



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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

CP 55, 19e 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 AL-TAR ENERGY CORP., ALBERTA ENERGY CORP.,
DRAGO GOLD CORP., DAVID C. CAMPBELL, ABEL DA SILVA,
ERIC F. O'BRIEN, AND JULIAN M. SYLVESTER**

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (the "Commission") make the following allegations:

THE PARTIES

1. Al-tar Energy Corp. ("Al-tar") is an Ontario corporation incorporated on April 21, 2006. Al-tar is not registered in any capacity with the Commission.
2. Alberta Energy Corp. ("Alberta Energy") is an Ontario corporation incorporated on November 7, 2006. Alberta Energy is not registered in any capacity with the Commission.
3. Drago Gold Corp. ("Drago Gold") is an Ontario corporation incorporated on May 17, 2007. Drago Gold is not registered in any capacity with the Commission.
4. Eric F. O'Brien ("O'Brien") is the sole director of Al-tar. O'Brien is not registered in any capacity with the Commission.

5. Julian M. Sylvester (“Sylvester”) is the sole director of Alberta Energy and the sole director of Drago Gold. Sylvester is not registered in any capacity with the Commission.

6. Abel Da Silva (“Abel Da Silva”) was employed by and/or acted as an agent for Al-tar and acted as a salesperson for Al-tar shares. Abel Da Silva is not registered in any capacity with the Commission.

7. Abel Da Silva was previously sanctioned by the Commission on May 10, 2006 when the Commission determined, *inter alia*, that Abel Da Silva be ordered to cease trading in securities for a period of seven years with certain exceptions.

8. David C. Campbell (“Campbell”) was employed by and/or acted as agent for Al-tar, Alberta Energy and Drago Gold, and acted as a salesperson for the shares of Al-tar and Alberta Energy. When acting as a salesperson, Campbell used the name Mark Brown. Campbell is not registered in any capacity with the Commission.

9. On April 13, 2006, in other proceedings before the Commission, the Commission ordered that Campbell temporarily cease trading in all securities (the “Temporary Order”). The Temporary Order was subsequently extended by the Commission and, on October 30, 2006, the Commission extended the Temporary Order against Campbell to the conclusion of the Hearing in that matter. The Hearing is not concluded.

SALE OF SHARES TO THE PUBLIC

AI-TAR

10. Staff of the Ontario Securities Commission (“Staff”) allege that throughout 2006 and 2007, Al-tar and the individual respondents sold shares of Al-tar to residents of Ontario and to residents of other jurisdictions.

11. During this period of time, Al-tar shares were sold to at least 106 investors raising in excess of \$500,000.

12. The respondents contacted Al-Tar investors by telephone, sometimes using various aliases. The respondents advised investors that O'Brien was the President and C.E.O. of Al-tar, and that shares could be purchased for prices ranging from \$1.00 to \$3.00 per share. At least eight investors were contacted by an Al-tar salesperson named Mark Brown.

13. After agreeing to invest, investors received a subscription agreement setting out the quantity, unit price and total amount of investment. Cheques were made payable to Al-tar and sent by Purolator to a post office box located at 530 Adelaide Street West, Toronto, Ontario.

14. Investors received a share certificate signed by O'Brien for common shares in Al-tar.

ALBERTA ENERGY

15. In 2007, two investors, resident in the United Kingdom, were solicited by telephone to invest in Alberta Energy. These investors were offered shares in Alberta Energy at \$1.50 per share and were provided with an Executive Summary for Alberta Energy that offered shares for sale at \$3.00 per share.

16. Approximately \$33,000 was invested by these two investors in Alberta Energy. These investors' funds were deposited directly into Alberta Energy's bank account in Ontario.

DRAGO GOLD

17. In 2007, three investors from Saskatchewan and British Columbia were solicited by telephone to invest in Drago Gold. These investors were offered shares in Drago Gold at \$1.50 per share.

18. After agreeing to invest, investors received a subscription agreement setting out the quantity, unit price and total amount of investment. Cheques were made payable to Drago Gold and sent by Purolator to a virtual office located at 1801-1 Yonge Street, Toronto, Ontario.

19. Approximately \$9,000 was invested in Drago Gold. These investors' funds were deposited directly into Drago Gold's bank account in Ontario.

