



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
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
GROUND WEALTH INC., MICHELLE DUNK,
ADRION SMITH, JOEL WEBSTER, DOUGLAS DEBOER,
ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC.,
and ARMADILLO ENERGY, LLC (aka ARMADILLO ENERGY LLC)

- and -

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION and
GROUND WEALTH INC., MICHELLE DUNK,
DOUGLAS DEBOER and JOEL WEBSTER

PART I - INTRODUCTION

1. By Amended Notice of Hearing dated October 31, 2013, the Ontario Securities Commission (the “Commission”) announced that it proposed to hold a hearing, pursuant to sections 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 Ground

Wealth Inc. (“GWI”) , Michelle Dunk (“Dunk”), Adrion Smith (“Smith”), Joel Webster (“Webster”), Douglas DeBoer (“DeBoer”), Armadillo Energy Inc. (“Armadillo Texas”), Armadillo Energy, Inc. (“Armadillo Nevada”) and Armadillo Energy, LLC (“Armadillo Oklahoma”) (collectively, the “Respondents”; GWI, Dunk, DeBoer and Webster, collectively referred to as the “Settling Respondents”). The Amended Notice of Hearing was issued in connection with the allegations set out in the Amended Statement of Allegations of Staff of the Commission (“Staff”) dated October 31, 2013.

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 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 the Settling Respondents.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Amended Notice of Hearing, dated October 31, 2013, against the Settling Respondents (the “Proceeding”) in accordance with the terms and conditions set out below. The Settling Respondents consent to the making of an order in the form attached as Schedule “A,” based on the facts set out below.

PART III – AGREED FACTS

4. To the extent the Settling Respondents do not have direct personal knowledge of certain facts as described below, the Settling Respondents believe the facts to be true and accurate.

5. Unless specifically stated to the contrary, the facts set out in this Settlement Agreement concern events taking place from October 2010 through April 2011 (the “Material Time”).

OVERVIEW

6. During the Material Time, without registration and without a prospectus, GWI traded and distributed partnership agreements that constituted securities to residents of Ontario and elsewhere in Canada (the “Partnership Agreements”).

7. The Partnership Agreements were issued in the name of Armadillo Energy Inc. The Partnership Agreements entitled investors to the proceeds of the extraction and sale of oil from oil leases located in the State of Oklahoma, USA, and were securities as defined in the Act. The proceeds were to be paid monthly and were referred to as “Production Payments.”

8. GWI sold approximately CDN \$5.3 million in Partnership Agreements to more than 130 members of the public in Canada (the “Purchasers”; the “Purchaser Funds”).

9. Approximately CDN \$2.8 million of the Purchaser Funds were paid by 68 of the Purchasers who were Ontario residents.

10. GWI retained approximately 24% of the Purchaser Funds as a fee for the marketing and administration of the Partnership Agreements (the “GWI Marketing Fee”).

11. No prospectus or preliminary prospectus was ever filed with the Commission in respect of the Partnership Agreements, nor was a prospectus receipt ever issued by the Director to qualify the sale of the Partnership Agreements. None of the Settling Respondents has ever been registered with the Commission in any capacity.

12. The Partnership Agreements were not previously issued.

THE SETTLING RESPONDENTS

Ground Wealth Inc.

13. GWI is a company incorporated under the laws of Ontario with its office in Cambridge, Ontario.

14. Dunk and Smith incorporated GWI, and during the Material Time were the only officers and directors of the company.

15. GWI has never been registered with the Commission in any capacity.

16. GWI's sole business during the Material Time was marketing the Partnership Agreements.

Michelle Dunk

17. Dunk was a resident of Ontario during the Material Time.

18. During the Material Time, Dunk was registered as a Director, the Vice-President, and the Secretary of GWI.

19. Dunk signed off on the majority of the completed Partnership Agreements as President and Chief Executive Officer of GWI.

20. Throughout the Material Time, Dunk was a co-signing authority with Smith on GWI's bank accounts in Ontario and exercised control over GWI's finances.

