

Court of King's Bench of Alberta

Citation: Lawal v SEOL Energy Inc., 2026 ABKB 604

Date: 20260831
Docket: 2401 16858
Registry: Calgary

Between:

**Yusau Owalabi Lawal, Safurat Abolanle Lawal, Olufemi Jaiyesimi and Olufemi Jaiyesimi
Professional Corporation**

Applicants

- and -

SEOL Energy Inc., Samson Effiong, and John Jerry Kalu

Respondents

Reasons for Decision of the Honourable Justice M.E. Burns

Introduction

[1] The Applicants bring an application for a declaration that SEOL Energy Inc., Samson Effiong, and John Jerry Kalu are in civil contempt for failing to comply with an order granted by Justice Little on December 19, 2025, (the “Little Order”). The Applicants also seek fines against the individual Respondents and costs against all Respondents jointly and severally.

[2] For the reasons that follow, I find that (i) the Little Order was clear and unequivocal, (ii) each Respondent had actual knowledge of it, (iii) each Respondent failed to comply, (iv) the failure was intentional, and (v) the failure occurred without reasonable excuse. I declare the Respondents to be in civil contempt. I impose a fine of \$1,500 on each of the individual

Respondents, Samson Effiong and John Jerry Kalu, direct that the Respondents comply with the Little Order and award costs to the Applicants at triple Column 4 of Schedule C, payable jointly and severally by all Respondents.

Background

[3] SEOL is an Alberta oil and gas company. The individual Respondents, Mr. Effiong and Mr. Kalu, are directors and officers of SEOL and were responsible for its management during the relevant period. The Applicants are creditors and stakeholders who have repeatedly sought meaningful financial disclosure from SEOL.

[4] The Little Order required SEOL, Mr. Effiong, and Mr. Kalu to provide the Applicants, no later than January 10, 2026, with disclosure for SEOL. The required disclosure included current balance sheets, income statements and cash flow statements; a detailed listing of assets, liabilities and encumbrances; bank statements for the preceding six months; contracts, leases and obligations currently in force; required insurance policies; an accounting of revenues received since May 14, 2025; and an accounting of expenses incurred since May 14, 2025.

[5] The Respondents did not provide the ordered disclosure by January 10, 2026. On January 12, 2026, they produced only three unaudited financial statements that had previously been provided. The Respondents state that they communicated that no other material existed as early as January 19, 2026. No steps were taken by the Respondents to be relieved of their obligations. The Applicants assert that it was on March 26, 2026, one day prior to the contempt application and 75 days after the deadline in the Little Order, that the Respondents advised, for the first time, that none of the documents sought by the Applicants in fact existed. The present application followed.

Legal Tests

[6] The starting point is *Carey v Laiken*, 2015 SCC 17 [*Carey*]. Civil contempt must be proven beyond a reasonable doubt. In the context of these facts, the Applicants must prove three elements:

1. the order clearly said what had to be done;
2. each Respondent actually knew about the order; and
3. the Respondents intentionally failed to do what the order required.

[7] Two aspects of *Carey* are particularly relevant to the disputed issues. First, the Applicants do not have to prove that the Respondents acted with a defiant or deliberately disrespectful state of mind. The required intention is narrower: the Respondents must intentionally fail to do the act that breaches the order. Second, once a clear order is made and known, a Respondent who anticipates difficulty complying must return to Court to vary, discharge, appeal, or seek directions; it may not simply fail to comply and later treat those difficulties as a defence.

[8] In Alberta, Rule 10.52(3)(a) of the *Alberta Rules of Court*, Alta Reg 124/2010, expressly requires the Court to consider reasonable excuse before declaring civil contempt. If the *Carey* elements are proven, the Court must also be satisfied beyond a reasonable doubt that the non-compliance occurred without reasonable excuse.

[9] Because clarity and knowledge are conceded, the analysis turns to three remaining questions: whether the Respondents failed to comply with the Little Order, whether any failure was intentional, and whether the failure occurred without reasonable excuse. The Court may declare contempt only if those matters are established beyond a reasonable doubt, including that the failure occurred without reasonable excuse.

