



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor CP 55, 19^e étage
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Toronto ON M5H 3S8 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 AMERON OIL AND GAS LTD., MX-IV LTD., GAYE
KNOWLES, GIORGIO KNOWLES, ANTHONY HOWORTH, VADIM TSATSKIN,
MARK GRINSHPUN, ODED PASTERNAK, and ALLAN WALKER**

**SETTLEMENT AGREEMENT
BETWEEN STAFF AND VADIM TSATSKIN**

PART I - INTRODUCTION

1. By Notice of Hearing dated December 13, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on December 20, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Ameron Oil and Gas Ltd. ("Ameron"), MX-IV LTD. ("MX-IV"), Gaye Knowles, Giorgio Knowles, Anthony Howorth ("Howorth"), Vadim Tsatskin ("Tsatskin"), Mark Grinshpun ("Grinshpun"), Oded Pasternak ("Pasternak") and Allan Walker ("Walker") (collectively the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated December 13, 2010.

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 37 and 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of Tsatskin.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated December 13, 2010 against Tsatskin (the “Proceeding”) in accordance with the terms and conditions set out below. Tsatskin consents to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

PART III – AGREED FACTS

Global Energy Group Ltd. and the New Gold Securities

4. From approximately June 2007 to June 2008, Global Energy Group Ltd. (“Global Energy”), and employees and agents of Global Energy, distributed units in limited partnerships called New Gold Limited Partnerships (the “New Gold Securities”) to members of the public. The New Gold Securities purported to entitle the purchaser to an interest in oil wells in the State of Kentucky in the United States of America.

5. Neither Global Energy nor any of the agents selling the New Gold Securities was registered in any capacity with the Commission and the New Gold Securities were not qualified by a prospectus.

6. The distribution of the New Gold Securities by Global Energy, its salespersons and agents, ended in and around June of 2008 following the execution of search warrants by Staff on offices related to Global Energy.

7. On June 8, 2010, the Commission issued a Notice of Hearing accompanied by Staff’s Statement of Allegations in the matter of Global Energy Group, Ltd. (“Global Energy”), New Gold Limited Partnerships (“New Gold”) and various individual respondents. The allegations included that Global Energy, as well as certain salespersons, representatives or agents of Global Energy, engaged in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on persons purchasing the New Gold Securities contrary to subsection 126.1(b) of the Act.

8. On April 1, 2011, the Commission laid an information in the Ontario Court of Justice in respect of Tsatskin and on April 4, 2011 Tsatskin pled guilty to one count of fraud contrary to subsections 126.1(b) and 122(c) of the Act. In his plea, Tsatskin admitted that the New Gold Securities were fraudulently represented to constitute ownership interests in Kentucky oil and gas leases.

Background Regarding Ameron

9. In 2007, Tsatskin established an International Business Company (“IBC”) in the Bahamas under the name American Oil & Gas Resources Inc. (“American Oil”). American Oil had no operations and was eventually struck off the register as an IBC for non-payment of fees.

10. In 2009, Tsatskin had American Oil restored and renamed Ameron Oil and Gas Ltd.

11. From approximately June of 2009 up to and including April 8, 2010 (the “Material Time”), Tsatskin and Grinshpun were the directing minds and principal officers of Ameron.

12. During the Material Time, the directors of Ameron were Gaye Knowles, Giorgio Knowles and Howorth (the “Ameron Directors”). The Ameron Directors are residents of the Bahamas.

13. In its promotional materials and on its website, Ameron purported to be a company “formed for the purpose of finding, developing and producing America’s crude Oil and Natural Gas reserves.”

14. The primary business of Ameron was selling units of a series of limited partnerships (the “MX-IV securities”) to members of the public. The MX-IV securities purported to entitle the purchaser to an interest in four oil wells located in the State of Kentucky in the United States of America.

15. The sales of the MX-IV securities to members of the public by Ameron and its salespersons and agents took place from offices in the Toronto area (the “Ontario Offices”).

16. Members of the public were solicited to purchase full units of the MX-IV securities for \$49,000. Ameron also offered the opportunity to purchase quarter-units and half-units of the MX-IV securities.

