

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

RECEIVED

CASE NO. S-07-040

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF

**GLOBAL PARTNERS CAPITAL,
ASIA PACIFIC ENERGY, INC.,
HAU WAI CHEUNG a/k/a JOHN CHUNG,
SINGH GAHUNIA a/k/a SHAWN MILLER,
TRAVIS ARMSTRONG, PETER BECKFORD,
AND DIANE FRANCES**

Order No. S-07-040-08-CD01

CEASE AND DESIST ORDER

On July 24, 2008, the Staff of the Arkansas Securities Department ("Staff") filed its Request for a Cease and Desist Order ("Request"), stating that it has information and certain evidence that indicates Global Partners Capital, Asia Pacific Energy, Inc., Hau Wai Cheung a/k/a John Chung, Singh Gahunia a/k/a Shawn Miller, Travis Armstrong, Peter Beckford, and Diane Frances (collectively "Respondents") have violated provisions of the Arkansas Securities Act ("Act"), Ark. Code Ann. §§ 23-42-101 through 23-42-509. The Arkansas Securities Commissioner ("Commissioner") has reviewed the Request, and based upon the representations made therein, finds that:

FINDINGS OF FACT

1. The Staff's Request asserts the following representations of fact:
 - A. At least two Arkansas residents, identified herein as AR1 and AR2, were solicited to make purchases of stock in Asia Pacific Energy Inc. ("Asia Pacific") and purchased investments in securities represented to be stock in Asia Pacific.
 - B. AR1 was solicited by telephone and mail in October 2006, by a person who identified herself as Diane Frances ("Frances"), a senior portfolio manager of Global Partners Capital ("Global Partners"). Frances offered

to sell AR1 stock in Asia Pacific, which she claimed to be an oil and gas exploration company. Frances presented AR1 with an offer to purchase 10,000 shares of Asia Pacific for \$1.00 per share.

- C. AR1 was also solicited by telephone in October 2006, by a person who identified himself as Peter Beckford (“Beckford”), a senior portfolio manager of Asia Pacific. Additional correspondence from “Investor Relations” of Asia Pacific induced AR1 to invest in a pre-initial public offering of Asia Pacific by claiming that another stock promoted by Asia Pacific representatives, Energy Finders Inc., had recently “gone public” resulting in an instant 2200% increase in the price of the stock.
- D. AR1 received another letter in October 2006, from a person who identified himself as Travis Armstrong (“Armstrong”), an executive vice president of Asia Pacific, in which AR1 was again offered 10,000 shares of Asia Pacific. Armstrong’s letter stated that AR1 would have an option to redeem all of his Asia Pacific shares for \$1.25 per share in the event of an initial public offering opening price of less than \$1.50 per share.
- E. AR1 sent a check in the amount of \$10,000, dated November 21, 2006, made payable to Asia Pacific with a notation that the check was for “10,000 shares.” AR1 received a letter dated January 16, 2007, from Armstrong welcoming AR1 as a client of Global Partners, thanking him for his investment in Asia Pacific, and enclosing a certificate for 10,000 shares of Asia Pacific stock.
- F. In January 2007, AR1 was solicited to make additional investments in Asia Pacific through telephone conversations with someone who identified

himself as Shawn Miller (“Miller”), a senior vice president of Global Partners. AR1 received a letter dated January 30, 2007, from Armstrong thanking AR1 for a purchase of 25,000 shares of Asia Pacific.

- G. In April 2007, AR1 was solicited to purchase an additional \$50,000 in Asia Pacific stock. On or about May 15, 2007, AR1 sent a check in the amount of \$50,000 made payable to Asia Pacific for the purchase of the stock.
- H. AR2 was initially solicited by Miller to purchase stock in Asia Pacific, which he represented to be an oil and gas exploration company, through telephone conversations in October 2006. A letter from Armstrong to AR2 dated November 9, 2006, thanked AR2 for his purchase of 5,000 shares of Asia Pacific. Armstrong stated in his letter that AR2 would have an option to redeem his Asia Pacific shares for \$1.25 per share on the first trade date after the company goes public with an initial public offering. In correspondence to AR2 dated November 10, 2006, Miller attached a subscription agreement to purchase 5,000 shares of Asia Pacific and requested that payment be sent via an enclosed Federal Express envelope. A letter from Armstrong with an enclosed stock certificate for 5,000 shares of Asia Pacific stock welcomed AR2 as a client of Global Partners and thanked him for his purchase of Asia Pacific stock.
- I. A letter from Miller to AR2 dated March 19, 2007, referenced a subscription agreement for a second purchase of Asia Pacific stock by AR2. A letter from Armstrong to AR2 on the same date thanked him for purchasing 20,000 shares of Asia Pacific. AR2 wired \$20,000 from his

bank account in Arkansas to an account in Phoenix, Arizona, for the benefit of Asia Pacific on March 20, 2007. AR2 received a stock certificate from Armstrong for 20,000 shares of Asia Pacific.

