



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
GLOBAL PARTNERS CAPITAL, ASIA PACIFIC ENERGY, INC., 1666475 ONTARIO
INC. operating as “ASIAN PACIFIC ENERGY”, ALEX PIDGEON, KIT CHING PAN
also known as Christine Pan, HAU WAI CHEUNG, also known as Peter Cheung, Tony
Cheung, Mike Davidson, or Peter McDonald, GURDIP SINGH GAHUNIA also known as
Michael Gahunia or Shawn Miller, BASIL MARCELLINIUS TOUSSAINT also known as
Peter Beckford, and RAFIQUE JIWANI also known as Ralph Jay**

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (“Staff”) make the following allegations:

I. THE RESPONDENTS

1. Global Partners Capital (“Global Partners”) is an unincorporated organization or business that operated in Toronto, Ontario.
2. Asia Pacific Energy, Inc. (“Asia Pacific”) is a corporation that was registered in Nevada, U.S.A. that was incorporated on or about December 19, 2005.
3. 1666475 Ontario Inc. operating as “Asian Pacific Energy” (“1666475”) is an Ontario corporation that was incorporated on or about July 13, 2005.
4. Alex Pidgeon (“Pidgeon”) was the President and a registered director of Asia Pacific during the Material Time (as defined herein). Staff believe that Pidgeon resides in the State of Nevada, U.S.A.
5. Kit Ching Pan, also known as Christine Pan, (“Pan”) is the President and sole registered director of 1666475.

6. Hau Wai Cheung, also known as Peter Cheung, Tony Cheung, Mike Davidson, or Peter McDonald, (“Cheung”) is an officer or director of 1666475. Cheung was the President and a registered director of Asia Pacific during the Material Time.

7. Gurdip Singh Gahunia, also known as Michael Gahunia or Shawn Miller, (“Gahunia”) was a co-manager and salesperson of Global Partners.

8. Basil Marcellinius Toussaint, also known as Peter Beckford, (“Toussaint”) was a co-manager and salesperson of Global Partners.

9. Rafique Jiwani, also known as Ralph Jay, (“Jiwani”) was a manager of Global Partners.

II. BACKGROUND TO ALLEGATIONS

- **Trading in Securities of Asia Pacific**

10. Staff allege that between February, 2006 and October, 2007 (the “Material Time”), Asia Pacific, Global Partners, 1666475, Pidgeon, Pan, Cheung, Gahunia, Toussaint, and Jiwani (collectively the “Respondents”) traded securities of Asia Pacific.

11. Throughout the Material Time, none of the Respondents were registered in any capacity with the Commission.

12. The trades in Asia Pacific securities were trades in securities not previously issued and were therefore distributions. No preliminary prospectus or prospectus was filed and no receipts were issued for them by the Director to qualify the trading of Asia Pacific securities.

13. Global Partners purported to be a venture capital investment firm trading in various securities, including Asia Pacific. Throughout the Material Time, individuals, situated in premises in Ontario, claimed to be employed by Global Partners and sold Asia Pacific securities to investors.

14. Cheung, Gahunia, and Toussaint and other employees, representatives or agents of Global Partners contacted investors or potential investors by phone, and used aliases when speaking with investors or potential investors on the telephone. Some of the aliases used were: Sean Miller or Shawn Miller, Peter Beckford, and Gordon Scott.

15. Potential investors were sent information packages about Asia Pacific by e-mail, facsimile or mail.

16. The Respondents traded securities of Asia Pacific to Ontario residents and residents of other jurisdictions, primarily the United States, in circumstances where there were no exemptions available to them under the Act.

17. Cheung, Gahunia, and Toussaint and other employees, representatives or agents of Global Partners made representations or undertakings to potential investors and investors, with the intention of effecting trades, that:

- (a.) Asia Pacific shares would be repurchased or the purchase price would be refunded if the investor wished;
- (b.) Asia Pacific securities were about to be listed on a stock exchange; and,
- (c.) made undertakings relating to the future value or price of the Asia Pacific securities.

