



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e 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
NEW HUDSON TELEVISION CORP., NEW HUDSON TELEVISION LLC, AND
JAMES DMITRY SALGANOV**

**SETTLEMENT AGREEMENT BETWEEN
JAMES DMITRY SALGANOV, NEW HUDSON TELEVISION CORP., NEW HUDSON
TELEVISION LLC AND
STAFF OF THE ONTARIO SECURITIES COMMISSION**

PART I - INTRODUCTION

1. By Notice of Hearing dated October 9th, 2012, the Ontario Securities Commission (the “Commission”) announced that it proposed to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the Securities Act, R.S.O. 1990, c. S.5 (the “Act”), it is in the public interest for the Commission to make certain orders in respect of Dmitry James Salganov, also known as “James Dmitry Salganov” (“Salganov”) and New Hudson Television LLC (“NHTV LLC”).
2. By Amended Statement of Allegations dated October 1, 2013, New Hudson Television Corp., (“NHTV Corp.”), was added as a Respondent on consent of all parties.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission (“Staff”) recommend settlement with Salganov, NHTV Corp., and NHTV LLC (collectively the “Respondents”) of the proceeding commenced by Notice of Hearing dated October 9th, 2012 (the “Proceeding”) and the Amended

Statement of Allegations filed October 1, 2013 according to the terms and conditions set out in Part V of this Settlement Agreement. The Respondents agree to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

PART III - AGREED FACTS

4. For this Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority in Canada, the Respondents agree with the facts as set out in Part III of this Settlement Agreement.
5. Staff and the Respondents agree that this Settlement Agreement is without prejudice to the Respondents in any past, present or future civil proceeding which may be brought by any person. Nothing in this Settlement Agreement is intended to be an admission of civil liability by the Respondents to any person or company; such liability is expressly denied.
6. Between December 30, 2010 and November 30, 2011 (the “Material Time”) the Respondents were not registered with the Commission in any capacity.
7. During the Material Time, Salganov was a Canadian citizen, residing in Bradenton, Florida. Salganov is currently a resident of Toronto, Ontario.
8. NHTV Corp., was incorporated in Ontario on April 14, 2003.
9. During the Material Time, Salganov was the sole directing mind of NHTV Corp., and NHTV LLC.
10. Between approximately September 2003 and December 2006 NHTV Corp., raised approximately CDN\$3.5 million from the sale of NHTV Corp. shares (the “NHTV Corp. Securities”) to more than 400 investors, the majority of whom lived in Ontario (the “Original Distribution”). The Original Distribution was a private placement distribution

in which NHTV Corp., purported to rely on the Accredited Investor exemption at that time, pursuant to section 2.3 of the Commission's Rule 45-106.

11. During the Material Time, at least 98 of the more than 400 investors from the Original Distribution (the "Investors"), were solicited by NHTV LLC representatives to convert their NHTV Corp. Securities into an NHTV LLC "Class A Offering" in "members interests" ("NHTV LLC Class A Offering") and/or a "Senior Debt Offering" in "secured promissory notes" (the "NHTV LLC Senior Debt Offering"), (collectively the "NHTV LLC Securities"), and/or purchase NHTV LLC Securities.
12. During the Material Time, NHTV LLC, was seeking to raise US\$5 million dollars via a private offering of the NHTV LLC Securities, again relying on the Accredited Investor Exemption, pursuant to section 2.3 of National Instrument 45-106 ("National Instrument 45-106").
13. NHTV LLC representatives made prohibited undertakings to the Investors about the future price of NHTV LLC Class A Offering contrary to section 38(2) and representations that NHTV LLC Class A Offering would be listed on an exchange, contrary to section 38(3) of the Act.
14. Five of the Investors paid US\$235,800 for the purchase of the NHTV LLC Class A Offering (the "NHTV LLC Funds"), four of whom do not meet the definition of an Accredited Investor as defined in National Instrument 45-106. One of the five investors may have met the Minimum Amount Investment Exemption, pursuant to section 2.10 of National Instrument 45-106.
15. Salganov controlled the NHTV LLC Funds that were deposited to and subsequently disbursed from several bank account(s) of NHTV LLC held at a Wells Fargo Bank in Cheyenne, Wyoming (the "NHTV LLC Accounts").

