



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
with respect to Kevin Wash
(Subsection 127(1))**

WHEREAS on June 11, 2008, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Shallow Oil & Gas Inc. ("Shallow Oil"), Eric O'Brien ("O'Brien"), Abel Da Silva ("Da Silva"), Gurdip Singh Gahunia also known as Michael Gahunia ("Gahunia"), Abraham Herbert Grossman aka Allen Grossman ("Grossman"), Marco Diadamo ("Diadamo"), Gord McQuarrie ("McQuarrie"), Kevin Wash ("Wash") and William Mankofsky ("Mankofsky");

AND WHEREAS on June 10, 2008, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

AND WHEREAS on May 12, 2009, the Commission approved a settlement agreement between the Commission and McQuarrie;

AND WHEREAS on July 24, 2009, the Commission approved a settlement agreement between the Commission and Mankofsky;

AND WHEREAS on December 16, 2010, the Commission approved a settlement agreement between the Commission and Gahunia;

AND WHEREAS on December 9, 2011, the Commission approved a settlement agreement between the Commission and Diadamo;

AND WHEREAS on May 18, 2011, Justice Kenkel of the Ontario Court of Justice found Shallow Oil, O'Brien, Da Silva and Grossman guilty on a total of 18 counts of breaching Ontario securities laws;

AND WHEREAS on June 15, 2011, Justice Kenkel of the Ontario Court of Justice sentenced Grossman to three years in jail, to be served consecutively to any other jail sentence against him;

AND WHEREAS on November 15, 2011, Justice Kenkel of the Ontario Court of Justice sentenced O'Brien and Da Silva each to 27 months in jail, to be served consecutively to any other jail sentence against them;

AND WHEREAS on December 15, 2011, the Commission 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 May 14, 2012, the Commission issued an Amended Notice of Hearing and Staff filed an Amended Statement of Allegations to rely upon the decisions of the Ontario Court of Justice involving Shallow Oil, O'Brien, Da Silva and Grossman (collectively, the "Respondents");

AND WHEREAS on May 29, 2012, the Commission ordered that, among other things, the hearing on the merits 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;

AND WHEREAS on June 18, 2012, the Commission vacated the hearing dates commencing June 18, 2012, and ordered that the hearing on the merits shall commence on October 29, 2012 and shall continue on October 30 and 31, 2012;

AND WHEREAS on September 7, 2012, the Commission advised that, due to a scheduling conflict, the hearing date of October 30, 2012 is vacated, and that the hearing on the merits shall commence on October 29, 2012 and shall continue on October 31 and November 1, 2012;

AND WHEREAS on October 29, 2012, Wash entered into an agreed statement of facts (the "Agreed Statement of Facts") in which he admitted to unregistered trading in securities, contrary to subsection 25(1)(a) of the Act, an illegal distribution, contrary to subsection 53(1) of the Act, and perpetrating a fraud on investors in Ontario and elsewhere in Canada, contrary to subsection 126.1(b) of the Act;

AND WHEREAS on October 29, 2012, the Commission ordered that the hearing to determine sanctions in respect of Wash shall commence on November 15, 2012 at 10:00 a.m.;

AND WHEREAS on November 15, 2012, the Commission conducted a hearing with respect to the sanctions to be imposed on Wash and heard submission from Staff and from Wash;

AND WHEREAS the Commission finds that it is in the public interest to make this order;

IT IS HEREBY ORDERED THAT:

- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Wash shall cease permanently from the date of this order;

- (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Wash is prohibited permanently from the date of this order;
- (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Wash permanently from the date of this order;
- (d) pursuant to paragraphs 8, 8.2, and 8.4 respectively of subsection 127(1) of the Act, Wash is prohibited permanently from the date of this order from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (e) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Wash is prohibited permanently from the date of this order from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (f) pursuant to paragraph 9 of subsection 127(1) of the Act, Wash shall pay an administrative penalty in the amount of \$4,625, which is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act;
- (g) pursuant to paragraph 10 of subsection 127(1) of the Act, Wash shall disgorge to the Commission the amount of \$9,250, which is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act;
- (h) pursuant to subsection 37(1) of the Act, Wash is prohibited permanently from the date of this order, from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities; and
- (i) notwithstanding the provisions of this Order, once Wash has fully satisfied the terms of subparagraphs (f) and (g) above, Wash is permitted to trade for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this order) in (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101, provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities; (b) any security issued by a mutual fund that is a reporting issuer; or (c) any shares in a "private company" as defined in subsection 1(1) of the Act; provided that in respect of the trading referred to in clause (a) and (b), Wash provides Staff with the particulars of the accounts in which such trading is to occur (as soon as practicable before any trading in such accounts occurs) including the name of the registered dealer through which the trading will occur and the account numbers, and provided Wash instructs the registered dealer to provide copies of all trade confirmation notices with respect to trading in

the accounts directly to Staff at the same time that such notices are provided to him.

DATED at Toronto this 15th day of November, 2012.

“James E. A. Turner”

James E. A. Turner