18. Asia Pacific securities were sold to over 110 investors and these investors sent over \$2,200,000 (USD) to Asia Pacific.

19. After agreeing to invest, investors received a subscription agreement from Asia Pacific. The subscription agreement set out the quantity, unit price and total amount of investment. Investors were instructed to make cheques payable to Asia Pacific and to send the subscription agreement and cheques to an address in Dallas, Texas, U.S.A. The address in Dallas was a virtual office run by Regus/HQ Business Centres. Some investors were also given instructions on how to send their funds to Asia Pacific via wire transfer and did so.

20. Investors received a share certificate signed by Cheung for common shares in Asia Pacific.
21. The investor funds were deposited into one of three Asia Pacific bank accounts in the United States (the “U.S. Accounts”). The U.S. Accounts were all controlled by Pidgeon.
22. Pidgeon paid himself over \$90,000 (USD) from the U.S. Accounts.
23. Between and including March 2006 and October 2007, over \$2,000,000 (USD) was transferred from the U.S. Accounts to a U.S. dollar bank account in Canada held by 1666475 (the “1666475 USD Account”). Pan was the sole signatory on this account.
24. Over \$1,000,000 (USD) was transferred from the 1666475 USD Account to a Canadian dollar account in Canada held by 1666475 (the “Canadian Account”). Pan was the sole signatory on the Canadian Account.
25. In 2006 and 2007, over \$600,000 (USD) was removed from the 1666475 USD Account and paid out to individuals, including some of the Respondents, primarily as salary and commission.
26. In 2006 and 2007, over \$520,000 was removed from the Canadian Account and paid out to individuals, including some of the Respondents, primarily as salary and commission.
27. Approximately \$300,000 of investor funds was used to pay credit card bills for Pan from the Canadian Account.

- **Fraudulent Conduct**

28. Cheung, Gahunia, Toussaint, Pan and other employees, representatives or agents of Global Partners, during the Material Time, adopted high pressure sales approaches that included making prohibited representations and undertakings, as well as providing information to potential investors that was false, inaccurate and misleading, including:

- (a.) that Asia Pacific was about to go public and would be listed on a stock exchange;
- (b.) false, inaccurate and misleading information with respect to the business activities of Asia Pacific;
- (c.) false, inaccurate, and misleading content on the Asia Pacific website;
- (d.) false, inaccurate, and misleading information with respect to assets held by Asia Pacific;
- (e.) false, inaccurate, and misleading information with respect to the location of the business premises; and,
- (f.) using false names and aliases when communicating with potential investors and investors.

29. The false, inaccurate and misleading representations and undertakings were made with the intention of effecting trades in the securities of Asia Pacific.

30. Pan, Cheung, Gahunia, Toussaint, Jiwani and other employees, representatives or agents of Global Partners engaged in a course of conduct relating to securities that they knew or reasonably ought to have known would result in a fraud on investors.

31. Staff allege that Asia Pacific was, for the majority of the Material Time, not carrying on legitimate business operations and that their only significant source of funds was funds obtained from investors as a result of fraudulent conduct.

32. Pidgeon and Cheung, as directors or officers of Asia Pacific, authorized, permitted or acquiesced in the violations of Ontario securities laws that were committed by Asia Pacific or by the employees, agents or representatives of Asia Pacific.

33. Pan, Cheung, Gahunia, Toussaint, and Jiwani, as directors or officers of Global Partners, authorized, permitted or acquiesced in the violations of Ontario securities laws that were committed by Global Partners or by the employees, agents or representatives of Global Partners.

34. Pan and Cheung, as directors or officers of 1666475, authorized, permitted or acquiesced in the violations of Ontario securities laws that were committed by 1666475 or by the employees, agents or representatives of 1666475.

- **Misleading Persons Appointed To Make An Investigation Or Examination**

35. On November 1, 2007, Toussaint made statements to Staff that he was not involved in the sale of securities of Asia Pacific. Staff allege that the statements were, in a material respect and at the time and in the light of the circumstances under which they were made, misleading or untrue. Staff allege that Toussaint misled Staff with respect to his involvement in the sales of securities of Asia Pacific.

