



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor CP 55, 19^e étage
20 Queen Street West 20, rue queenouest
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
GLOBAL ENERGY GROUP, LTD., NEW GOLD LIMITED PARTNERSHIPS,
CHRISTINA HARPER, VADIM TSATSKIN, MICHAEL SCHAUER, ELLIOT
FEDER, ODED PASTERNAK, ALAN SILVERSTEIN, HERBERT GROBERMAN,
ALLAN WALKER, PETER ROBINSON, VYACHESLAV BRIKMAN,
NIKOLA BAJOVSKI, BRUCE COHEN and ANDREW SHIFF**

**SETTLEMENT AGREEMENT
BETWEEN STAFF AND ELLIOT FEDER**

PART I - INTRODUCTION

1. By Notice of Hearing dated June 8, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on June 14, 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 Global Energy Group, Ltd. ("Global Energy") and New Gold Limited Partnerships ("New Gold"), Christina Harper ("Harper"), Vadim Tsatskin ("Tsatskin"), Michael Schaumer ("Schaumer"), Elliot Feder ("Feder"), Oded Pasternak ("Pasternak"), Alan Silverstein ("Silverstein"), Herbert Groberman ("Groberman"), Allan Walker ("Walker"), Peter Robinson ("Robinson"), Vyacheslav Brikman ("Brikman"), Nikola Bajovski ("Bajovski"), Bruce Cohen ("Cohen") and Andrew Shiff ("Shiff"), (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 June 8, 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 Feder.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated June 8, 2010 against Feder (the “Proceeding”) in accordance with the terms and conditions set out below. Feder 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

Background Regarding Global Energy

4. Global Energy and New Gold have never been registered with the Commission in any capacity.

5. The primary business of Global Energy was selling the securities of New Gold (the “New Gold securities”) to members of the public through its salespersons operating from offices in the Toronto area (the “Ontario Offices”). 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.

6. Global Energy was purportedly based in and operated from the Bahamas. The partnerships underlying the New Gold securities were purportedly registered in Kentucky and/or the Bahamas.

7. The other operating office of Global Energy was located in Lexington, Kentucky and operated by a lawyer named Bryan Coffman.

8. Members of the public could buy full units of New Gold for \$49,000 as well as quarter-units and half-units from salespersons affiliated with Global Energy.

9. New Gold has never filed a prospectus with the Commission with respect to the New Gold securities. There was no exemption under the Act that permitted the trading of these securities.

10. The trading of the New Gold securities occurred during the period from approximately June of 2007 up to and including June 25, 2008 (the “Material Time”). Tsatskin and Harper supervised and directed the sale of the New Gold securities by Feder and other persons affiliated with Global Energy from the Ontario Offices.

11. Approximately \$14.75 million (U.S.) was raised from the sale of the New Gold securities to approximately 200 members of the public (the “New Gold Investors”) as a result of the activities of salespersons, representatives or agents of Global Energy, including Feder.

12. The sale of the New Gold securities has also been the subject of an investigation by the United States Attorney General and securities regulatory authorities in the State of Kentucky.

Trading in New Gold Securities by Feder

13. From approximately October of 2007 up to approximately May of 2008, Feder, a resident of Ontario, sold the New Gold securities to members of the public from the Ontario Offices under the direction and supervision of Tsatskin and Harper.

14. Feder was provided a script by Harper about the New Gold securities to assist him in his sales of these securities to members of the public.

15. Using the alias Mark Roberts, Feder then telephoned members of the public across Canada for the purpose of selling New Gold securities. Using scripts and other information supplied by Harper, Feder told these members of the public that New Gold was an oil

investment and that it consisted of ownership of oil wells located in Kentucky. He also informed investors that he was calling from Kentucky when in fact he was calling from Ontario.

16. As part of his sales pitch, Feder provided members of the public with false and incomplete information about the oil production of the assets of the New Gold partnerships. Brochures about New Gold, provided by Global Energy, were also forwarded by Feder to persons that he contacted.

17. Feder would receive a sales commission from his sales of the New Gold securities. Feder was paid his commissions by cheques drawn on an account in the name of GVC Marketing Inc. ("GVC"). GVC is a company controlled by Tsatskin.

18. During the Material Time, Feder sold approximately \$1,400,000 worth of New Gold securities to investors in Canada.

19. Feder received a total of approximately \$230,447 in commissions in relation to the sale of New Gold securities. These payments were made by Tsatskin to Feder through two corporations Feder controlled: Divine Jewellery Corp. and Salvatore Sculptures and Collectibles Inc.

20. Feder was not registered with the Commission in any capacity during the Material Time.

PART IV - CONDUCT CONTRARY TO THE PUBLIC INTEREST

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

- (a) During the Material Time, Feder traded in securities without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest; and
- (b) During the Material Time, Feder traded New Gold 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 section 53(1) of the Act and contrary to the public interest;

22. Feder admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 21 (a) and (b).

PART V - TERMS OF SETTLEMENT

23. Feder agrees to the terms of settlement listed below.

24. 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) trading in any securities by Feder cease permanently with the exception that Feder is permitted to contact the existing shareholders of (i) Genesis Rare Diamonds (Ontario) Ltd. (ii) Kimberlite Diamond Corporation (iii) Genesis Rare Diamonds (U.K.) Ltd. and (iv) their subsidiaries, none of which is a reporting issuer, or their counsel and to discuss/explore the potential for the sale of Feder's shares in those corporations to any or all of their existing shareholders and/or the purchase of Feder's shares in those corporations by the respective corporations for cancellation, provided that Feder's shares are not actually sold and/or purchased without Feder first obtaining a further exemption/order from the Commission that permits such sale(s) and/or purchase(s);

