

# 2012 BCSECCOM 344

## Amended Notice of Hearing

**Armadillo Energy Inc., 0894563 B.C. Ltd, Darwin James Hajime Okano,  
Richard Gozdek and Mohammed Soolaman**

### **Section 161 of the *Securities Act*, RSBC 1996, c. 418**

¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders against Armadillo Energy Inc. (Armadillo), 0894563 B.C. Ltd (the Company), Darwin James Hajime Okano (Okano), Richard Gozdek (Gozdek), and Mohammed Soolaman (Soolaman) (collectively, the Respondents) under sections 161, 162 and 174 of the *Securities Act*, R.S.B.C. 1996, c. 418 (the Act), based on the following facts:

#### **Background**

1. Armadillo is a Nevada corporation that claims to be a privately owned energy corporation that owns an oil lease in Oklahoma. Armadillo has never filed a prospectus, offering memorandum or exempt distribution report under the Act.
2. The Company is a British Columbia Corporation, incorporated on November 3, 2010, and Okano is the sole director. It is not registered under the Act.
3. Gozdek, Okano and Soolaman are all residents of British Columbia. Gozdek has never been registered under the Act. Okano has been registered as a Dealing Representative since September 19, 2011. Soolaman was registered under the Act as a Dealing Representative from February 28, 2011 to April 20, 2011 and from May 9, 2011 to January 20, 2012.

#### ***Illegal Trading and Distribution of Securities***

4. The Respondents promoted and sold Armadillo Partnership Agreements (Partnership Agreement) to investors. Under a Partnership Agreement, an investor received title to a defined amount of crude oil from Armadillo's lease in Oklahoma. The quantity of oil would depend on the amount of money invested. Armadillo guaranteed the partner that equal amounts of the oil purchased would be extracted each month and sold to a refinery on the partner's behalf. The net proceeds would then, at the partner's election, be used to acquire title to an additional quantity of oil or were to be forwarded to the partner in the form of a production payment.
5. Armadillo distributed its securities in Canada through the Company, which received a 19% commission on the sale of each Partnership Agreement.
6. Between December 13, 2010 and April 12, 2011, the Company sold Partnership Agreements to at least 64 investors in Canada for a total of \$2,379,229.27. Twenty-

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- six of the investors were residents of British Columbia, who invested a total of \$781,502.66.
7. Okano, Godzek and Soolaman each directly solicited persons to invest in the Partnership Agreements, executed them on behalf of Armadillo as a “Sales Associate”, and received a Commission from the Company for each investment sold. In respect of the Partnership Agreements sold in British Columbia:
    - (a) Godzek raised \$500,778.74;
    - (b) Okano raised \$221,374.79; and
    - (c) Soolaman raised \$59,349.13.
  8. On July 29, 2011, the Ontario Securities Commission issued a Notice of Hearing and Temporary Cease Trade Order against Armadillo and others for alleged unregistered activity in Ontario.
  9. By trading and distributing securities without being registered and without having filed a prospectus, the Respondents contravened sections 34 and 61 of the *Act*.

### **Public Interest**

- ¶ 2 It is in the public interest that the Commission issue orders under sections 161 and 162 of the Securities Act.

### **Hearing Process**

- ¶ 3 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Tuesday, September 18, 2012, at 9:00 am** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondents upon request to the Executive Director.
- ¶ 4 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.

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¶ 5 If the Respondents or their counsel do not appear at the hearing, the Executive Director may apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.

¶ 6 August 28, 2012.

Paul C. Bourque

¶ 7 Paul C. Bourque, Q.C.  
Executive Director