

IN THE MATTER OF THE *SECURITIES ACT*,
S.N.B. 2004, c. S-5.5

AND IN THE MATTER OF

**WILLIAM GILDEA (aka BILL GILDEA),
TERRASPHERE SYSTEMS LLC,
and TERRASPHERE INC.**

(Respondents)

SETTLEMENT AGREEMENT

Part I

1. STAFF TO RECOMMEND SETTLEMENT

Staff of the Financial and Consumer Services Commission ("**Staff**") agree to recommend approval of settlement of this matter with respect to Respondents **William Gildea (aka Bill Gildea), Terrasphere Systems LLC, and Terrasphere INC.** (the "**Respondents**") to a panel of the Financial and Consumer Services Tribunal (the "**Tribunal**") pursuant to section 191(1)(a) of the *Securities Act*, 2004 S.N.B., c. s-5.5 (the "**Securities Act**") in accordance with the following terms and conditions:

- a. The Respondents agree to the Statement of Facts set out in Part II hereof, and consent to the making of an order, on the basis of those facts, substantially similar to that set out in Schedule "**A**" hereto (the "**order contemplated by this Settlement Agreement**"); and
- b. The terms of any settlement will become public information only if, and when, the settlement is approved by the Tribunal.

2. RESPONDENTS' OBLIGATIONS IF SETTLEMENT APPROVED

If the Settlement Agreement is approved, the Respondents undertake and/or agree as follows:

- a. The Respondents shall not make any statement, either directly or indirectly, which is inconsistent with the Agreed Statement of Facts herein. Any such statement shall constitute a breach of this Settlement Agreement;

- b. In accordance with the order contemplated by this Settlement Agreement, the Respondents agree that:
 - i. Pursuant to section 186(1) of the *Securities Act*, the Respondents shall pay to the Financial and Consumer Services Commission, on a joint-and-several basis, an administrative penalty in the amount of two thousand dollars (\$2,000.00); and
 - ii. Pursuant to sections 185(1) and 185(2) of the *Securities Act*, the Respondent shall pay to the Financial and Consumer Services Commission, on a joint-and-several basis, costs in the amount of five hundred dollars (\$500.00).

3. PROCEDURE FOR APPROVAL OF SETTLEMENT

- a. Upon execution of the Settlement Agreement by Staff and by the Respondents, Staff will apply to the Tribunal for an order approving the Settlement Agreement.
- b. If the Settlement Agreement is approved by the Tribunal, it will constitute the entirety of the evidence submitted respecting the Respondents in this matter.
- c. If the Settlement Agreement is approved by the Tribunal, the Respondents agree to waive any right to a hearing and/or appeal with respect to this matter.
- d. If, for any reason whatsoever, this settlement is not approved by the Tribunal and the order contemplated by this Settlement Agreement is not made by the Tribunal:
 - i. Staff and the Respondents will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing, unaffected by the Settlement Agreement or any of the settlement negotiations;
 - ii. The terms of this agreement will not be referred to in any subsequent proceeding or disclosed to any person, except with the written consent of both Staff and the Respondents, or as may be required by law; and
 - iii. The Respondents further agree that they will not raise, in any proceeding, the Settlement Agreement or the negotiation or process of approval thereof, as a basis for any attack on the jurisdiction of the Tribunal.

4. DISCLOSURE OF SETTLEMENT AGREEMENT

- a. The terms of the Settlement Agreement will be treated as confidential by the parties hereto until approved by the Tribunal and forever if, for any reason, the Settlement Agreement is not approved by the Tribunal; and

- b. Upon the approval of the Settlement Agreement by the Tribunal, any obligation as to confidentiality shall terminate and the Settlement Agreement will become public information.

5. STAFF COMMITMENT

If this settlement is approved by the Tribunal, Staff will not initiate any other proceeding under the *Securities Act* against the Respondent in relation to the facts set out in Part II of this Settlement Agreement.

6. EXECUTION OF SETTLEMENT AGREEMENT

The Settlement Agreement shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original.

DATED at the City of Saint John this 25th day of October 2013.

"Originally signed by"

Jake van der Laan
Director, Enforcement, FCSC

DATED at the municipality of Saint John, NB ~~in the State of Massachusetts~~ this 25th day of October 2013.

"Originally signed by"

William (Bill) Gildea

"Originally signed by"

Witness: Brian Maude
(print name)

DATED at the municipality of Saint John, NB ~~in the State of Massachusetts~~ this 25th day of October 2013.

TERRASPHERE SYSTEMS LLC

“Originally signed by” _____
Per: William (Bill) Gildea
President

“Originally signed by” _____
Witness: Brian Maude
(print name)

DATED at the municipality of Saint John, NB ~~in the State of Massachusetts~~ this 25th day of October 2013.

TERRASPHERE INC.

“Originally signed by” _____
Per: William (Bill) Gildea
President

“Originally signed by” _____
Witness: Brian Maude
(print name)

Part II

STATEMENT OF FACTS

1. TerraSphere Systems LLC (“**TerraSphere Systems**”) is a corporation incorporated pursuant to the laws of Massachusetts, and has a corporate mailing address of 7A Lewis Wharf, Boston, Massachusetts, U.S.A.
2. TerraSphere Inc. (“**TerraSphere**”) is a corporation incorporated pursuant to the laws of Delaware, and has a corporate mailing address of 7A Commercial Wharf West, Boston, Massachusetts, U.S.A.
3. William Gildea (“**Gildea**”) is a resident of Boston, Massachusetts, U.S.A. and has a mailing address of [REDACTED], Boston, Massachusetts, U.S.A. Gildea is listed as the “**Manager**” of TerraSphere Systems.
4. Neither TerraSphere Systems, TerraSphere nor Gildea (together the “**Respondents**”) have ever been registered pursuant to the *Securities Act* to trade in securities in New Brunswick.

Solicitation of Investment

1. In late November or early December 2011, two New Brunswick residents (the “**New Brunswick Residents**”) had conversations with Gildea, the current President of Terrasphere Systems about the formation of a new company called Terrasphere Systems.
2. During these conversations about Terrasphere Systems, Gildea solicited them to invest forty-five thousand dollars (\$45,000.00, collectively) in Terrasphere and/or Terrasphere Systems via a Private Placement Memorandum (“**PPM**”).
3. The PPM offered investment units in Terrasphere Systems consisting of one (1) share of common stock, two (2) “**A**” warrants and two (2) “**B**” warrants (the “**Investment Units**”).
4. As a direct result of the solicitations made by Gildea, the New Brunswick Residents did invest funds, ostensibly with Terrasphere Systems, in December 2011 (the “**Funds**”) by wiring funds to Gildea.
5. The solicitations and sales of securities made by Gildea on behalf of TerraSphere and TerraSphere Systems constitute a distribution of securities under the Securities Act, S.N.B. 2004, c. S-5.5 (the “**Securities Act**”). Gildea, TerraSphere Systems LLC and TerraSphere Inc. did not properly bring themselves within any exemptions to New Brunswick securities laws, notwithstanding that certain exemptions were likely available to them, and are therefore in breach of section 71(1) of the *Securities Act*. Specifically, none of the Respondents filed a *Report of Exempt Distribution 45-106F1* form with the Commission as required under *National Instrument 45-106*.

Mitigating Factors

6. The Respondents have had no prior involvement with the Commission. This is the only instance where the Respondents have been subject to proceedings under the *Securities Act*.

7. The Respondents have accepted responsibility for their failure to comply with the technical requirements of New Brunswick securities law.
8. The Respondents have cooperated with Staff in the resolution of this matter.