

Citation: 2013 BCSECCOM 224

## **Settlement Agreement**

**Richard Gozdek**

***Securities Act, RSBC 1996, c. 418***

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Richard Gozdek (Gozdek) agree as follows:

### **Agreed Statement of Facts**

#### ***Background***

1. Gozdek is a resident of British Columbia. He has never been registered under the Act.
2. 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.
3. 0894563 B. C. Ltd (the Company) is a British Columbia Corporation, incorporated on November 3, 2010.

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

4. The Company and Gozdek 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.
5. Armadillo, on behalf of the Investors, would extract and sell to a refinery the oil purchased by the Investors through the Partnership Agreements. Armadillo issued monthly production payments to the Investors based on the amount of oil purchased.
6. Between December, 2010 and April, 2011, Armadillo sold Partnership Agreements through the Company to at least twenty-six residents of British Columbia, who invested approximately \$868,789.
7. Gozdek, as a "sales associate" for the Company, directly solicited persons to invest in the Partnership Agreements, raising \$550,778 from British Columbia

residents. Gozdek, through his company Sterling Financial Group, was paid a fee of approximately \$40,062 for sales of the Partnership Agreements.

8. On July 29, 2011, the Ontario Securities Commission issued a Notice of Hearing and Temporary Cease Trade Order against Armadillo and others for their alleged unregistered activity in distributing the Partnership Agreements in Ontario.
9. By trading and distributing securities without being registered and without having filed a prospectus, Gozdek contravened sections 34 and 61 of the *Act*.

***Factors***

10. Gozdek has no prior regulatory history with the Commission.
11. Gozdek invested US \$56,100 and received back US \$12,000 in production payments.
12. In July 2012, Armadillo offered a right of rescission to its investors

***Public Interest***

13. It is in the public interest that the Executive Director issue orders under section 161 of the *Act*.

***Undertaking***

14. Gozdek undertakes to pay \$65,062.30 to the Commission in respect of settlement of this matter.

**Order**

¶ 2 The Executive Director will issue an order (the Order) that:

1. under section 161(1)(a) of the *Act*, that Gozdek comply fully with the *Act*, the Securities Rules, and any applicable regulations;
2. under section 161(1)(b) of the *Act*, that Gozdek cease trading, and is prohibited from purchasing, securities or exchange contracts except that he may trade securities through one account in his own name with a person who is registered to trade securities under the *Act*;
3. under section 161(1)(d)(i) and (ii), that Gozdek resign any position he holds as, and is prohibited from becoming or acting as, a director or officer of any issuer, registrant, or investment fund manager;

4. under section 161(1)(d)(iii), that Gozdek is prohibited from becoming or acting as a registrant, investment fund manager or promoter;
5. under section 161(1)(d)(iv), that Gozdek is prohibited from acting in a management or consultative capacity in connection with activities in the securities market;
6. under section 161(1)(d)(v), that Gozdek is prohibited from engaging in investor relations activities; and
7. the orders in paragraphs 1 through 6 remain in force until the later of 5 years from the date this agreement is signed and the date the amount described in the undertaking to pay is paid.

**Consent to Regulatory Orders**

- ¶ 3 Gozdek consents to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraph 2 above.

**Waiver**

- ¶ 4 Gozdek waives any right they may have, under the Act or otherwise, to a hearing, hearing and review, judicial review, or appeal related to, in connection with, or incidental to this settlement.

**Counterpart**

¶ 5 This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

¶ 6 June 18, 2013

¶ 7 Richard Gozdek  
**Richard Gozdek**

Mike Pesunti )  
Witness Signature )  
Mike Pesunti )  
Witness Name (please print) )  
 )  
 )  
701 West Georgia Vancouver BC )  
Address )  
Lead Investigator )  
Occupation )

¶ 8 June 18, 2013

Paul C. Bourque

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