



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

**- AND -**

**IN THE MATTER OF SHALLOW OIL & GAS INC., ERIC O'BRIEN, ABEL DA SILVA,  
GURDIP SINGH GAHUNIA also known as MICHAEL GAHUNIA, ABRAHAM  
HERBERT GROSSMAN also known as ALLEN GROSSMAN, MARCO DIADAMO,  
GORD McQUARRIE, KEVIN WASH, and WILLIAM MANKOFSKY**

**- AND -**

**IN THE MATTER OF A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE  
ONTARIO SECURITIES COMMISSION AND MARCO DIADAMO**

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

**WHEREAS** on June 11, 2008, 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 in respect of Marco Diadamo ("Diadamo");

**AND WHEREAS** Diadamo entered into a Settlement Agreement with Staff of the Commission dated November 25, 2011 (the "Settlement Agreement") in which Diadamo 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 Statement of Allegations of Staff of the Commission, and upon hearing submissions from Diadamo 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;

**IT IS HEREBY ORDERED THAT:**

- (a) the Settlement Agreement is approved;
- (b) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Diadamo cease permanently from the date of the approval of the Settlement Agreement;
- (c) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Diadamo is prohibited permanently from the date of the approval of the Settlement Agreement;
- (d) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Diadamo permanently from the date of the approval of the Settlement Agreement;
- (e) pursuant to paragraph 6 of subsection 127(1) of the Act, Diadamo is reprimanded;
- (f) pursuant to paragraphs 8, 8.2 and 8.4, respectively, of subsection 127(1) of the Act, Diadamo is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (g) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Diadamo is prohibited permanently from the approval of the Settlement Agreement from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (h) pursuant to paragraph 10 of subsection 127(1) of the Act, Diadamo shall disgorge to the Commission the amount of \$11,625 obtained as a result of his non-compliance with Ontario securities law. The amount of \$11,625 disgorged shall be designated for allocation to or for the benefit of third parties, including

investors who lost money as a result of purchasing Shallow Oil securities, in accordance with s. 3.4(2)(b) of the Act;

- (i) pursuant to paragraph 9 of subsection 127(1) of the Act, Diadamo shall pay an administrative penalty in the amount of \$5,812 for his failure to comply with Ontario securities law. The administrative penalty in the amount of \$5,812 shall be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing Shallow Oil securities, in accordance with s. 3.4(2)(b) of the Act;
- (j) any amounts paid to the Commission under the disgorgement and administrative penalty orders in this matter shall be designated for allocation to or for the benefit of third parties other than Diadamo, including investors who lost money as a result of investing in the Shallow Oil Securities, in accordance with subsection 3.4(2)(b) of the Act. Such amounts are to be distributed to investors who lost money as a result of investing in the Shallow Oil Securities on such basis, on such terms and to such investors as Staff in its discretion determines to be appropriate in the circumstances. A distribution to investors shall be made only if Staff is satisfied that doing so is reasonably practicable in the circumstances and only if Staff concludes that there are sufficient funds available to justify doing so. If, for any reason, Staff decides at any time or from time to time not to distribute any such amounts to investors, such amounts may, by further Commission order, be allocated to or for the benefit of other third parties. Any panel of the Commission may, on the application of Staff, make any order it considers expedient with respect to the matters addressed by this paragraph;
- (k) the terms of the paragraph above shall not give rise to or confer upon any person, including any investor (i) any legal right or entitlement to receive, or any interest in, amounts received by the Commission under the orders for disgorgement and administrative penalty, or (ii) any right to receive notice of any application by

Staff to the Commission made in connection with that paragraph or of any exercise by the Commission of any discretion granted to it under that paragraph;

- (l) pursuant to subsection 37(1) of the Act, Diadamo shall 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; and
  
- (m) Notwithstanding the provisions of this Order, once Diadamo has fully satisfied the terms of sub-paragraphs (h) and (i) above, Diadamo is permitted to trade for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this order) in (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities; (b) any security issued by a mutual fund that is a reporting issuer; and provided that Diadamo provides Staff with the particulars of the accounts in which such trading is to occur (as soon as practicable before any trading in such accounts occurs) including the name of the registered dealer through which the trading will occur and the account numbers, and Diadamo shall instruct the registered dealer to provide copies of all trade confirmation notices with respect to trading in the accounts directly to Staff at the same time that such notices are provided to him; or (c) any shares in a "private company" as defined in section 1 of the Act.

**DATED AT TORONTO** this 9<sup>th</sup> day of December, 2011.

*"James D. Carnwath"*

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James D. Carnwath