21. During the Material Time, Dunk was a beneficial owner of GWI.

22. Dunk has never been registered with the Commission in any capacity.

Douglas DeBoer

23. DeBoer was a resident of Ontario during the Material Time.

24. Some of the documents GWI and Armadillo provided to potential Purchasers for marketing purposes identified DeBoer as Armadillo Texas' Chief Financial Officer ("CFO") and Financial Director or Finance Director.

25. Although DeBoer was not formally registered as a director or officer of Armadillo during the Material Time, he acknowledges that he assisted in facilitating the business relationship between Armadillo (as defined below in paragraph 35) and GWI and that he acted in furtherance of the trades in the Partnership Agreements described herein.

26. DeBoer has never been registered with the Commission in any capacity.

Joel Webster

27. At GWI, Webster held the titles of Sales Manager and Inside Sales Representative.

28. During part of the Material Time, Webster had signing authority for GWI's bank accounts in Ontario.

29. Webster has never been registered with the Commission in any capacity.

NON-SETTLING RESPONDENTS

Adrion Smith

30. Smith was the other beneficial owner of GWI during the Material Time. Smith was registered as a Director and the President of GWI during the Material Time and held and exercised co-signing authority with Dunk on bank accounts held by GWI in Ontario.

31. At different times between June 2008 and April 2010 Smith was registered with the Commission in the categories of Mutual Fund Dealer, Limited Market Dealer and Exempt Market Dealer.

The Armadillo Companies

32. Armadillo Texas is a company incorporated under the laws of the State of Texas.
33. Armadillo Nevada is a company incorporated under the laws of the State of Nevada.
34. Armadillo Oklahoma is a company incorporated under the laws of the State of Oklahoma.
35. The three Armadillo companies (“Armadillo”) are engaged in the oil exploration and extraction business in Oklahoma and operated as a single enterprise during the Material Time.
36. Neither Armadillo Texas, Armadillo Nevada nor Armadillo Oklahoma has ever been registered with the Commission in any capacity.

The Partnership Agreements

37. GWI sold the Partnership Agreements in durations of seven, ten and fifteen years. There were also versions of the 10 and 15 years plans that included “reinvestment options.” The terms of the Partnership Agreements were described in the Partnership Agreement itself, and in other documents, including materials entitled “Prospectus”, “Corporate Review,” and “Due Diligence Report,” as well as a GWI corporate brochure (collectively, “the GWI Marketing Materials”).

Acts in Furtherance of the Trading and Distribution of the Partnership Agreements

38. DeBoer introduced Dunk to the idea for the Partnership Agreements and put her in touch with Armadillo.
39. During the Material Time, DeBoer provided information from time to time on behalf of Armadillo, to GWI and Dunk on the structure of the Partnership Agreements.

40. DeBoer reviewed drafts of the documents provided to Purchasers for the purpose of confirming that the numbers and structure of the Partnership Agreements conformed to the model he had conceived.
41. DeBoer reviewed and approved the text of the Stadia Due Diligence Report that was circulated to potential Purchasers by GWI and Armadillo.
42. GWI marketed the Partnership Agreements through a group of contracted sales representatives (the “Sales Representatives”).
43. The Sales Representatives were not registered with the Commission to trade in securities during the Material Time.
44. The Sales Representatives were managed and trained by Dunk, Webster and others.
45. As part of the training of the Sales Representatives, during the Material Time, GWI held a retreat for the Sales Representatives at which presentations were made on sales training and motivational topics (the “GWI Retreat”).
46. DeBoer attended the GWI Retreat and took questions from the Sales Representatives on Armadillo’s Partnership Agreements.
47. The Sales Representatives contacted friends, acquaintances and referrals for the purpose of selling the Partnership Agreements. They made presentations to prospective Purchasers in which they made use of the GWI Marketing Materials.
48. GWI hosted dinners at restaurants in the Guelph and Kitchener-Waterloo areas at which persons associated with GWI made marketing presentations to potential Purchasers (the “GWI Marketing Dinners”).
49. At different times, Dunk, Webster and Smith attended the GWI Marketing Dinners.

