writing. In the event of such notice being given, the provisions of paragraph 36 in this Part will apply as if this Agreement had not been approved in accordance with the procedures set out herein.

VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

42. The Director of Enforcement or the Respondents may refer to any or all parts of this Agreement as required by the General Rules of Practice and Procedure and in the course of the Settlement Hearing. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to it until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

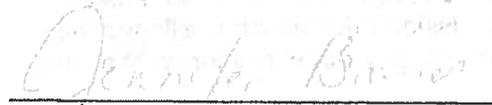
IX – EXECUTION OF SETTLEMENT AGREEMENT

43. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

Dated at Kentville, Nova Scotia, this 12th day of November, 2013.

SIGNED, SEALED AND DELIVERED

In the presence of:



Witness



Ralph MacDermott, for himself and:
ACT Associated Capital Traders

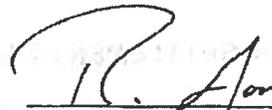
Dated at Halifax, Nova Scotia, this 14th day of November, 2013.

SIGNED, SEALED AND DELIVERED

In the presence of:



Witness



Randy Gass
Director of Enforcement
Nova Scotia Securities Commission

VANESSA F. ALLEN
A Commissioner of the Supreme
Court of Nova Scotia

SCHEDULE "A"

IN THE MATTER OF
THE *SECURITIES ACT*, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

- and -

IN THE MATTER OF RALPH MACDERMOTT and
A.C.T. ASSOCIATED CAPITAL TRADERS (collectively the "Respondents")

ORDER

(Sections 134, 135 and 135A)

WHEREAS on _____, 2013 the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondents pursuant to sections 134, 135 and 135A of the Act;

AND WHEREAS the Respondents entered into a Settlement Agreement with the Director of Enforcement for the Nova Scotia Securities Commission, Enforcement Branch ("Director of Enforcement") whereby they agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND WHEREAS the Director of Enforcement recommended approval of the Settlement Agreement;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing, and upon hearing submissions of counsel for the Director of Enforcement and the Respondents;

AND UPON the Commission considering it to be in the public interest to make this Order;

IT IS HEREBY ORDERED that:

1. The Settlement Agreement dated _____, 2013, a copy of which is attached, is approved;
2. Pursuant to section 134(1)(a) of the Act, the Respondents comply with and cease contravening Nova Scotia securities laws;
3. Pursuant to section 134(1)(c) of the Act, that all of the exemptions contained in Nova Scotia securities laws do not apply to the Respondents for a period of five (5) years;

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4. Pursuant to section 134(1)(d) of the Act, that the Respondents be prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of five (5) years;
5. Pursuant to section 134(1)(g) of the Act, that the Respondents be prohibited from becoming or acting as a registrant, investment fund manager or promoter for a period of five (5) years;
6. Pursuant to section 134(1)(h) of the Act, that the Respondents be reprimanded;
7. Pursuant to section 135 (a) and (b) of the Act, the Respondent shall forthwith pay an administrative penalty in the amount of twenty-five thousand dollars (\$25,000.00); and
8. Pursuant to section 135A of the Act, the Respondent shall forthwith pay costs in connection with the investigation and conduct of the proceedings before the Commission in the amount of one thousand dollars (\$1,000.00).

DATED at Halifax, Nova Scotia, this _____ day of _____ 2013.

NOVA SCOTIA SECURITIES COMMISSION

(Chair)

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