16. NHTV LLC, has never filed a prospectus or preliminary prospectus with the Commission or obtained receipts for them from the Director as required by section 53 of the Act.
17. The trading of NHTV LLC Securities as set out herein constituted a distribution of NHTV LLC Securities by Salganov, NHTV LLC, and its representatives in circumstances where there were no exemptions available to them under the Act, contrary to section 53 of the Act.
18. Salganov and NHTV LLC representatives engaged in fraudulent conduct by making false, inaccurate and misleading statements to the Investors orally and in writing, contrary to section 126.1(b) of the Act.
19. NHTV LLC, is a company which was registered in the State of Wyoming on December 30, 2010. During the Material Time, the principal office for NHTV LLC was a “virtual office” in Tampa, Florida. NHTV LLC is not a reporting issuer or registrant in Ontario.
20. On February 9, 2011, NHTV LLC filed an “Amendment to Articles of Organization” with the State of Wyoming in order to effect a “convergence” between NHTV LLC and NHTV Corp. Salganov executed the “convergence” and purportedly moved NHTV Corp., into the United States and changed the name of NHTV Corp., to NHTV LLC. The “convergence” amounted to nothing more than filing the aforementioned amendment with the State of Wyoming and a purported conversion of “Founders” shares into the surviving company.

Unregistered Trading and Advising:

21. During the Material Time, NHTV LLC representatives contacted the Investors by telephone and/or email to convert their NHTV Corp. Securities into NHTV LLC Securities, and/or purchase NHTV LLC Securities.

22. The Investors were provided with an NHTV LLC private placement memorandum (the “PPM”) detailing the offering of and the specifics of the NHTV LLC Securities, (“The Offering”). The period of The Offering was January 5, 2011 to November 30, 2011.
23. The PPM specified that NHTV LLC, would use the proceeds raised through The Offering to market its services with “the eventual goal of going public in the United States, and Canadian Markets.”
24. Five of the Investors executed The Offering with NHTV LLC and paid the NHTV LLC Funds into one of the NHTV LLC Accounts.
25. NHTV LLC was never listed on a United States or Canadian public market.
26. Through the “convergence,” Salganov and NHTV Corp. traded in NHTV Corp. Securities without proper registration, in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act and contrary to the public interest.
27. NHTV LLC and its representatives, including Salganov, traded in NHTV LLC Securities without the proper registration in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act.
28. Through the “convergence,” Salganov and NHTV Corp. advised in NHTV Corp. Securities without proper registration, in circumstances in which no exemption was available, contrary to section 25(3) of the Act and contrary to the public interest.
29. NHTV LLC and its representatives, including Salganov, advised in NHTV LLC Securities without the proper registration in circumstances in which no exemption was available, contrary to section 25(3) of the Act.

Prohibited Undertakings and Representations Contrary to Section 38 of the Act

30. NHTV LLC's representatives, including Salganov, made misleading oral undertakings to the Investors about the future value or price of the NHTV LLC Class A Offering, contrary to section 38(2) of the Act.
31. NHTV LLC and its representatives, including Salganov, made misleading oral and written representations to the Investors that the NHTV LLC Class A Offering would be listed on a United States or Canadian public market when the Director had not provided written permission to Salganov or NHTV LLC, to make these representations, contrary to section 38(3) of the Act.

Illegal Distribution of NHTV LLC Securities Contrary to Section 53 of the Act

32. NHTV LLC has never filed a prospectus or preliminary prospectus with the Commission or obtained receipts for them from the Director as required by section 53(1) of the Act.

Fraudulent Conduct Contrary to Section 126.1 of the Act

33. Salganov and the NHTV LLC representatives provided information to the Investors that was false, inaccurate and misleading, including, but not limited to, the following:
 - (a) by copying substantial portions of text, statistics and projected financial results from a 2006 NHTV Corp., business plan into the PPM;
 - (b) that "New Hudson Broadband Corp.," an Ontario Corporation, had relocated to the United States and was an operating LLC;
 - (c) that the NHTV LLC Funds would be deposited in the "Company's UBS Financial Services brokerage account investing in UBS Short Term AAA rate insured instruments";

(d) by copying text from other websites onto NHTV LLC's website; and,

(e) by not advising Investors that approximately US\$175,000 of NHTV LLC Funds were withdrawn in cash from the NHTV LLC Accounts and not used as set out in the PPM.

34. Salganov, and NHTV LLC, on their own and through NHTV LLC representatives engaged in a course of conduct relating to the NHTV LLC Securities that they knew or reasonably ought to have known would result in a fraud on persons or companies contrary to section 126.1(b) of the Act.