(c) the acquisition of any securities by Feder is prohibited permanently from the date of the approval of the Settlement Agreement with the exception that Feder is permitted to acquire securities in private companies (as defined in the Act) through which he carries on business, provided he is the sole shareholder and the companies do not engage in any distribution of securities of the public;

- (d) any exemptions contained in Ontario securities law do not apply to Feder permanently from the date of the approval of the Settlement Agreement;
- (e) Feder is prohibited permanently from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any reporting issuer, registrant, or investment fund manager or any issuer that engages in a distribution to the public;
- (f) Feder 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;
- (g) Feder shall disgorge to the Commission the amount of \$230,447 obtained as a result of his non-compliance with Ontario securities law to be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing New Gold securities, in accordance with subsection 3.4(2)(b) of the Act;
- (h) Feder shall pay an administrative penalty in the amount of \$230,447 for his failure to comply with Ontario securities law to be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing New Gold securities, in accordance with subsection 3.4(2)(b) of the Act;
- (i) Feder 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; and
- (j) Notwithstanding the provisions of paragraph 24 herein, once Feder has fully satisfied the terms of sub-paragraphs (g) and (h) above, Feder shall be 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; or (b) any security issued by a mutual fund that is a reporting issuer.

25. Feder 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 24. (b) to (f) and (i) above.

PART VI - STAFF COMMITMENT

26. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Feder in relation to the facts set out in Part III herein, subject to the provisions of paragraph 27 below.

27. If this Settlement Agreement is approved by the Commission, and at any subsequent time Feder fails to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Feder 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

28. 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 Feder for the scheduling of the hearing to consider the Settlement Agreement.

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

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

31. 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.

32. Whether or not this Settlement Agreement is approved by the Commission, Feder 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

33. 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 Feder leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Feder; and
- (b) Staff and Feder 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.

34. 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 Feder and Staff or as may be required by law.

PART IX. - EXECUTION OF SETTLEMENT AGREEMENT

35. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement

36. A facsimile copy of any signature will be as effective as an original signature.

Dated this 18th day of January, 2012.

Signed in the presence of:

“John Longo”

“Elliot Feder”

Witness:

Elliot Feder

Dated this 18th day of January, 2012

“Tom Atkinson”

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

Dated this 19th day of January, 2012

SCHEDULE "A"



Ontario

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Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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

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- AND -

**IN THE MATTER OF
GLOBAL ENERGY GROUP, LTD., NEW GOLD LIMITED PARTNERSHIPS,
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FEDER, ODED PASTERNAK, ALAN SILVERSTEIN, HERBERT GROBERMAN,
ALLAN WALKER, PETER ROBINSON, VYACHESLAV BRIKMAN,
NIKOLA BAJOVSKI, BRUCE COHEN and ANDREW SHIFF**

- AND -

**IN THE MATTER OF A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE
ONTARIO SECURITIES COMMISSION AND ELLIOT FEDER**

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

WHEREAS by Notice of Hearing dated June 8, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on June 14, 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 Global Energy Group, Ltd., New Gold Limited Partnerships ("New Gold"), Christina Harper, Vadim Tsatskin, Michael Schauer, Elliot Feder ("Feder"), Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff. The Notice of Hearing was issued

SCHEDULE "A"

in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated June 8, 2010;

AND WHEREAS Feder entered into a settlement agreement with Staff dated _____, 2011 (the "Settlement Agreement") in which Feder agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated June 8, 2010, subject to the approval of the Commission;

WHEREAS on _____, 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 Feder;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff, and upon hearing submissions from counsel for Feder 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 Feder cease permanently with the exception that Feder is permitted to contact the existing shareholders of (i) Genesis Rare Diamonds (Ontario) Ltd. (ii) Kimberlite Diamond Corporation (iii) Genesis Rare Diamonds (U.K.) Ltd. and (iv) their subsidiaries, none of which is a reporting issuer, or their counsel and to discuss/explore the potential for the sale of Feder's shares in those corporations to any or all of their existing shareholders and/or the purchase of Feder's shares in those corporations by the respective

SCHEDULE "A"

corporations for cancellation, provided that Feder's shares are not actually sold and/or purchased without Feder first obtaining a further exemption/order from the Commission that permits such sale(s) and/or purchase(s);

- (c) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Feder is prohibited permanently from the date of the approval of the Settlement Agreement with the exception that Feder is permitted to acquire securities in private companies (as defined in the Act) through which he carries on business, provided he is the sole shareholder and the companies do not engage in any distribution of securities of the public;
- (d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Feder permanently;
- (e) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Feder is prohibited permanently from becoming or acting as a director or officer of any reporting issuer, registrant, or investment fund manager or any issuer that engages in a distribution to the public;
- (f) pursuant to clause 8.5 of subsection 127(1) of the Act, Feder 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, Feder shall pay an administrative penalty in the amount of \$230,447 for his failure to comply with Ontario securities law to be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of New Gold, in accordance with subsection 3.4(2)(b) of the Act;
- (h) pursuant to clause 10 of subsection 127(1) of the Act, Feder shall disgorge to the Commission the amount of \$230,447 obtained as a result of his non-compliance with

SCHEDULE "A"

Ontario securities law to be designated for allocation to or for the benefit of third parties, including investors who lost money as a result of purchasing securities of New Gold, in accordance with subsection 3.4(2)(b) of the Act;

- (i) pursuant to subsection 37(1) of the Act, Feder 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; and
- (j) Notwithstanding the provisions of this Order, once Feder has fully satisfied the terms of sub-paragraphs (g) and (h) above, Feder shall be 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; or (b) any security issued by a mutual fund that is a reporting issuer.

DATED AT TORONTO this day of , 2012.