50. Dunk and Webster made presentations to potential Purchasers about the Partnership Agreements at the GWI Marketing Dinners.

51. GWI flew prospective and existing Purchasers, including Ontario residents, together with Sales Representatives to the State of Oklahoma, where they received a tour of oil drilling operations. Dunk, Webster and Smith attended on such trips.

52. Dunk met with some of the prospective Purchasers who were being invited by the Sales Representatives to purchase Partnership Agreements. Some sales of Partnership Agreements were completed with the assistance of Dunk or Webster.

53. Webster supervised the completion of the Partnership Agreements with the Purchasers and also sold the Partnership Agreements himself.

54. Dunk and Webster both signed the completed Partnership Agreements on behalf of GWI.

55. After they had finalized their purchase of a Partnership Agreement, Purchasers were provided with a "Certificate of Ownership" (the "Armadillo Certificate").

56. Purchasers received their Armadillo Certificate from Armadillo together with a copy of their Partnership Agreement under cover of a letter welcoming them to Armadillo as "our partner" and signed by Paul Schuett ("Schuett"), who is named as the President of Armadillo Energy Inc. ("Armadillo Welcome Letter").

57. GWI, Dunk and DeBoer engaged in the above acts in furtherance of trading for a business purpose, as defined in Ontario securities law.

Purchaser Funds

58. Upon purchasing a Partnership Agreement, Purchasers paid their funds directly to GWI.

59. GWI deposited the Purchaser Funds into its own accounts. After deducting the 24% GWI Marketing Fee, GWI remitted the remainder of the Purchaser Funds to Armadillo. In this way, GWI obtained approximately \$1.3 million from the sale and distribution of the Partnership Agreements.

60. At different points during the Material Time, the cheques for the Production Payments were drawn on accounts in the names of Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma.

61. Production Payment cheques were delivered to Purchasers by GWI on behalf of Armadillo together with a statement of the status of their holdings in the Partnership Agreements (“Armadillo Statement”). The Armadillo Statement was on GWI letterhead, but signed by Schuett.

62. Sales Representatives and GWI management who successfully sold Partnership Agreements to Purchasers were compensated by GWI in the amount of 5-12% of the value of each sale.

63. GWI’s Marketing Materials did not disclose to Purchasers that commissions were paid on the sale of the Partnership Agreements.

Status of the Investment

64. During the Material Time Armadillo made Production Payments to the Purchasers totaling approximately CDN \$1M.

65. In December 2012, Armadillo and GWI delivered a letter to Purchasers advising that the oil extraction rate had declined more quickly than predicted. The same letter advised Purchasers that the company would have to be “restructured” and that future Production Payments would “initially be at a reduced rate.”

66. In December 2013, a UK company called Fortis Admin Ltd. (“Fortis”) sent correspondence to purchasers advising that it had “acquired the oil field interests of Armadillo and was holding them in trust for those who had invested in Armadillo.” Fortis advised investors that it had already received funds from the company contracted to extract and sell the oil owned by the Purchasers, and was holding the funds in trust pending determination of the exact amounts owing to the individual Purchasers.

67. Staff is not able to determine when or if further Production Payments may be forthcoming on the Partnership Agreements.

68. As of December 10, 2014, some Purchasers had not received payments since September 2012.

PART IV - CONDUCT CONTRARY TO THE ACT AND CONTRARY TO THE PUBLIC INTEREST

69. By virtue of the securities-related conduct described above, GWI admits that:

(a) During the Material Time, GWI engaged in or held itself out as engaging in the business of trading in securities without being registered to do so, in circumstances in which no exemption was available, contrary to s. 25(1) of the Act; and,

(b) During the Material Time, GWI distributed securities without a preliminary prospectus or a prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement, contrary to s. 53(1) of the Act.