20. In May 2007, Campbell contracted to pay for virtual office services at 1801-1 Yonge St., Toronto, Ontario as President of Drago Gold.

21. The respondents sold shares of Al-tar, Alberta Energy and Drago Gold to Ontario residents and residents of other jurisdictions, in circumstances where there were no exemptions available to them under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”).

22. The sales of Al-tar, Alberta Energy and Drago Gold shares were trades in securities not previously issued and were therefore distributions.

23. Abel Da Silva’s trading in shares of Al-tar was a breach of the cease trade order issued by the Commission against him on May 10, 2006.

24. Campbell’s trading in shares of Al-tar, Alberta Energy and Drago Gold shares was a breach of the temporary cease trade order issued by the Commission against him on May 10, 2006, in a separate proceeding, and extended until the conclusion of that other proceeding.

25. Al-tar, Alberta Energy and Drago Gold have never filed a preliminary prospectus or a prospectus with the Commission, and no prospectus receipt has ever been issued to qualify the sale of those shares.

26. The respondents made:

(i) undertakings to potential investors regarding the future value or price of Al-tar, Alberta Energy and Drago Gold shares; and,

(ii) representations to potential investors regarding Al-tar, Alberta Energy and Drago Gold shares being listed on a stock exchange,

with the intention of effecting trades in those shares.

FRAUDULENT CONDUCT

27. During the sale of the shares of Al-tar, Alberta Energy and Drago Gold, the respondents adopted a high pressure sales approach that included making representations and providing information to potential investors that was false, inaccurate and misleading, including:

- (a) that Al-tar had entered into a letter of intent to buy a royalty stake in the Alberta Oil Sands Pipeline Limited;
- (b) that Alberta Energy had entered into a letter of intent to buy a royalty stake in the Alberta Oil Sands Pipeline Limited;
- (c) that Al-tar had completed a 10 million share private placement at \$1.50 per share;
- (d) providing at least two Al-tar press releases dated July and August 2006 respectively containing identical text to two press releases for a company called Birch Mountain Resources dated September 2002 and September 2003 respectively; and
- (e) Drago Gold had signed a joint venture in February, 2007 with a mining firm in Australia acquiring the development rights to the Arkaroola Copper-Gold-Uranium Project in South Australia.

28. These representations were made to induce potential investors to purchase Al-tar, Alberta Energy and Drago Gold common shares.

29. Staff allege that Al-tar, Alberta Energy and Drago Gold are not carrying on any legitimate business operations and that their only significant source of funds are funds obtained from investors as a result of fraudulent conduct.

30. The respondents engaged in a course of conduct relating to securities that they knew or reasonably ought to have known would result in a fraud on potential investors.

CONDUCT CONTRARY TO THE PUBLIC INTEREST

31. At the time of the trades described above, the respondents were not registered to trade in securities pursuant to Ontario securities law. The respondents traded in securities and acted as securities salespersons and/or advisors contrary to section 25 of the Act, and acted contrary to the public interest.

32. The respondents have made misleading representations and undertakings to investors regarding the future listing and future value of Al-tar, Alberta Energy and Drago Gold shares with the intention of effecting sales of those shares contrary to section 38 of the Act, and contrary to the public interest.

33. No preliminary prospectus and no prospectus has been filed and no prospectus receipt has been issued by the Commission to qualify the sale of Al-tar, Alberta Energy and Drago Gold shares contrary to section 53 of the Act, and contrary to the public interest.

34. The respondents have engaged in a course of conduct in relation to the securities of Al-tar, Alberta Energy and Drago Gold that they knew or reasonably ought to have known would perpetrate a fraud on potential investors in Ontario and in other jurisdictions contrary to section 126.1 of the Act, and contrary to the public interest.

35. As officers and directors of Al-tar, Alberta Energy and Drago Gold, O'Brien and Sylvester have authorized, permitted or acquiesced in the breaches of sections 25, 38, 53 and 126.1 of the Act by Al-tar, Alberta Energy and Drago Gold contrary to section 129.2 of the Act, and in so doing have engaged in conduct contrary to the public interest.

36. The respondents benefited financially from their conduct related to Al-tar, Alberta Energy and Drago Gold contrary to Ontario securities law.

37. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, February 14, 2008