- J. A letter from Armstrong to AR2 dated April 23, 2007, thanked AR2 for purchasing 10,000 shares of Asia Pacific and referenced an earlier phone conversation between AR2 and Beckford. A letter to AR2 from Beckford stated, "please find attached the subscription agreement, letter of intent, and wiring instructions."
- K. Correspondence to both AR1 and AR2 from Armstrong, Miller, Beckford, and Asia Pacific Investor Relations listed the address for Asia Pacific as 5001 LBJ Freeway, Suite 700, Dallas, Texas, 75244. Letters to AR1 from Frances and Miller listed an address for Global Partners as 5348 Vegas Drive, Suite C, Las Vegas, Nevada, 89108.
- L. Information obtained by the Department from the Ontario Securities Commission, in Toronto, Ontario, Canada, indicates that Hau Wai Cheung ("Cheung") who also uses the name John Chung and Singh Gahunia ("Gahunia") who also uses the name Shawn Miller are the directing minds of Global Partners. The Ontario Securities Commission has initiated an action and issued a Temporary Order, dated October 10, 2007, directing Global Partners, Cheung, Gahunia, and others to cease all trading in securities of Asia Pacific and other entities. Pursuant to a second Order issued by the Ontario Securities Commission on January 22, 2008, the Temporary Order was extended until the conclusion of a hearing on the merits. Additional information from the Ontario Securities Commission

indicates that Cheung and others operated the business of Global Partners from 55 York Street, Suite 201, Toronto, Ontario M9R 3E5 Canada.

- M. The Respondents have never been registered as broker-dealers or agents to offer or sell securities in Arkansas.
- N. The Respondents offered and sold shares of stock in Asia Pacific to Arkansas residents AR1 and AR2.
- O. The Asia Pacific shares of stock constitute “securities” within the definition at Ark. Code Ann. § 23-42-102(15)(A)(ii).
- P. The Asia Pacific shares of stock were offered and sold by Respondents to Arkansas residents at a time when the securities were not registered or exempt from registration under the Act.
- Q. In connection with the offers and sales of Asia Pacific shares of stock, Respondents intentionally failed to disclose the following material facts:
 - a. The risks related to the purchase of shares of stock in a company that specializes in oil and gas exploration; and
 - b. Information regarding the assets, liabilities, profits, losses, cash flow, and other financial data of Asia Pacific.
- R. In connection with the offers and sales of Asia Pacific shares of stock, Gahunia intentionally misrepresented his identity to Arkansas residents he solicited.

CONCLUSIONS OF LAW

2. Stocks are securities as defined in the Act. Ark. Code Ann. § 23-42-102(15)(A)(ii). A broker-dealer is any person engaged in the business of effecting transactions in securities for the account of others or for his own account, but does not

include an agent. Ark. Code Ann. § 23-42-102(2). An agent is any individual, other than a broker-dealer, who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities. Ark. Code Ann. § 23-42-102(1). The stocks sold by Respondents were securities as defined in the Act, and Respondents were acting as broker-dealers or agents in offering or selling those securities.

3. It is unlawful for any person to transact business in Arkansas as a broker-dealer, agent, investment adviser or representative unless such person is registered as such under the Act. Ark. Code Ann. § 23-42-301. Respondents have violated Ark. Code Ann. § 23-42-301 by transacting business in Arkansas as a broker-dealer or agent without registration.

4. It is unlawful for any person to offer or sell any security in Arkansas unless it is registered or exempt from registration. Ark. Code Ann. § 23-42-501. Respondents have violated Ark. Code Ann. § 23-42-501 by offering securities for sale in Arkansas at a time when the securities are not registered under the Act.

5. It is unlawful for any person in connection with the offer, sale or purchase of any security, directly or indirectly: (i) to employ any device, scheme or artifice to defraud; (ii) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or (iii) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person. Ark. Code Ann. § 23-42-507. Respondents have violated Ark. Code Ann. § 23-42-507 by engaging in fraudulent activity in connection with the offer and sale of securities.

6. Whenever it appears to the Commissioner, upon sufficient grounds or evidence satisfactory to the Commissioner, that any person has engaged or is about to

engage in any act or practice constituting a violation of any provision of the Act or any rule or order under the Act, the Commissioner may summarily order the person to cease and desist from the act or practice. Ark. Code Ann. § 23-42-209. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm. Based on the Findings of Fact and Conclusions of Law, this Order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-42-209.

ORDER

IT IS THEREFORE ORDERED that Global Partners, Asia Pacific, Hau Wai Cheung a/k/a John Chung, Singh Gahunia a/k/a Shawn Miller, Travis Armstrong, Peter Beckford, and Diane Frances immediately CEASE AND DESIST from offering or selling any security in Arkansas until the security is properly registered or is offered or sold pursuant to an exemption from registration under the Arkansas Securities Act.

IT IS FURTHER ORDERED that Global Partners, Asia Pacific, Hau Wai Cheung a/k/a John Chung, Singh Gahunia a/k/a Shawn Miller, Travis Armstrong, Peter Beckford, and Diane Frances immediately CEASE AND DESIST from acting as securities broker-dealers or agents in Arkansas until the Respondents are properly registered under the Arkansas Securities Act or are acting pursuant to an exemption from registration under the Arkansas Securities Act.

IT IS FURTHER ORDERED that Global Partners, Asia Pacific, Hau Wai Cheung a/k/a John Chung, Singh Gahunia a/k/a Shawn Miller, Travis Armstrong, Peter Beckford, and Diane Frances immediately CEASE AND DESIST from engaging in any fraudulent activity in connection with the offer or sale of any security in Arkansas.

A hearing on this Order shall be held if requested by the Respondents in writing within thirty days of the date of the entry of this Order, or if otherwise ordered by the

Commissioner. Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
201 East Markham
Suite 300
Little Rock, Arkansas 72201

If no hearing is requested and none is ordered by the Commissioner, this Order will remain in effect until it is modified or vacated by the Commissioner. Ark. Code Ann. § 23-42-209(a)(2).



A. Heath Abshure
Arkansas Securities Commissioner

Date: July 28, 2008