70. GWI admits and acknowledges that it acted contrary to the public interest by contravening Ontario securities law as set out in paragraph 69 above.

71. By virtue of the securities-related conduct described above, Dunk admits that:

- (a) During the Material Time, Dunk engaged in or held herself out as engaging in the business of trading in securities without being registered to do so, in circumstances in which no exemption was available, contrary to s. 25(1) of the Act;
- (b) During the Material Time, Dunk distributed securities without a preliminary prospectus or a prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement, contrary to s. 53(1) of the Act;
- (c) During the Material Time, Dunk, being a director and officer of GWI, did authorize, permit or acquiesce in the commission of the violations of sections 25 and 53 of the Act, as set out above, by GWI, contrary to section 129.2 of the Act.

72. Dunk admits and acknowledges that she acted contrary to the public interest by contravening Ontario securities law as set out in paragraph 71 above.

73. By virtue of the securities-related conduct described above, DeBoer admits that:

- (a) During the Material Time, DeBoer acted in furtherance of trades in the Partnership Agreements, which constitutes trading under Ontario securities law, without being registered to do so, in circumstances in which no exemption was available, contrary to s. 25(1) of the Act; and,
- (b) During the Material Time, DeBoer acted in furtherance of trades in previously unissued securities, namely the Partnership Agreements, and therefore engaged in a distribution of securities without a preliminary prospectus or a prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement, contrary to s. 53(1) of the Act.

74. DeBoer admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in paragraph 73 above.

75. By virtue of the securities-related conduct described above, Webster admits that:

(d) During the Material Time, Webster engaged in or held himself out as engaging in the business of trading in securities without being registered to do so, in circumstances in which no exemption was available, contrary to s. 25(1) of the Act;

(e) During the Material Time, Webster distributed securities without a preliminary prospectus or a prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement, contrary to s. 53(1) of the Act;

76. Webster admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in paragraph 75 above.

PART V – RESPONDENTS’ POSITION

77. The Settling Respondents wish to advise the panel that during the Material Time they understood that the structure of the Partnership Agreements was not considered a security in Oklahoma and assumed the same to be the case in Ontario. Notwithstanding, the Respondents acknowledge that they did not make sufficient inquiries into whether their investment model complied with Ontario securities law and were not duly diligent.

78. Dunk requests that the settlement hearing panel consider the following mitigating circumstances:

- (a) Dunk has advised Staff that she is presently without the means to satisfy the financial terms arising from this Settlement Agreement and has provided Staff with evidence in support of her financial position.
- (b) When this matter was brought to Dunk's attention by Staff in April 2011, she voluntarily directed GWI to stop selling the Partnership Agreements.
- (c) Dunk cooperated with Staff's investigation by providing documents, including the GWI Marketing Materials, lists of Purchasers and other items.
- (d) Prior to this matter, Dunk had no previous record of securities regulatory proceedings against her.

79. DeBoer requests that the settlement hearing panel consider the following mitigating circumstances:

- (a) Prior to the settlement hearing in this matter, DeBoer will provide Staff with certified funds in the amount of \$10,000 as a first payment against the administrative penalty order flowing from this Settlement Agreement.

80. Webster requests that the settlement hearing panel consider the following mitigating circumstances:

- (a) Upon becoming aware of the July 27, 2011, temporary cease trade order, to which he was not a respondent, Webster voluntarily ceased trading in the Partnership Agreements.
- (b) Webster has left the province of Ontario and is now a resident of Saskatchewan.