36. On January 28, 2008, Gahunia, made a statement to Staff that he never used the name Sean Miller at the Global Partners office. Staff allege that this statement, in a material respect and at the time and in the light of the circumstances under which it was made, was misleading or untrue. Staff allege that Gahunia used the alias Sean Miller or Shawn Miller when selling Asia Pacific securities to investors.

III. STAFF'S ALLEGATIONS -- Conduct Contrary to Ontario Securities Law and Contrary to the Public Interest

37. The specific allegations advanced by Staff are:

- (a.) Between and including February, 2006 and October, 2007, the Respondents engaged or participated in acts, practices or courses of conduct relating to Asia Pacific securities that the Respondents knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") and contrary to the public interest;

- (b.) Between and including February, 2006 and October, 2007, the Respondents traded in securities of Asia Pacific without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest;
- (c.) Between and including February, 2006 and October, 2007, the Respondents traded in securities of Asia Pacific when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to section 53(1) of the Act and contrary to the public interest;
- (d.) Between and including February, 2006 and October, 2007, Cheung, Gahunia, and Toussaint, with the intention of effecting a trade in securities of Asia Pacific, made representations that the Asia Pacific securities would be repurchased or that the purchase price would be refunded, contrary to section 38(1) of the Act and contrary to the public interest;
- (e.) Between and including February, 2006 and October, 2007, Cheung, Gahunia, and Toussaint gave undertakings, with the intention of effecting a trade in securities of Asia Pacific, as to the future value or price of the securities of Asia Pacific, contrary to section 38(2) of the Act and contrary to the public interest;
- (f.) Between and including February, 2006 and October, 2007, Cheung, Gahunia, and Toussaint made representations without the written permission of the Director, with the intention of effecting a trade in securities of Asia Pacific, that such security would be listed on a stock exchange or quoted on any quotation and trade reporting system, contrary to section 38(3) of the Act and contrary to the public interest;
- (g.) Between and including February, 2006 and October, 2007, Pan, Cheung, Gahunia, Toussaint and Jiwani, being directors or officers of Global Partners, did authorize, permit or acquiesce in the commission of the violations of

sections 126.1, 25, 53 and 38 of the Act, set out above, by Global Partners or by the employees, agents or representatives of Global Partners, which constitute offences under subsection 122(1)(c) of the Act, contrary to section 122(3) of the Act and contrary to the public interest;

- (h.) Between and including February, 2006 and October, 2007, Pidgeon and Cheung, being directors or officers of Asia Pacific, did authorize, permit or acquiesce in the commission of the violations of sections 126.1, 25, and 53 of the Act, set out above, by Asia Pacific or by the employees, agents or representatives of Asia Pacific, which constitute offences under subsection 122(1)(c) of the Act, contrary to section 122(3) of the Act and contrary to the public interest;
- (i.) Between and including February, 2006 and October, 2007, Pan and Cheung being directors or officers of 1666475, did authorize, permit or acquiesce in the commission of the violations of sections 126.1, 25, and 53 of the Act, set out above, by 1666475 or by the employees, agents or representatives of 1666475, which constitute offences under subsection 122(1)(c) of the Act, contrary to section 122(3) of the Act and contrary to the public interest;
- (j.) On or about November 1, 2007, Toussaint made statements, to Staff appointed to make an investigation or examination under the Act, during an examination conducted by Staff, that he was not involved in the sales of securities of Asia Pacific, that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue, contrary to section 122(1)(a) of the Act and contrary to the public interest; and,
- (k.) On or about January 28, 2008, Gahunia, made a statement, to Staff appointed to make an investigation or examination under the Act, during an examination conducted by Staff, that he never used the name Sean Miller at the Global Partners office, that, in a material respect and at the time and in the light of the circumstances under which it was made, was misleading or untrue and did

thereby commit an offence, contrary to section 122(1)(a) of the Act and contrary to the public interest.

38. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, September 11, 2008.