17. Neither Ameron nor MX-IV has ever filed a prospectus with the Commission with respect to the partnership units of MX-IV. There were no exemptions under the Act that permitted the trading of these securities.

18. During the Material Time, Tsatskin and Grinshpun directed the sale of the MX-IV securities by Ameron, its salespersons and agents, from the Ontario Offices.

19. Approximately \$615,500 was raised from the sale of the MX-IV securities to approximately 15 investors as a result of the activities of salespersons, representatives or agents of Ameron.

20. Ameron and MX-IV have never been registered with the Commission in any capacity.

Trading in MX-IV Securities by Ameron

21. Tsatskin is a resident of Ontario. During the material Time, Tsatskin was a directing mind and de facto director and officer of Ameron.

22. During the Material Time, Ameron, its salespersons and agents sold MX-IV securities to members of the public from the Ontario Offices under the direction of Tsatskin.

23. Grinshpun provided Ameron salespersons and agents with a script (the "Ameron Script") to assist them in their sales of the MX-IV securities to members of the public.

24. During the Material Time, Ameron salespersons and agents, under the direction of Grinshpun and Tsatskin, provided information contained in the Ameron Script to potential investors in the MX-IV securities that was false, inaccurate and misleading, including, but not limited to, information with respect to:

- Ameron's operational history;
- the nature and extent of the assets owned by Ameron and/or MX-IV;
- the business and operations of Ameron and MX-IV; and
- the use of proceeds from the sale of the MX-IV securities.

25. Under the direction of Tsatskin, brochures containing false, inaccurate and misleading information about Ameron and the MX-IV securities were also forwarded to investors and potential investors in the MX-IV securities.

26. Ameron provided its salespersons with a sales commission of 19% for each sale of MX-IV securities made to a new investor and 17% for an additional sale made to an existing investor.

27. Tsatskin was not registered with the Commission in any capacity during the Material Time.

PART IV - CONDUCT CONTRARY TO THE PUBLIC INTEREST

28. By engaging in the conduct described above, Tsatskin admits and acknowledges that he contravened Ontario securities law during the Material Time in the following ways:

- (a) During the Material Time, Tsatskin engaged or participated in acts, practices or courses of conduct relating to the MX-IV securities that Tsatskin knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to subsection 126.1(b) of the Act and contrary to the public interest;
- (b) During the Material Time, Tsatskin traded in securities without being registered to trade in securities, contrary to subsection 25(1) of the Act, as that section existed at the time the conduct commenced and as subsequently amended on September 28, 2009, and contrary to the public interest; and
- (c) During the Material Time, Tsatskin traded in MX-IV securities when a preliminary prospectus and a prospectus in respect of such securities had not been filed and receipts had not been issued for them by the Director, contrary to subsection 53(1) of the Act and contrary to the public interest.

29. Tsatskin admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 28 (a) to (c) above.

PART V - TERMS OF SETTLEMENT

30. Tsatskin agrees to the terms of settlement listed below.

31. The Commission will make an order, pursuant to section 37 and subsection 127(1) of the Act, that:

- (a) the Settlement Agreement is approved;
- (b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Tsatskin cease permanently from the date of the approval of the Settlement Agreement;
- (c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Tsatskin is prohibited permanently from the date of the approval of the Settlement Agreement;
- (d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Tsatskin permanently from the date of the approval of the Settlement Agreement;
- (e) pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Tsatskin 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;
- (f) pursuant to clause 8.5 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a registrant, as an investment fund manager or as a promoter; and,
- (g) pursuant to clause 10 of subsection 127(1) of the Act, Tsatskin shall disgorge to the Commission the amount of \$615,500 obtained as a result of his non-compliance with

Ontario securities law. The amount of \$615,500 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing MX-IV securities, in accordance with subsection 3.4(2)(b) of the Act;

(h) pursuant to clause 9 of subsection 127(1) of the Act, Tsatskin shall pay an administrative penalty in the amount of \$350,000 for his failure to comply with Ontario securities law. The administrative penalty in the amount of \$350,000 shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing MX-IV securities, in accordance with subsection 3.4(2)(b) of the Act; and

(i) pursuant to subsection 37(1) of the Act, Tsatskin is prohibited permanently, from the date of the approval of the Settlement Agreement, from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

32. Tsatskin undertakes to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in subparagraphs 31 (b) to (f) and (i) above.