PART VI - TERMS OF SETTLEMENT

81. The Settling Respondents agree to the terms of settlement listed below.
82. The Commission will make an order, pursuant to subsection 127(1) of the Act, that:
- (a) the Settlement Agreement is approved;
 - (b) trading and acquisition of any securities by GWI shall cease permanently;
 - (c) trading and acquisition of any securities by Dunk shall cease for a period of 8 years from the date of the approval of the Settlement Agreement, except that following full payment of the administrative penalty and costs orders made against her as a result of this Settlement Agreement, Dunk shall be permitted to trade and acquire securities through a registrant for personal purposes in her own account, provided that she is not engaging in or holding herself out as engaging in the business of trading in securities, and provided Dunk first notifies the registrant of these conditions by delivering to the registrant a copy of this order;
 - (d) trading and acquisition of any securities by DeBoer shall cease for a period of 5 years from the date of the approval of the Settlement Agreement, except that following full payment of the administrative penalty and costs orders made against him as a result of this Settlement Agreement, DeBoer shall be permitted to trade and acquire securities through a registrant for personal purposes in his own account, provided that he is not engaging in or holding himself out as engaging in the business of trading in securities, and provided DeBoer first notifies the registrant of these conditions by delivering to the registrant a copy of this order;
 - (e) trading and acquisition of any securities by Webster shall cease for a period of 2.5 years from the date of the approval of the Settlement Agreement, except that following full payment of the administrative penalty and costs orders made against him as a result of this Settlement Agreement, Webster shall be permitted to trade

and acquire securities through a registrant for personal purposes in his own account, provided that he is not engaging in or holding himself out as engaging in the business of trading in securities, and provided Webster first notifies the registrant of these conditions by delivering to the registrant a copy of this order;

- (f) any exemptions contained in Ontario securities law do not apply to GWI permanently;
- (g) the Settling Respondents are reprimanded;
- (h) GWI is prohibited permanently from becoming or acting as a registrant, an investment fund manager or a promoter;
- (i) Dunk is prohibited for a period of 8 years from becoming or acting as a registrant, an investment fund manager or a promoter;
- (j) DeBoer is prohibited for a period of 5 years from becoming or acting as a registrant, an investment fund manager or a promoter;
- (k) Webster is prohibited for a period of 2.5 years from becoming or acting as a registrant, an investment fund manager or a promoter;
- (l) Dunk is prohibited for a period of 8 years from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;
- (m) DeBoer is prohibited for a period of 5 years from becoming or acting as an officer or director of any issuer, registrant or investment fund manager;
- (n) Webster is prohibited for a period of 2.5 years from becoming or acting as an officer or director of a registrant or investment fund manager;

- (o) Dunk shall pay an administrative penalty of \$50,000 for her breaches of Ontario securities law in this matter;
- (p) DeBoer shall pay an administrative penalty of \$50,000 for his breaches of Ontario securities law in this matter;
- (q) Webster shall pay an administrative penalty of \$3,500 for his breaches of Ontario securities law in this matter;
- (r) Dunk shall pay \$7,500 as investigation costs in this matter;
- (s) DeBoer shall pay \$7,500 as investigation costs in this matter; and,
- (t) GWI shall disgorge to the Commission the amount of \$1,300,000, obtained as a result of its breaches of Ontario securities law in this matter.

83. Any amounts paid to the Commission under the administrative penalty or disgorgement order in this matter shall be allocated to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets, in accordance with subsection 3.4(2)(b) of the Act.

PART VII - STAFF COMMITMENT

84. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against any of the Settling Respondents in relation to the facts set out in Part III herein, subject to the provisions of paragraph 85, below.

85. If this Settlement Agreement is approved by the Commission, and at any subsequent time any of the Settling Respondents fails to comply with any of the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against the

particular Settling Respondent based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

86. The Commission remains entitled to bring any proceedings necessary to recover any amounts the Settling Respondents are ordered to pay as a result of any order imposed pursuant to this agreement.

PART VIII - PROCEDURE FOR APPROVAL OF SETTLEMENT

87. 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 the Settling Respondents for the scheduling of the hearing to consider the Settlement Agreement.

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

89. If this Settlement Agreement is approved by the Commission, the Settling Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

90. If this Settlement Agreement is approved by the Commission, neither Staff nor any of the Settling Respondents will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

91. Whether or not this Settlement Agreement is approved by the Commission, the Settling Respondents agrees that they 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.

