



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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

**- and -**

**IN THE MATTER OF  
GROUND WEALTH INC., MICHELLE DUNK,  
ADRION SMITH, JOEL WEBSTER, DOUGLAS DeBOER,  
ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC.  
and ARMADILLO ENERGY LLC**

**ORDER  
(Subsections 127(1), (7) and (8) of the *Securities Act*)**

**WHEREAS** the Ontario Securities Commission (the “Commission”) issued a temporary order on July 27, 2011 (the “Temporary Order”) pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) that:

1. Pursuant to paragraph 2 of subsection 127(1) of the Act, all trading in the securities of Armadillo Energy Inc. (“the Armadillo Securities”) shall cease;
2. Pursuant to paragraph 2 of subsection 127(1) of the Act, Armadillo Energy Inc. (“Armadillo Texas”), Ground Wealth Inc. (“GWI”), Paul Schuett (“Schuett”), Doug DeBoer (“DeBoer”), James Linde (“Linde”), Susan Lawson (“Lawson”), Michelle Dunk (“Dunk”), Adrion Smith (“Smith”), Bianca Soto (“Soto”) and Terry Reichert (“Reichert”) (collectively, the “Respondents to the Temporary Order”) shall cease trading in all securities; and
3. Pursuant to subsection 127(6) of the Act, the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;

**AND WHEREAS** on August 11, 2011, the Commission held a hearing to consider whether it was in the public interest to extend the Temporary Order, and heard submissions from Staff of the Commission (“Staff”) and counsel to the Respondents to the Temporary Order;

**AND WHEREAS** on August 11, 2011, the Commission extended the Temporary Order to February 13, 2012 (the “Amended Temporary Order”) on the same terms and conditions as provided for in the Temporary Order; provided that the Temporary Order shall not prevent a Respondent from trading for the Respondent’s own account, solely through a registered dealer or a registered dealer in a foreign jurisdiction (which dealer must be given a copy of the Amended Temporary Order), in (a) any “exchange traded security” or “foreign exchange traded security” within the meaning of National Instrument 21-101, provided the Respondent does not own beneficially or exercise control or direction over more than 5 per cent of the voting or equity securities of the issuer of any such securities, or (b) any security issued by a mutual fund that is a reporting issuer; and provided the Respondent provides Staff with the particulars of the accounts in which such trading is to occur before any trading in such accounts occurs;

**AND WHEREAS** on February 8, 2012, the Commission held a hearing to consider whether it was in the public interest to extend the Amended Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and heard submissions from Staff and from counsel to the Respondents to the Temporary Order;

**AND WHEREAS** on February 8, 2012, the Commission extended the Amended Temporary Order to August 8, 2012 (the “February 2012 Temporary Order”) on the following terms:

1. Pursuant to paragraph 2 of subsection 127(1) of the Act, all trading in the Armadillo Securities shall cease;
2. Pursuant to paragraph 2 of subsection 127(1) of the Act, the Respondents to the Temporary Order shall cease trading in Armadillo Securities and/or in securities of a nature similar to Armadillo Securities, which are securities evidencing an interest in the production of barrels of oil still in the ground; and

3. This Order shall not prevent Staff from applying to the Commission for a variation of this Order if Staff considers that doing so is in the public interest;

**AND WHEREAS** on August 2, 2012, the Commission held a hearing to consider whether it was in the public interest to extend the February 2012 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and heard submissions from Staff and from counsel to the Respondents to the Temporary Order;

**AND WHEREAS** on August 2, 2012, the Commission extended the February 2012 Temporary Order until February 4, 2013, and ordered that the matter return before the Commission on February 1, 2013;

**AND WHEREAS** on February 1, 2013, the Commission held a hearing to consider whether it was in the public interest to further extend the February 2012 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act;

**AND WHEREAS** on February 1, 2013, Staff appeared, made submissions and requested that the February 2012 Temporary Order be extended against GWI, Armadillo Texas, DeBoer, Dunk and Smith only;

**AND WHEREAS** on February 1, 2013 Staff advised that they would be initiating proceedings in this matter under section 127 of the Act shortly and would not be naming Schuett, Linde, Lawson, Soto or Reichert as respondents;

**AND WHEREAS** on February 1, 2013, counsel to the Respondents to the Temporary Order did not appear, but email correspondence setting out his position and advising that he did not oppose the extension of the February 2012 Temporary Order to March 6, 2013 was filed by Staff;

**AND WHEREAS** on February 1, 2013, the Commission extended the February 2012 Temporary Order to March 6, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith and ordered that a further hearing be held before the Commission on March 5, 2013 (the "February 2013 Temporary Order");

**AND WHEREAS** on February 1, 2013, the Commission issued a Notice of Hearing (the “Notice of Hearing”) pursuant to sections 127 and 127.1 of the Act, in relation to a Statement of Allegations filed by Staff on February 1, 2013 (the “Statement of Allegations”) naming as respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith, as well as Joel Webster (“Webster”), Armadillo Energy, Inc., a Nevada company (“Armadillo Nevada”) and Armadillo Energy LLC, an Oklahoma company (“Armadillo Oklahoma”);