Conceded Elements: Clear Order and Actual Knowledge

[10] The Respondents concede that the Little Order was clear and unequivocal and that they had actual knowledge of it. In any event, the evidence establishes both points beyond a reasonable doubt. The Little Order identified the parties bound, the required disclosure, and the January 10, 2026 deadline. It was granted with counsel present and approved as to form and content by counsel for SEOL, Mr. Effiong, and Mr. Kalu. The analysis therefore turns to the disputed questions of non-compliance, intentional breach, and reasonable excuse.

Did the Respondents Fail to Comply?

[11] I find beyond a reasonable doubt that the Respondents failed to comply with the Little Order. The ordered disclosure was due by January 10, 2026. The Respondents did not provide the required disclosure. The January 12 production of three unaudited financial statements did not satisfy the Little Order. Those documents did not provide the current, full, and accurate disclosure required. Nor did the Respondents provide timely, accurate, and complete confirmation by the deadline that responsive records did not exist or were unavailable.

[12] The Respondents' later position that the documents were unavailable does not change the fact of non-compliance. That position is relevant, if at all, to whether they had a reasonable excuse. The evidence establishes that the disclosure ordered by Justice Little was not provided by the deadline and was not provided thereafter in any form that satisfied the Little Order.

Was the Non-Compliance Intentional?

[13] I find beyond a reasonable doubt that the failure to comply was intentional. The Respondents consented to the Little Order. Their counsel's position at the time was not that the disclosure was impossible, unavailable, or non-existent, but that the timing and related issues required attention. Having consented to the Order, the Respondents were required either to comply, to seek a variation, or to provide timely and candid disclosure of any genuine inability to comply. They did none of those things by the deadline.

[14] The required intention is the intention to fail to do the act that was ordered. *Carey* confirmed that no heightened mental element, such as an intention to disobey the order, need be proved. The Respondents knew what the Little Order required and deliberately did not provide the ordered disclosure by the deadline. They instead provided only limited historic unaudited financial statements and did not seek a variation, extension, or directions. That is sufficient to establish intentional non-compliance in the *Carey* sense.

Reasonable Excuse

[15] A genuine inability to comply, supported by good faith and reasonably diligent efforts, may amount to a reasonable excuse. The issue is not whether compliance was inconvenient or

difficult. The issue is whether the Respondents took all reasonable steps to comply, to obtain the required information or documents, or to return to Court when compliance could not be achieved.

[16] The Respondents say they had a reasonable excuse because the ordered records did not exist, were unavailable, or remained with Mr. Lawal, the former CFO. They rely primarily on the affidavits of Mr. Effiong and Mr. Kalu. Mr. Effiong swears that SEOL had no funds, operations, personnel, expenses, active insurance, available bank records, active contracts or leases, or responsive records within the Respondents' possession, power, or control. Mr. Kalu advances a related explanation, relying on later efforts to obtain financing, insurance, surety support, and regulatory reinstatement as evidence of good faith and inability rather than refusal.

[17] The Respondents' roles within SEOL are also important. As CEO, COO, and directors, Mr. Effiong and Mr. Kalu were responsible for SEOL's management and were expected to understand and oversee its records. Directors and officers are responsible for managing and supervising the corporation's business and affairs. Alberta corporations are also required to keep accounting and corporate records sufficient to disclose their financial position. The Respondents could not avoid the Little Order by asserting that records were unavailable without showing what steps they took to maintain, locate or obtain them.

[18] I do not accept the explanations given. They are inconsistent with SEOL's own regulatory materials, with the confidential court-ordered reports, with Mr. Lawal's evidence, and with Mr. Kalu's evidence about SEOL's ongoing activities and financial dealings.

[19] Mr. Effiong's affidavit is unreliable on material points. Less than two weeks after he swore that SEOL had no funds, operations, personnel, expenses, active business, or records available for production, SEOL told the Alberta Energy Regulator that it had restructured executive leadership, enhanced governance and internal controls, engaged qualified third-party operators, secured a USD \$70 million loan facility, and could provide proof of funds and oversight mechanisms upon request.