92. Pursuant to the provisions of section 144 of the Act, the settling Respondents may apply for an order revoking or varying the order arising from this Settlement Agreement if the Commission should find that it is not prejudicial to the public interest to do so, and on such terms and conditions as the Commission may impose.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

93. 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 the Settling Respondents leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and the Settling Respondents; and
- (b) Staff and the Settling Respondents 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 and negotiations.

94. The terms of this Settlement Agreement will be treated as confidential by all parties hereto, but such obligations of confidentiality shall terminate upon commencement of the public hearing. 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 the Settling Respondents and Staff or as may be required by law.

PART X - EXECUTION OF SETTLEMENT AGREEMENT

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

- (b) A facsimile copy of any signature will be as effective as an original signature.

Dated this “5th” day of January, 2015.

STAFF OF THE ONTARIO SECURITIES COMMISSION

“Tom Atkinson”

Director, Enforcement Branch
Ontario Securities Commission

Signed in the presence of:

“Donnamarie Gray”

“Michelle Dunk”

Witness:

**Michelle Dunk, Director,
Vice President, Secretary:
Ground Wealth Inc.**

Dated this “24th” day of December, 2014

Signed in the presence of:

“Donnamarie Gray”

“Michelle Dunk”

Witness:

Michelle Dunk

Dated this “24th” day of December, 2014

Signed in the presence of:

“Donnamarie Gray”

“Doug DeBoer”

Witness:

Douglas DeBoer

Dated this “24th” day of December, 2014

Signed in the presence of:

“Alesha Webster”

“Joel Webster”

Witness:

Joel Webster

Dated this “24th” day of December, 2014

Schedule "A"

Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

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20, rue queen ouest
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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 (aka ARMADILLO ENERGY LLC)**

- and -

IN THE MATTER OF

**A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION and
GROUND WEALTH INC., MICHELLE DUNK,
DOUGLAS DEBOER and JOEL WEBSTER**

ORDER

WHEREAS on February 1, 2013, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of Ground Wealth Inc. ("GWI") , Michelle Dunk ("Dunk"), Adrion Smith ("Smith"), Joel Webster ("Webster"), Douglas DeBoer ("DeBoer"), Armadillo Energy Inc. ("Armadillo Texas"), Armadillo Energy, Inc. ("Armadillo

Nevada”) and Armadillo Energy, LLC (“Armadillo Oklahoma”) (collectively, the “Respondents”);

AND WHEREAS on October 31, 2013, Staff of the Commission filed an Amended Statement of Allegations;

AND WHEREAS on October 31, 2013, Staff of the Commission filed an Amended Notice of Hearing;

AND WHEREAS the GWI, Dunk and DeBoer (collectively, the “Settling Respondents”) entered into a Settlement Agreement dated January 5, 2015 (the “Settlement Agreement”), in relation to the matters set out in the Amended Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated January 5, 2015, setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing and the Amended Statement of Allegations, and upon considering submissions from the Respondents through their counsel 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:

1. that the Settlement Agreement is hereby approved;
2. that, pursuant to s. 127(1)2 and s. 127(1)2.1 of the Act, trading and acquisition of any securities by GWI shall cease permanently;
3. that, pursuant to s. 127(1)2 and s. 127(1)2.1 of the Act, trading and acquisition of any securities by Dunk shall cease for a period of 8 years from the date of the approval of the

Settlement Agreement, except that, following full payment of the administrative penalty and costs orders made against her as a result of this Settlement Agreement, Dunk shall be permitted to trade and acquire securities through a registrant for personal purposes in her own account, provided that she is not engaging in or holding herself out as engaging in the business of trading in securities, and provided Dunk first notifies the registrant of these conditions by delivering to the registrant a copy of this order;