PART IV - CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

35. By engaging in the conduct described above, Salganov on his own behalf and on behalf of NHTV Corp., and NHTV LLC, admits and acknowledges that the Respondents contravened Ontario securities law during the Material Time in the following ways:

- (i) Salganov, NHTV Corp., NHTV LLC, and its representatives traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to section 25(1)(a) of the Act and contrary to the public interest;
- (ii) Salganov, NHTV Corp., NHTV LLC, and its representatives advised and engaged in or held themselves out as engaging in the business of advising members of the public with respect to investing in, buying or selling securities without being registered to do so in circumstances in which no exemption was available, contrary to section 25(3) of the Act and contrary to the public interest;

- (iii) Salganov, NHTV LLC, and its representatives made misleading oral undertakings to the Investors about the future value or price of the NHTV LLC Securities, contrary to section 38(2) of the Act and contrary to the public interest;
- (iv) Salganov, NHTV LLC, and its representatives made misleading oral and written representations to the Investors that NHTV LLC would be listed on a United States or Canadian public market, when the Director had not provided written permission to Salganov, or NHTV LLC to make these representations, contrary to section 38(3) of the Act and contrary to the public interest;
- (v) NHTV LLC has never filed a prospectus or preliminary prospectus with the Commission or obtained receipts for them from the Director as required by section 53(1) of the Act. The trading of NHTV LLC Securities as set out above constituted a distribution of NHTV LLC Securities by Salganov and NHTV LLC in circumstances where there were no exemptions available to them under the Act, contrary to section 53(1) of the Act and contrary to the public interest;
- (vi) Salganov and NHTV LLC, engaged in or participated in acts, practices or courses of conduct relating to NHTV LLC Securities that Salganov and NHTV LLC 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; and,
- (vii) Salganov did authorize, permit or acquiesce in the non-compliance with sections 25(1)(a), 25(3), 38(2), 38(3), 53(1) and 126.1(b) of the Act, as set out above, by NHTV Corp., and NHTV LLC, and their representatives, and is deemed to also have not complied with Ontario

securities law, by virtue of section 129.2 of the Act and contrary to the public interest.

36. Salganov on his own behalf and on behalf of NHTV Corp., and NHTV LLC, admits and acknowledges that the Respondents acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 35 (i) to (vii).

PART V - TERMS OF SETTLEMENT

37. Salganov on his own behalf and on behalf of NHTV Corp., and NHTV LLC, agrees to the following terms of settlement listed below.
38. The Commission will make an order, pursuant to sections 127(1) and section 127.1 of the Act, that:
- (a) the Settlement Agreement between Staff of the Commission and the Respondents is approved;
 - (b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by the Respondents shall cease permanently from the date of the approval of the Settlement Agreement except that, following full payment of the administrative penalty and disgorgement orders made against the Respondents as a result of this Settlement Agreement, Salganov is permitted to trade in securities in mutual funds through a registered dealer for the account of his Registered Retirement Savings Plan and Registered Education Savings Plan, as defined in the *Income Tax Act*, R.S.C. 1985, c.1, as amended (the “*Income Tax Act*”);
 - (c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondents shall cease permanently from the date of the approval of the Settlement Agreement except that, following full payment of the

administrative penalty and disgorgement orders made against the Respondents as a result of this Settlement Agreement, Salganov is permitted to acquire mutual funds through a registered dealer for the account of his Registered Retirement Savings Plan and Registered Education Savings Plan, as defined in the *Income Tax Act*;

- (d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondents permanently;
- (e) pursuant to clause 6 of subsection 127(1) of the Act, Salganov be reprimanded;
- (f) pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, Salganov resign one or more positions that he holds as a director or officer of any issuer, registrant, or investment fund manager;
- (g) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Salganov be prohibited from becoming or acting as a director or officer of any issuer, registrant, or an investment fund manager;
- (h) pursuant to clause 8.5 of subsection 127(1) of the Act, the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (i) pursuant to clause 9 of subsection 127(1) of the Act, the Respondents shall jointly and severally pay an administrative penalty of \$150,000 for their failure to comply with Ontario securities law, that is designated under the terms of the order or Settlement Agreement in accordance with subsection 3.4(2)(b) of the Act. Such amount is to be distributed as directed by the Commission; and,
- (j) pursuant to clause 10 of subsection 127(1) of the Act, the Respondents shall jointly and severally disgorge to the Commission \$235,000 obtained as a result of

their non-compliance with Ontario securities law, that is designated under the terms of the order or Settlement Agreement in accordance with subsection 3.4(2)(b) of the Act. Such amount is to be distributed as directed by the Commission.