[20] That inconsistency is material. If SEOL had engaged operators, arranged financing, proposed a payment and compliance plan, or could provide proof of funds and oversight mechanisms, those matters would reasonably be expected to generate records or information responsive to the Little Order. The concern is compounded because the AER itself identified the inconsistency, advised Respondents' counsel of it, and encouraged SEOL to address it in this action. No satisfactory reconciliation was provided.

[21] The confidential court-ordered reports point in the same direction. Report number 4 refers to a bank statement submitted to the AER to satisfy SEOL's 2024 financial disclosure requirements. This points to the existence of a bank account. Report number 3 states that SEOL submitted a valid certificate of insurance in compliance with AER requirements. That certificate would at least evidence an insurance policy or related contractual arrangement. Both the bank statement and the insurance materials were responsive to the Little Order. The Respondents have not explained why those documents, or the underlying records, were not produced, obtained, or disclosed.

[22] Mr. Kalu's own affidavit creates further difficulty. He refers to "SEOL 2.0", a strategic review of the company's business model. A review of that nature would reasonably be expected to involve financial data, operational information, contracts, regulatory information, or similar

supporting documentation. He also asks that certain financial information be treated as confidential because prior disclosure to the Applicants was allegedly followed by “burglary and related security concerns”. Allegations of that seriousness should not be made in affidavit evidence without an evidentiary foundation. No evidence was provided to substantiate any burglary, any related security concern, or any connection between such events and disclosure to the Applicants. I give no weight to these unsupported allegations. If confidentiality was genuinely required, the proper course was to seek directions or a confidentiality order, not to withhold or fail to identify responsive information. In any event, the request for confidential treatment is difficult to reconcile with the assertion that no responsive financial information existed or was available.

[23] Mr. Kalu’s evidence about expenses is also inconsistent with the Respondents’ position. At paragraph 34 of his affidavit, he says he has not received compensation since joining SEOL and that “every and all funds invested in the SEOL effort” came from his personal funds. That evidence indicates that funds were being spent on SEOL’s business or restructuring efforts. If so, there ought to have been records identifying the amounts advanced, the expenses paid, the recipients, and the purpose of those payments. The same point applies to AER-related expenses and obligations, which may accrue even if they have not yet been paid. The Respondents have not explained why those expenses or obligations were not identified, quantified, or disclosed.

[24] I also reject the attempt to place responsibility for non-compliance on Mr. Lawal. Mr. Lawal’s supplemental affidavit provides direct evidence that he resigned as CFO and director on or about March 1, 2024, relinquished his shares to Mr. Kalu, notified the Respondents at the time, delivered a February 29, 2024 letter by mail, and had in-person conversations with Mr. Kalu and Mr. Effiong after March 1, 2024 about SEOL, his resignation, and the relinquishment of his shares. He also says he produced all corporate records in his possession in March 2025, received no further requests for records thereafter, and that the records now sought largely concern periods after his departure. I accept that evidence.

[25] I do not accept the Respondents’ characterization that the records were simply “dumped” at their lawyers’ office in a disorganized state. The evidence before me is that Mr. Lawal and his former counsel took steps to locate, organize, and produce the corporate records in his possession, including providing a table of contents identifying the records delivered. In any event, even if the records had been delivered in a disorganized condition, that would not excuse non-compliance with the Little Order. Once the records were in the possession of Respondents’ counsel, the Respondents were required to review them, identify responsive documents, produce what was required, and explain any genuine gaps. They could not rely on the condition of the records as a reason for failing to disclose them.

[26] The June 2024 corporate registry records further undermine Mr. Kalu’s evidence. In his May 29, 2026 affidavit, he says he held only a 2% equity interest in SEOL. The registry records identify him as holding a 50% interest and as one of SEOL’s two directors. They also contradict his evidence that Mr. Lawal did not give notice of his resignation to him or to any other director. Directors are ordinarily expected to know the contents of corporate registry filings made on behalf of the corporation. I find that Mr. Kalu had notice of Mr. Lawal’s resignation no later than June 2024, when the registry reflected Mr. Lawal’s departure and Mr. Kalu’s significantly increased shareholding.