4. that, pursuant to s. 127(1)2 and s. 127(1)2.1 of the Act, trading and acquisition of any securities by DeBoer shall cease for a period of 5 years from the date of the approval of the Settlement Agreement, except that, following full payment of the administrative penalty and costs orders made against him as a result of this Settlement Agreement, DeBoer shall be permitted to trade and acquire securities through a registrant for personal purposes in his own account, provided that he is not engaging in or holding himself out as engaging in the business of trading in securities, and provided DeBoer first notifies the registrant of these conditions by delivering to the registrant a copy of this order;
5. that, pursuant to s. 127(1)2 and s. 127(1)2.1 of the Act, trading and acquisition of any securities by Webster shall cease for a period of 2.5 years from the date of the approval of the Settlement Agreement, except that, following full payment of the administrative penalty and costs orders made against him as a result of this Settlement Agreement, Webster shall be permitted to trade and acquire securities through a registrant for personal purposes in his own account, provided that he is not engaging in or holding himself out as engaging in the business of trading in securities, and provided Webster first notifies the registrant of these conditions by delivering to the registrant a copy of this order;
6. that, pursuant to s. 127(1)3 of the Act, any exemptions contained in Ontario securities law do not apply to GWI permanently;
7. that, pursuant to s. 127(1)6 of the Act, the GWI, Dunk, DeBoer and Webster are reprimanded;

8. that, pursuant to s. 127(1)8.5 of the Act, GWI is prohibited permanently from becoming or acting as a registrant, an investment fund manager or a promoter;
9. that, pursuant to s. 127(1)8.5 of the Act, Dunk is prohibited for a period of 8 years from becoming or acting as a registrant, an investment fund manager or a promoter;
10. that, pursuant to s. 127(1)8.5 of the Act, DeBoer is prohibited for a period of 5 years from becoming or acting as a registrant, an investment fund manager or a promoter;
11. that, pursuant to s. 127(1)8.5 of the Act, Webster is prohibited for a period of 2.5 years from becoming or acting as a registrant, an investment fund manager or a promoter;
12. that, pursuant to s. 127(1)8 Dunk is prohibited for a period of 8 years from becoming or acting as a director or officer of any issuer;
13. that, pursuant to s. 127(1)8 DeBoer is prohibited for a period of 5 years from becoming or acting as a director or officer of any issuer;
14. that, pursuant to s. 127(1)8.2, 127(1)8.3 and 127(1)8.4 of the Act, Dunk is prohibited for a period of 8 years from becoming or acting as an officer or director of a registrant or investment fund manager;
15. that, pursuant to s. 127(1)8.2, 127(1)8.3 and 127(1)8.4 of the Act, DeBoer is prohibited for a period of 5 years from becoming or acting as an officer or director of a registrant or investment fund manager;
16. that, pursuant to s. 127(1)8.2, 127(1)8.3 and 127(1)8.4 of the Act, Webster is prohibited for a period of 2.5 years from becoming or acting as an officer or director of a registrant or investment fund manager;
17. that, pursuant to s. 127(1)9 of the Act, Dunk shall pay an administrative penalty of \$50,000 for her breaches of Ontario securities law in this matter, to be allocated under section

3.4(2)(b) to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets;

18. that, pursuant to s. 127(1)9 of the Act, DeBoer shall pay an administrative penalty of \$50,000 for his breaches of Ontario securities law in this matter, to be allocated under section 3.4(2)(b) to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets;

19. that, pursuant to s. 127(1)9 of the Act, Webster shall pay an administrative penalty of \$3,500 for his breaches of Ontario securities law in this matter, to be allocated under section 3.4(2)(b) to or for the benefit of third parties, or for use by the Commission for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets;

20. that, pursuant to s. 127(1)10 of the Act, GWI shall disgorge to the Commission the amount of \$1,300,000, obtained as a result of its breaches of Ontario securities law in this matter;

21. that, pursuant to s. 127.1(1) of the Act, Dunk shall pay \$7,500 as investigation costs in this matter; and,

22. that, pursuant to s. 127.1(1) of the Act, DeBoer shall pay \$7,500 as investigation costs in this matter.

DATED at Toronto this 6th day of January, 2015.

Mary Condon