



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  
SHALLOW OIL & GAS INC., ERIC O'BRIEN, ABEL DA SILVA,  
ABRAHAM HERBERT GROSSMAN also known as ALLEN GROSSMAN  
and KEVIN WASH**

**ORDER  
(Section 127)**

**WHEREAS** on January 16, 2008, the Ontario Securities Commission (“the Commission”) issued a Temporary Order pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) that: (i) all trading in securities by Shallow Oil & Gas Inc. (“Shallow Oil”) shall cease and that all trading in Shallow Oil securities shall cease; and (ii) Eric O’Brien (“O’Brien”), Abel Da Silva (“Da Silva”), Gurdip Singh Gahunia, also known as Michael Gahunia (“Gahunia”), and Abraham Herbert Grossman, also known as Allen Grossman (“Grossman”), cease trading in all securities (the “Temporary Order”);

**AND WHEREAS** on January 16, 2008, 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 January 18, 2008, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, such hearing to be held on January 30, 2008 commencing at 2:00 p.m.;

**AND WHEREAS** hearings to extend the Temporary Order were held on January 30 and 31, and March 31, 2008. The Temporary Order was extended by the Commission on each date;

**AND WHEREAS** on June 11, 2008, the Commission issued a Notice of Hearing for June 18, 2008 to consider, among other things:

- (a) the issuance of a temporary cease trade order against Marco Diadamo (“Diadamo”), Gord McQuarrie (“McQuarrie”), Kevin Wash (“Wash”), and William Mankofsky (“Mankofsky”); and,
- (b) the extension of the original Temporary Order dated January 16, 2008;

**AND WHEREAS** on June 18, 2008, a hearing was held commencing at 10:00 a.m. and Staff and Grossman appeared, presented evidence and made submissions, and Diadamo, McQuarrie, and Mankofsky appeared before the panel of the Commission and made submissions as to the issuance of a temporary cease trade order against them;

**AND WHEREAS** on June 18, 2008, the panel of the Commission considered the evidence and submissions of Staff and Grossman, and the submissions of Diadamo, McQuarrie, and Mankofsky;

**AND WHEREAS** on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Temporary Order as against Shallow Oil, O’Brien, Da Silva, and Grossman be extended until the conclusion of the hearing on the merits in this matter;

**AND WHEREAS** on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Temporary Order as against Gahunia be extended until November 26, 2008;

**AND WHEREAS** on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(5) of the Act, that Diadamo, McQuarrie, Wash, and Mankofsky cease trading in any securities (the “Second Temporary Order”), with the following exception:

Diadamo shall be permitted to trade in securities that are listed on a public exchange recognized by the Commission and only in his own existing trading accounts. Furthermore, any such trading by Diadamo shall be for his sole benefit and only through a dealer registered with the Commission.

**AND WHEREAS** on June 19, 2008, a panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that the Second Temporary Order be extended until November 26, 2008 and that the hearing with respect to the Second Temporary Order in this matter be adjourned to November 25, 2008, at 2:30 p.m.;

**AND WHEREAS** on November 25, 2008, a hearing was held and the panel of the Commission ordered, pursuant to subsection 127(8) of the Act, that:

- the Temporary Order is extended as against Gahunia until the conclusion of the hearing on the merits in this matter and the Second Temporary Order is extended as against Diadamo, McQuarrie, Wash, and Mankofsky until the conclusion of the hearing on the merits in this matter; and,
- the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 is adjourned to June 4, 2009 at 10:00 a.m. for a status hearing.

**AND WHEREAS** on May 12, 2009, the Commission approved a settlement agreement between McQuarrie and Staff of the Commission, and on July 24, 2009, the Commission approved a settlement agreement between Mankofsky and Staff of the Commission;

**AND WHEREAS** on June 4<sup>th</sup> and September 10<sup>th</sup>, 2009, and January 12<sup>th</sup>, 2010 status hearings were held before the Commission and, on each date, a panel of the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned;

**AND WHEREAS** on June 28<sup>th</sup>, 2010, a status hearing was held commencing at 10:00 a.m. and Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

**AND WHEREAS** on June 28<sup>th</sup>, 2010, none of the respondents attended and a panel of the Commission considered the submissions of Staff;

**AND WHEREAS** on June 28<sup>th</sup>, 2010, the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned to February 11, 2011 at 10:00 a.m. for the purpose of a status hearing;

**AND WHEREAS** on February 11, 2011, a status hearing was held and Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

**AND WHEREAS** on February 11, 2011, none of the respondents attended and a panel of the Commission considered the submissions of Staff;

**AND WHEREAS** on February 11, 2011, the Commission ordered that the hearing with respect to the Notice of Hearing dated June 11, 2008 and Staff's Statement of Allegations dated June 10, 2008 be adjourned to May 24, 2011 at 2:30 p.m., for the purpose of a status hearing and to consider setting dates for the hearing on the merits in this matter;

**AND WHEREAS** on May 24, 2011, a status hearing was held, and Staff and Diadamo attended and no other respondents attended, although properly served with notice of the hearing;

**AND WHEREAS** on May 24, 2011, Staff appeared before the panel of the Commission and provided the panel of the Commission with a status update with respect to this matter;