PART VI - STAFF COMMITMENT

33. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Tsatskin in relation to the facts set out in Part III herein, subject to the provisions of paragraph 34 below.

34. If this Settlement Agreement is approved by the Commission, and at any subsequent time Tsatskin fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Tsatskin based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT

35. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and Tsatskin for the scheduling of the hearing to consider the Settlement Agreement.

36. Staff and Tsatskin agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding Tsatskin's conduct in this matter, unless the parties agree that further facts should be submitted at the settlement hearing.

37. If this Settlement Agreement is approved by the Commission, Tsatskin agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

38. If this Settlement Agreement is approved by the Commission, neither party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

39. Whether or not this Settlement Agreement is approved by the Commission, Tsatskin agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

40. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

- (a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and Tsatskin leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Tsatskin; and
- (b) Staff and Tsatskin shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in

the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Tsatskin and Staff or as may be required by law.

PART IX - EXECUTION OF SETTLEMENT AGREEMENT

41. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
42. A facsimile copy of any signature will be as effective as an original signature.

Dated this 3rd day of October, 2011.

Signed in the presence of:

“J. Morton”

“Vadim Tsatskin”

Witness:

Vadim Tsatskin

Dated this 3rd day of October, 2011.

“Tom Atkinson”

STAFF OF THE ONTARIO SECURITIES COMMISSION
per Tom Atkinson
Director, Enforcement Branch

Dated this 5th day of October, 2011.

SCHEDULE "A"



Ontario
Securities
Commission

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valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

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KNOWLES, GIORGIO KNOWLES, ANTHONY HOWORTH, VADIM TSATSKIN,
MARK GRINHPUN, ODED PASTERNAK, and ALLAN WALKER**

- AND -

**IN THE MATTER OF A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE
ONTARIO SECURITIES COMMISSION AND VADIM TSATSKIN**

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

WHEREAS by Notice of Hearing dated December 13, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on December 20, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Ameron Oil and Gas Ltd., MX-IV LTD. ("MX-IV"), Gaye Knowles, Giorgio Knowles, Anthony Howorth, Vadim Tsatskin ("Tsatskin"), Mark Grinshpun, Oded Pasternak and Allan Walker. The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated December 13, 2010.

AND WHEREAS Tsatskin entered into a settlement agreement with Staff dated September _____, 2011 (the "Settlement Agreement") in which Tsatskin agreed to a

SCHEDULE "A"

proposed settlement of the proceeding commenced by the Notice of Hearing dated December 13, 2010, subject to the approval of the Commission;

WHEREAS on September_____, 2011, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and Tsatskin;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff, and upon hearing submissions from counsel for Tsatskin and from Staff;

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 Tsatskin cease permanently;
- (c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Tsatskin is prohibited permanently;
- (d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Tsatskin permanently;
- (e) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

SCHEDULE "A"

- (f) pursuant to clause 8.5 of subsection 127(1) of the Act, Tsatskin is prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (g) pursuant to clause 9 of subsection 127(1) of the Act, Tsatskin shall pay an administrative penalty in the amount of \$350,000 for his failure to comply with Ontario securities law. The administrative penalty in the amount of \$350,000 shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act;
- (h) pursuant to clause 10 of subsection 127(1) of the Act, Tsatskin shall disgorge to the Commission the amount of \$615,500 obtained as a result of his non-compliance with Ontario securities law. The amount of \$615,500 disgorged shall be for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of MX-IV, in accordance with subsection 3.4(2)(b) of the Act; and
- (i) pursuant to subsection 37(1) of the Act, Tsatskin is prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities.

DATED at Toronto this day of , 2011.
