



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
AMERON OIL AND GAS LTD., MX-IV LTD., GAYE KNOWLES, GIORGIO
KNOWLES, ANTHONY HOWORTH, VADIM TSATSKIN, MARK GRINSHPUN,
ODED PASTERNAK, and ALLAN WALKER**

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

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

I. OVERVIEW

1. This proceeding involves the sale of securities to members of the public in Nova Scotia, Manitoba, Saskatchewan, Alberta and British Columbia. The securities being sold were partnership units of the MX-IV Ltd. partnership (the “MX-IV Units”) and were being sold by Ameron Oil and Gas Ltd. (“Ameron”) and persons related to Ameron.
2. Staff allege that the course of conduct regarding the trading of the MX-IV Units occurred during the period from approximately June of 2009 up to and including April 8, 2010 (the “Material Time”).
3. Approximately \$615,500 was raised from the sale of the MX-IV Units to approximately 15 investors (the “MX-IV Investors”) as a result of the activities of salespersons, representatives or agents of Ameron.
4. The trading of the MX-IV Units took place from offices located in Ontario (the “Ontario Offices”).

II. THE RESPONDENTS

5. American Oil & Gas Resources Inc. (“American Oil”) was incorporated in the Commonwealth of the Bahamas (the “Bahamas”) as an International Business Company on November 28, 2007.
6. On June 10, 2009, American Oil was renamed Ameron Oil and Gas Ltd. (“Ameron”).
7. MX-IV Ltd. held itself out to be a Bahamian Limited Partnership with Ameron as the Issuer, Program Manager and Operator.
8. Gaye Knowles is a resident of the Bahamas and was the President and Chief Executive Officer of Ameron during the Material Time. Gaye Knowles was also a Director of Ameron during the Material Time.
9. Giorgio Knowles is believed to be a resident of the Bahamas and was the Secretary of Ameron during the Material Time.
10. Anthony Howorth (“Howorth”) is believed to be a resident of the Bahamas and was the Vice-President of Ameron during the Material Time. Howorth was also a Director of Ameron during the Material Time.
11. Vadim Tsatskin (“Tsatskin”) is a resident of Ontario. During the Material Time, Tsatskin was one of the directing minds of Ameron who also directed the sales of the MX-IV Units from within Ontario.
12. Mark Grinshpun (“Grinshpun”) is a resident of Ontario. During the Material Time, Grinshpun was one of the directing minds of Ameron who also directed the sales of the MX-IV Units from within Ontario.
13. Oded Pasternak (“Pasternak”) is a resident of Ontario and was a salesperson of the MX-IV Units during the Material Time.

14. Allan Walker (“Walker”) is a resident of Ontario and was a salesperson of the MX-IV Units during the Material Time.
15. Ameron and MX-IV Ltd. have never been registered with the Ontario Securities Commission (the “Commission”) in any capacity.
16. Ameron was purportedly based in and an operated from the Bahamas.
17. The primary business of Ameron was selling the MX-IV Units through its salespersons operating from offices in the Toronto area (the “Ontario Offices”).
18. During the Material Time, none of the Respondents were registered with the Commission in any capacity to trade securities or to hold themselves out as engaging in the business of trading in securities.

III. BREACHES OF THE ACT BY THE RESPONDENTS

- **Unregistered Trading of the MX-IV Units - Contrary to Section 25(1) of the Act**
19. Staff allege that Ameron, Tsatskin, Grinshpun, Pasternak and Walker traded in MX-IV Units from the Ontario Offices during the Material Time.
 20. Members of public in Canada were contacted by salespersons, agents and representatives of Ameron from the Ontario Offices and solicited to purchase MX-IV Units.
 21. The actions of the Respondents related to the securities of MX-IV Units constituted trading in securities or holding themselves out as engaging in the business of trading in securities without registration, contrary to section 25(1) of the Securities Act, R.S.O. 1990, c. S. 5, as amended (the “Act”).
- **Illegal Distribution of the MX-IV Units - Contrary to Section 53(1) of the Act**
22. No prospectus or preliminary prospectus has ever been filed with the Commission in relation to the MX-IV Units, as required by section 53(1) of the Act.

23. The trading in securities of the MX-IV Units, as set out above, constituted distributions of these securities by Ameron, Tsatskin, Grinshpun, Pasternak and Walker in circumstances where there were no exemptions available to them under the Act, contrary to section 53(1) of the Act.

• **Fraud in Relation to the MX-IV Units - Contrary to Section 126.1 of the Act**

24. During the Material Time, Ameron, Tsatskin, Grinshpun, Pasternak, Walker and other employees, representatives or agents of Ameron provided information to the MX-IV Investors that was false, inaccurate and misleading, including, but not limited to, the following:

- (a) The names used by the sales representatives of Ameron were not their true names;
- (b) That there were already wells in production;
- (c) That the net proceeds of the sale of the MX-IV Units would be used primarily for drilling of the wells;
- (d) That Ameron had a 90% success rate with previous projects;
- (e) The return on the investment in MX-IV Units would come within 90 days of investing; and
- (f) Content on the Ameron website was false or misleading to investors, including: statements with respect to the qualifications of employees of Ameron; the location of the Ameron offices; the retainer of a consultant geologist; and the names of the persons that actually operated Ameron.

25. These and other false, inaccurate, misleading representations and omissions were made by Ameron, Tsatskin, Grinshpun, Pasternak, Walker with the intention of effecting trades in the MX-IV Units.

26. The salespersons, representatives and agents of Ameron, including Pasternak, used aliases when selling the MX-IV Units to members of the public.
27. The directing minds of Ameron knew or ought to have known that aliases were being used when the MX-IV Units were sold to members of the public by the salespersons, representatives or agents of Ameron.
28. Approximately 19% of the MX-IV Investors funds were paid to the Ameron salespersons involved in selling the MX-IV Units to the MX-IV Investors. The MX-IV Investors were not informed of this fact.
29. Ameron, Tsatskin, Grinshpun, Pasternak, Walker, as well as other salespersons, representatives or agents of Ameron engaged in a course of conduct relating to securities that they knew or reasonably ought to have known would result in a fraud on persons purchasing MX-IV Units, contrary to section 126.1 of the Act.

IV. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

30. The specific allegations advanced by Staff related to the trades in the MX-IV Units during the Material Time are as follows:
 - (a) Ameron, MX-IV Ltd., Tsatskin, Grinshpun, Pasternak and Walker traded in the MX-IV Units or held themselves out as engaging in the business of trading in securities without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest;
 - (b) the actions of Ameron, Tsatskin, Grinshpun, Pasternak and Walker related to the sale of the MX-IV Units constituted distributions of securities where no preliminary prospectus and prospectus were issued nor receipted by the Director, contrary to section 53(1) of the Act and contrary to the public interest;

- (c) Ameron, Tsatskin, Grinshpun, Pasternak and Walker engaged or participated in acts, practices or courses of conduct relating to the MX-IV Units that Ameron, Tsatskin, Grinshpun, Pasternak and Walker knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act and contrary to the public interest; and
 - (d) Tsatskin, Grinshpun, Gaye Knowles, Giorgio Knowles, and Howorth, being directors and/or officers of Ameron, did authorize, permit or acquiesce in the commission of the violations of sections 25(1)(a), 53(1) and 126.1(b) of the Act, as set out above, by Ameron or by the salespersons, representatives or agents of Ameron, contrary to section 129.2 of the Act and contrary to the public interest.
31. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, December 13th, 2010.