



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**

**ORDER
(Subsections 127(7) and 127(8))**

WHEREAS on April 6, 2010, the Ontario Securities Commission (the “Commission”) issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) ordering: that all trading in the securities of MX-IV Ltd. (“MX-IV”) shall cease; that Ameron Oil and Gas Ltd. (“Ameron”), MX-IV and their representatives cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to Ameron and MX-IV (the “Temporary Order”);

AND WHEREAS on April 6, 2010, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 8, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 20, 2010 at 2:00 p.m.;

AND WHEREAS on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order to October 14, 2010 and to adjourn the hearing in this matter to October 13, 2010 at 10:00 a.m.;

AND WHEREAS on October 13, 2010, the Commission ordered that pursuant to subsections 127(7) and (8) of the Act, that the Temporary Order be extended to February 9, 2011 and that the hearing in this matter be adjourned to February 8, 2011 at 2:30 p.m.;

AND WHEREAS on December 13, 2010, Staff of the Commission (“Staff”) issued a Statement of Allegations (the “Allegations”) against Ameron, 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”);

AND WHEREAS on December 13, 2010, the Secretary of the Commission issued a Notice of Hearing, pursuant to sections 37, 127 and 127.1 of the Act, to consider whether it is in the public interest to make certain orders against the Respondents by reason of the Allegations;

AND WHEREAS on December 20, 2010, the Commission ordered that the hearing be adjourned to February 8, 2011 at 2:30 p.m. for a confidential pre-hearing conference;

AND WHEREAS on February 8, 2011, Staff appeared and filed the Affidavit of Daniela De Chellis, sworn on January 27, 2011, evidencing service of the December 20, 2010 Order and notice of the hearing on the Respondents;

AND WHEREAS on February 8, 2011, none of the Respondents attended in person, but Staff advised the Commission that Cliff Lloyd (“Lloyd”), a lawyer licensed to practice law in the state of Massachusetts in the United States, had contacted Staff and advised that he had been retained as agent by Gaye Knowles, Giorgio Knowles and Howorth but would not be attending the hearing;

AND WHEREAS on February 8, 2011, the Commission was satisfied that Staff had served each of the Respondents with notice of the hearing;

AND WHEREAS on February 8, 2011, Staff made submissions to the Commission, including requesting that the matter be adjourned to March 10, 2011 at 12:00 p.m. for the purpose of conducting a confidential pre-hearing conference and that the Temporary Order be extended to March 11, 2011;

AND WHEREAS on February 8, 2011, Staff advised the Commission that Lloyd consented to the adjournment on behalf of Gaye Knowles, Giorgio Knowles and Howorth;

AND WHEREAS on February 8, 2011, Staff advised the Commission that Staff would contact the remaining Respondents to advise them of the March 10, 2011 pre-hearing conference, either directly or through their counsel, and that it would continue its efforts to determine the current representatives of Ameron and MX-IV;

AND WHEREAS on February 8, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest; and, it was in the public interest to extend the Temporary Order;

AND WHEREAS the Commission ordered that the Temporary Order be extended to March 11, 2011 and the hearing in this matter be adjourned to March 10, 2011 at 12:00 p.m.;

AND WHEREAS on March 10, 2011, a hearing was held before the Commission and Staff and Lloyd appeared before the Commission and Ameron and MX-IV did not appear before the Commission to oppose Staff's request for the extension of the Temporary Order;

AND WHEREAS the Panel was satisfied that reasonable efforts were made by Staff to serve Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker with notice of the hearing;

AND WHEREAS Staff advised the Panel that it had undertaken efforts to determine the appropriate means to serve Ameron and MX-IV and that it would continue those efforts by, *inter alia*, contacting the appropriate authorities in the Bahamas to determine the current status of Ameron;

AND WHEREAS on March 10, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest; and, it was in the public interest to extend the Temporary Order;

AND WHEREAS on March 10, 2011, the Commission ordered that the Temporary Order be extended to the conclusion of the hearing on the merits in this matter;

AND WHEREAS by Notice of Motion dated March 8, 2011, Staff brought a motion before the Commission to add Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker (collectively, the "Individual Respondents") to the Temporary Order;

AND WHEREAS on March 22, 2011, the Commission held a hearing to consider Staff's motion;

AND WHEREAS on March 22, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to add the Individual Respondents to the Temporary Order:

AND WHEREAS on March 22, 2011, the Commission ordered that:

- pursuant to clause 2 of subsection 127(1) of the Act, Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker shall cease trading in all securities;
- pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Gaye Knowles, Giorgio Knowles, Howorth, Tsatskin, Grinshpun, Pasternak and Walker;
- the Temporary Order in respect of the Individual Respondents shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission;
- for clarity, the Temporary Order in respect of Ameron and MX-IV Ltd. is extended to the conclusion of the hearing on the merits; and
- the hearing in this matter be adjourned to April 4th, 2011 at 11:00 a.m. or on such other date or time as provided by the Secretary's Office and agreed to by the parties.

AND WHEREAS on April 4, 2011, Staff and Howorth attended before the Commission to make submissions and no other Respondents attended;

AND WHEREAS Staff advised the Panel that it had contacted the appropriate authorities in the Bahamas to determine the current status of Ameron and had served notice of the hearing on the registered agent for Ameron as listed on the corporate documents provided by the authorities in the Bahamas;

AND WHEREAS the Commission is satisfied that Staff has taken reasonable efforts to serve the Respondents with notice of the hearing;

AND WHEREAS Howorth brought a motion to oppose the extension of the Temporary Order;

AND WHEREAS the motion raises the question of the obligations of a director of a company;

AND WHEREAS Staff submitted that the public interest requires a director to, at least, monitor the activities of a company, and this is so even if there is no evidence that the director authorized, permitted or acquiesced in an act of non-compliance with Ontario securities law under section 129.2 of the Act;

AND WHEREAS Howorth submitted that he did not authorize, permit or acquiesce in an act of non-compliance with Ontario securities law and should not be the subject of the Temporary Order, but did not provide any evidence regarding this;

AND WHEREAS the Commission considered the evidence from Staff and the submissions provided by the parties;

AND WHEREAS the Panel found that Staff should be permitted to pursue the section 129.2 argument against Howorth and the other named Respondents in the hearing on the merits with a complete evidentiary foundation;

IT IS ORDERED that the Temporary Order in respect of the Individual Respondents, Ameron and MX-IV Ltd. is extended to the conclusion of the hearing on the merits in this matter.

DATED at Toronto this 4th day of April, 2011.

“James D. Carnwath”

James D. Carnwath