[27] Nor do I accept that the AER's involvement deprived the Respondents of control over responsive documents or information. The AER's regulatory involvement, including orphaning and oversight of assets, did not dissolve SEOL, remove the Respondents' duties as directors and officers, or relieve them of their obligation to maintain, obtain, and disclose corporate records. At minimum, the Respondents remained able and obligated to identify what records existed, what had been requested from third parties, what was unavailable, and why.

[28] The Respondents' reliance on a January 19, 2026 communication does not assist them. The only identified source is a footnote in their brief referring to email correspondence from Respondents' counsel to Applicants' counsel. I could not find the correspondence itself in the affidavit evidence before me. Even if some concern about availability was raised then, the Respondents did not provide complete, sworn, category-specific disclosure, did not explain what inquiries had been made, and did not seek relief from the Court. I therefore do not accept that the January 19 reference establishes compliance with the Little Order or a reasonable excuse for non-compliance.

[29] I do not rely on any single inconsistency in isolation. Taken together, the evidence satisfies me beyond a reasonable doubt that the Respondents' asserted inability does not amount to a reasonable excuse. At most, the affidavits show that the Respondents faced business, regulatory, and financing difficulties. Those difficulties did not relieve them from complying with the Little Order, providing timely and candid disclosure, making reasonable efforts to obtain responsive records, or returning to Court for directions or variation.

Conclusion on Liability: Civil Contempt Established

[30] I am satisfied beyond a reasonable doubt that the Little Order was clear and unequivocal, that each Respondent had actual knowledge of it, that each Respondent intentionally failed to comply with it, and that there was no reasonable excuse for the non-compliance. I therefore declare SEOL Energy Inc., Samson Effiong, and John Jerry Kalu to be in civil contempt of Court.

Purging and Discretion

[31] I do not accept that the contempt was purged in any way that defeats liability. The March 26 affidavit evidence came well after the January 10 deadline and after the contempt application was filed. It provided an explanation for non-production, but it did not produce the ordered disclosure, satisfactorily account for the missing materials, or cure the earlier failure to comply. At most, the later explanation is relevant to sanction or remedy; it does not erase the breach.

[32] I have also considered whether, even though the elements of contempt are established, this is an appropriate case to decline a contempt declaration. I conclude it is not. The breach concerned a consent disclosure order, the information was important to the Applicants, the Respondents did not return to Court when they anticipated difficulty complying, and the explanation later advanced was not reliable. A declaration is necessary to vindicate the authority of the Court and the binding effect of its orders. A lesser response would not adequately address the failure to comply with a consent order or the absence of a reliable explanation for that failure.

[33] The authorities relied on by the Respondents do not assist them on these facts. Those cases concern circumstances where inability, good-faith efforts, or later corrective steps were

supported by reliable evidence. Here, I have found that the Respondents' explanation is unreliable, incomplete, and inconsistent with the evidentiary record.

[34] I do not accept that responsibility rests with SEOL alone. The Little Order expressly bound SEOL, Mr. Effiong, and Mr. Kalu. The individual Respondents were not passive corporate agents. They were the persons through whom SEOL acted, they were represented when the consent order was granted, and they later provided the evidence advanced to excuse non-compliance. In those circumstances, it is appropriate to make the contempt declaration and related orders against them personally.

Sanction

[35] A sanction is required to mark the seriousness of the Respondents' non-compliance, to denounce the disregard of a clear court order, and to deter similar conduct. *Carey* recognizes that civil contempt protects the authority of the courts and the administration of justice. *Envacon Inc v 829693 Alberta Ltd*, 2018 ABCA 313 [*Envacon*] confirms that the proper response to anticipated difficulty complying with an order is to return to Court, not to ignore the order. *Questor Technology Inc v Stagg*, 2025 ABCA 271 at paragraph 62, confirms that later correction or partial compliance does not necessarily eliminate the need for a sanction where the conduct undermined the Court's process. The breach here concerned financial disclosure that was important to creditors and stakeholders. The Respondents consented to the Little Order, failed to comply, and advanced an explanation I do not accept.