**AND WHEREAS** on March 5, 2013, a hearing was held to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and a concurrent hearing was held in relation to the Notice of Hearing;

**AND WHEREAS** on March 5, 2013, Staff appeared, made submissions and advised that Smith, GWI, Dunk and Armadillo Nevada had been successfully served with the Notice of Hearing and the Statement of Allegations, but that Staff required additional time to serve the Notice of Hearing and the Statement of Allegations on Webster, DeBoer, Armadillo Texas and Armadillo Oklahoma;

**AND WHEREAS** on March 5, 2013, counsel to GWI and Dunk appeared, made submissions and did not oppose the extension of the February 2013 Temporary Order; Smith appeared personally but made no submissions; and Webster, DeBoer, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear;

**AND WHEREAS** on March 5, 2013, the Commission continued the February 2013 Temporary Order to April 9, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith, and adjourned the proceeding in relation to the Temporary Order to April 8, 2013;

**AND WHEREAS** on April 8, 2013, a hearing was held to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and a concurrent hearing was held in relation to the Notice of Hearing;

**AND WHEREAS** on April 8, 2013, Staff appeared, made submissions and filed the Affidavit of Stephen Carpenter, sworn March 27, 2013;

**AND WHEREAS** Staff also filed materials confirming that (a) GWI, Dunk, Smith, Webster, DeBoer, Armadillo Texas and Armadillo Nevada were served with the Notice of Hearing and the Statement of Allegations, and that Armadillo Oklahoma was an inactive company, and (b) disclosure was being prepared and that Staff estimated that eight weeks would be required to complete production of the electronic disclosure briefs;

**AND WHEREAS** on April 8, 2013, counsel to GWI, Dunk and DeBoer appeared, made submissions and did not oppose the further extension of the February 2013 Temporary Order without prejudice, and also advised that he had been in contact with Smith and that Smith also did not oppose the further extension of the February 2013 Temporary Order;

**AND WHEREAS** counsel to GWI, Dunk and DeBoer also advised that his clients did not oppose an eight week adjournment of the proceeding in relation to the Notice of Hearing without prejudice, and that Smith also did not oppose the requested adjournment;

**AND WHEREAS** on April 8, 2013, Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear;

**AND WHEREAS** on April 8, 2013, Schuett, Linde, Lawson, Soto and Reichert were no longer respondents to the February 2013 Temporary Order and were not respondents to the proceeding initiated by the Notice of Hearing;

**AND WHEREAS** on April 8, 2013, the respondents to the February 2013 Temporary Order, being GWI, Dunk, Smith, Webster, DeBoer, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma (collectively, the "Respondents"), were all respondents to the proceeding initiated by the Notice of Hearing;

**AND WHEREAS** on April 8, 2013, the Commission ordered that:

1. The February 2013 Temporary Order be extended to June 7, 2013;
2. A further hearing in relation to the Temporary Order be held on June 6, 2013;

3. The hearing in relation to the Notice of Hearing be adjourned to June 6, 2013; and
4. Any further notices or orders in this matter shall proceed under a single style of cause of the proceeding initiated by the February 1, 2013 Notice of Hearing, being “IN THE MATTER OF GROUND WEALTH INC., MICHELLE DUNK, ADRION SMITH, JOEL WEBSTER, DOUGLAS DeBOER, ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC. and ARMADILLO ENERGY LLC.”;

**AND WHEREAS** on June 6, 2013, a hearing was held to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and a concurrent hearing was held in relation to the Notice of Hearing;

**AND WHEREAS** Staff appeared, made submissions and filed the Affidavit of Stephen Carpenter, sworn May 22, 2013, and advised that disclosure was prepared and available for delivery to all the Respondents, upon their signing of an undertaking in such terms suitable to protect the personal and private information contained in the disclosure brief;

**AND WHEREAS** at the hearings, Staff provided counsel to GWI, Dunk and DeBoer with three copies of the electronic disclosure brief;

**AND WHEREAS** counsel to GWI, Dunk and DeBoer made submissions and did not oppose the further extension of the February 2013 Temporary Order without prejudice;

**AND WHEREAS** Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear;

**AND WHEREAS** the Commission advised the parties that it expects to set the dates for a hearing on the merits at the next appearance on this matter;

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to do so;

**IT IS HEREBY ORDERED** that:

1. The hearing in relation to the Notice of Hearing is adjourned to a pre-hearing conference to be held on August 20, 2013 at 10:00 a.m.;
2. The hearing in relation to the Temporary Order is adjourned to August 20, 2013 at 10:30 a.m.; and
3. The February 2013 Temporary Order against the Respondents is extended to August 22, 2013.

**DATED** at Toronto this 6<sup>th</sup> day of June, 2013.

*“Mary Condon”*

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Mary G. Condon