**AND WHEREAS** on May 24, 2011, scheduling of the hearing on the merits was discussed, and Diadamo consented to setting the dates for the hearing on the merits;

**AND WHEREAS** on May 24, 2011, it was ordered that the hearing on the merits shall commence on September 6, 2011, and shall continue on September 7, 9, and 12, 2011;

**AND WHEREAS** on May 24, 2011, it was further ordered that the parties attend before the Commission on July 26, 2011 at 2:00 p.m. for a pre-hearing conference;

**AND WHEREAS** on July 26, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents;

**AND WHEREAS** the Commission was satisfied that all parties had been properly served with notice of the hearing;

**AND WHEREAS** on July 26, 2011, it was ordered that the hearing be adjourned to August 16, 2011 at 3:30 p.m. for the purpose of continuing the pre-hearing conference;

**AND WHEREAS** on August 16, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents, although properly served with notice of the hearing;

**AND WHEREAS** on August 16, 2011, Staff informed the panel that Da Silva and O'Brien will be sentenced on October 19, 2011 in the related section 122 proceedings before the Ontario Court of Justice, and Staff requested that the hearing on the merits be adjourned until after the sentencing decision is rendered in the section 122 proceedings;

**AND WHEREAS** on August 16, 2011, it was ordered that the dates set down for the hearing on the merits be vacated;

**AND WHEREAS** on August 16, 2011, it was further ordered that the hearing be adjourned to November 4, 2011 at 10:00 a.m. for the purpose of continuing the pre-hearing conference;

**AND WHEREAS** on November 4, 2011, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents, although properly served with notice of the hearing;

**AND WHEREAS** Staff informed the panel that the sentencing hearing for Shallow Oil, Da Silva and O'Brien in the related section 122 proceedings before the Ontario Court of Justice was adjourned to November 15, 2011;

**AND WHEREAS** Staff requested that the pre-hearing conference be adjourned to December 15, 2011, pending the sentencing decision for Shallow Oil, Da Silva and O'Brien to be rendered in the section 122 proceedings;

**AND WHEREAS** on November 4, 2011, it was ordered that the hearing be adjourned to December 15, 2011 at 9:30 a.m. for the purpose of continuing the pre-hearing conference;

**AND WHEREAS** on December 15, 2011, it was ordered that the hearing on the merits shall commence on June 18, 2012, and shall continue on June 20, 21, and 22, 2012, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

**AND WHEREAS** on December 15, 2011, it was further ordered that the hearing be adjourned to March 27, 2012 at 9:00 a.m. for the purpose of continuing the pre-hearing conference;

**AND WHEREAS** on March 27, 2012, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents;

**AND WHEREAS** on March 27, 2012, it was ordered that the hearing be adjourned to April 26, 2012 at 10:00 a.m. for the purpose of continuing the pre-hearing conference;

**AND WHEREAS** on April 26, 2012, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents, although properly served with notice of the hearing;

**AND WHEREAS** on April 26, 2012, it was ordered that the hearing be adjourned to May 29, 2012 at 9:30 a.m. for the purposes of continuing the pre-hearing conference;

**AND WHEREAS** an Amended Notice of Hearing was issued on May 14, 2012 accompanied by an Amended Statement of Allegations filed by Staff with respect to Shallow Oil, O'Brien, Da Silva, Grossman and Wash;

**AND WHEREAS** Staff served Shallow Oil, O'Brien, Grossman and Da Silva with notice of the May 29, 2012 pre-hearing conference and the Commission is satisfied that Staff made sufficient attempts to serve Wash with notice of the pre-hearing conference, although Staff do not have the current address or contact information for Wash;

**AND WHEREAS** on May 29, 2012, Staff appeared before the Commission for the pre-hearing conference, and no one appeared on behalf of the Respondents;

**AND WHEREAS** on May 29, 2012, Staff indicated that they would be requesting, pursuant to Rule 11 of the Commission's *Rules of Procedure* (2010), 33 O.S.C.B. 8017, that all or substantially all of the hearing on the merits be conducted as a written hearing;

**AND WHEREAS**, pursuant to subsection 6(4) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended (the "SPPA"), the hearing on the merits shall not be held as a written hearing if any party satisfies the Commission that there is good reason for not holding a written hearing;

**AND WHEREAS** if any party wishes to object to the hearing on the merits being held as a written hearing, such party may do so in writing prior to the commencement of the hearing on the merits on June 18, 2012, or may do so by way of oral submissions at the commencement of the hearing on the merits on June 18, 2012;

**AND WHEREAS**, pursuant to subsection 6(4) of the SPPA, if any party neither objects to the hearing on the merits being held as a written hearing nor participates in the hearing, the hearing may proceed without the participation of such party and the party will not be entitled to further notice of the proceeding;

**IT IS ORDERED** that the matter is adjourned to the hearing on the merits, which shall commence on June 18, 2012 at 10:00 a.m., at which time the panel for the hearing on the merits may consider Staff's request that the hearing on the merits be conducted as a written hearing.

**DATED** at Toronto this 29<sup>th</sup> day of May, 2012.

*"Paulette L. Kennedy"*

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Paulette L. Kennedy