PART VI - STAFF COMMITMENT

39. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 40 below.
40. If the Commission approves this Settlement Agreement and any Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against any Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

41. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for October 17th, 2013, at 11:30 a.m. or on another date agreed to by Staff and Salganov, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.
42. Staff and the Respondents agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondents' conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.
43. If the Commission approves this Settlement Agreement, the Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

44. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.
45. Whether or not the Commission approves this Settlement Agreement, the Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

46. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule “A” to this Settlement Agreement:
 - (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondents before the settlement hearing takes place will be without prejudice to Staff and the Respondents; and,
 - (b) Staff and the Respondents will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations and Amended Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.
47. All parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement

Agreement, all parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

- 48. The parties may sign separate copies of this Settlement Agreement. Together, these signed copies will form a binding agreement.
- 49. A faxed copy of any signature will be treated as an original signature.

Dated this 15th day of October, 2013.

"James Dmitry Salganov"

James Dmitry Salganov

"Jennifer Bertrand"

Witness

"James Dmitry Salganov"

James Dmitry Salganov

On Behalf of NHTV Corp.

"Jennifer Bertrand"

Witness

"James Dmitry Salganov"

James Dmitry Salganov

On Behalf of NHTV LLC

"Jennifer Bertrand"

Witness

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"

Tom Atkinson

Director, Enforcement Branch

Dated this 16th day of October, 2013.

“Schedule A”



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e 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
NEW HUDSON TELEVISION CORP., NEW HUDSON TELEVISION LLC, AND
JAMES DMITRY SALGANOV**

**ORDER
(Section 127 of the *Securities Act*)**

WHEREAS on October 9th, 2012, the Commission issued a Notice of Hearing (the “Notice of Hearing”) pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. s.5, as amended (the “Act”), accompanied by a Statement of Allegations dated October 9, 2012 issued by Staff of the Commission (“Staff”) with respect to New Hudson Television LLC (“NHTV LLC”) and Dmitry James Salganov, hereafter known as James Dmitry Salganov (“Salganov”);

AND WHEREAS on October 1st, 2013, Staff filed an Amended Statement of Allegations, which added the respondent New Hudson Television Corp. (“NHTV Corp.”, and together with NHTV LLC and Salganov, the “Respondents”);

AND WHEREAS Salganov, on his own behalf and on behalf of NHTV LLC and NHTV Corp., entered into a Settlement Agreement with Staff dated the 15th day of October, 2013, (the “Settlement Agreement”) in which the Respondents agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND WHEREAS on October 15th, 2013, the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations and the Amended Statement of Allegations of Staff, and upon hearing submissions from Staff and from Salganov, on his own behalf and on behalf of NHTV LLC and NHTV Corp.;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

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 the Respondents shall cease permanently from the date of the approval of the Settlement Agreement except that, following full payment of the administrative penalty and disgorgement orders made against the Respondents as a result of the Settlement Agreement, Salganov is permitted to trade in securities in mutual funds through a registered dealer for the account of his Registered Retirement Savings Plan and Registered Education Savings Plan, as defined in the *Income Tax Act*, R.S.C. 1985, c.1, as amended (the “*Income Tax Act*”);

- c. pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondents shall cease permanently from the date of the approval of the Settlement Agreement except that, following full payment of the administrative penalty and disgorgement orders made against the Respondents as a result of the Settlement Agreement, Salganov is permitted to acquire mutual funds through a registered dealer for the account of his Registered Retirement Savings Plan and Registered Education Savings Plan, as defined in the *Income Tax Act*;
- d. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondents permanently;
- e. pursuant to clause 6 of subsection 127(1) of the Act, Salganov be reprimanded;
- f. pursuant to clauses 7, 8.1 and 8.3 of subsection 127(1) of the Act, Salganov resign one or more positions that he holds as a director or officer of any issuer, registrant, or investment fund manager;
- g. pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Salganov be prohibited from becoming or acting as a director or officer of any issuer, registrant, or an investment fund manager;
- h. pursuant to clause 8.5 of subsection 127(1) of the Act, the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- i. pursuant to clause 9 of subsection 127(1) of the Act, the Respondents shall jointly and severally pay an administrative penalty of \$150,000 for their failure to comply with Ontario securities law, that is designated under the

terms of the order or the Settlement Agreement in accordance with subsection 3.4(2)(b) of the Act. Such amount is to be distributed as directed by the Commission; and,

- j. pursuant to clause 10 of subsection 127(1) of the Act, the Respondents shall jointly and severally disgorge to the Commission \$235,000 obtained as a result of their non-compliance with securities law, that is designated under the terms of the order or the Settlement Agreement in accordance with subsection 3.4(2)(b) of the Act. Such amount is to be distributed as directed by the Commission.

Dated at Toronto, Ontario this day of October, 2013.

Vern Krishna, C.M., Q.C.