[36] The Applicants request a fine of \$1,500 against each individual Respondent. I accept that requested sanction as appropriate. I impose a fine of \$1,500 on Samson Effiong and a fine of \$1,500 on John Jerry Kalu. The fines reflect the seriousness of the breach while recognizing that the principal sanction is declaratory and that no other coercive order is necessary. In my view, the fines are proportionate to the contempt found and sufficient in the circumstances to denounce the misconduct and uphold the authority of the Court.

Costs

[37] I do not accept the Respondents' submission that this was merely a corporate records issue for which the individual Respondents should bear no responsibility. The individual Respondents were expressly named in the Little Order and were responsible for ensuring that SEOL complied or for returning to Court if compliance could not be achieved. The need for this application arose from their failure to do so.

[38] Column 4 is appropriate because it better reflects the amounts at issue, the commercial nature of the dispute, and the importance of the disclosure ordered by Justice Little. A multiplier serves a different purpose: it responds to the Respondents' litigation conduct. Schedule C is a starting point, not a ceiling. Alberta courts retain discretion to depart from ordinary tariff costs where the amount at stake, the importance of the issues, or the conduct of the parties makes an ordinary tariff award inadequate.

[39] I do not have evidence before me of the Applicants' actual solicitor-client costs, and I therefore do not fix costs by reference to a proven indemnity amount. The absence of that evidence does not preclude an enhanced Schedule C award. Here, the Respondents failed to comply with a clear consent disclosure order, did not return to Court when they claimed

difficulty complying, advanced explanations I have rejected, and caused the Applicants to incur the expense of a contempt application to obtain basic financial disclosure. In those circumstances, triple Column 4 is justified to mark the seriousness of the misconduct, compensate the Applicants for unnecessary expense, and reinforce the obligation to comply with court orders.

[40] The Applicants were required to bring this application because the Respondents did not comply with the Little Order and did not provide timely, reliable, and complete disclosure or explanation. The Respondents' conduct caused unnecessary delay and expense. Rule 10.53(2) expressly permits a costs award against a person declared to be in civil contempt. In *Demb v Valhalla Group Ltd*, 2017 ABCA 340 at paragraph 9, the Court of Appeal confirms that a party found in contempt should generally bear the costs of contempt proceedings, both as a sanction and because the innocent party should not have to bear the expense of enforcing court orders. In these circumstances, costs are awarded to the Applicants at triple Column 4 of Schedule C, payable jointly and severally by SEOL Energy Inc., Samson Effiong, and John Jerry Kalu. If the parties cannot agree on the amount, they may return before the assessment officer for assessment.

Disposition

[41] I order the following:

1. SEOL Energy Inc., Samson Effiong, and John Jerry Kalu are declared to be in civil contempt of Court for failing to comply with the Little Order.
2. Samson Effiong shall pay a fine of \$1,500.
3. John Jerry Kalu shall pay a fine of \$1,500.
4. The Respondents shall, within 30 days of the release of these reasons, comply with the Little Order in full. For any disclosure required by the Little Order that they say cannot be produced, the Respondents shall provide a sworn, category-by-category explanation identifying what records exist, what records have been produced, what records cannot be located or obtained, what steps were taken to locate or obtain them, and why any records remain unavailable.
5. The Applicants are awarded costs at triple Column 4 of Schedule C, payable jointly and severally by SEOL Energy Inc., Samson Effiong, and John Jerry Kalu.

Heard on the 27th day of March, 2026, with final written materials received May 29th, 2026.

Dated at the City of Calgary, Alberta this 31st day of August, 2026.

M.E. Burns
J.C.K.B.A.

Appearances:

Leane Lively
Karen Howley Professional Legal Corporation
for Olufemi Jaiyesimi & Olufemi Jaiyesimi Professional Corporation

Natasha Doelman
Miller Thomson LLP
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