



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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Toronto ON M5H 3S8

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20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE *SECURITIES ACT*
R.S.O. 1990, c. S.5, AS AMENDED**

- AND -

**IN THE MATTER OF
MRS SCIENCES INC. (FORMERLY MORNINGSIDE CAPITAL CORP.), AMERICO
DEROSA, RONALD SHERMAN, EDWARD EMMONS, IVAN CAVRIC AND
PRIMEQUEST CAPITAL CORPORATION**

AMENDED ORDER

WHEREAS on November 30, 2007, a Notice of Hearing was issued by the Ontario Securities Commission (the “Commission”) pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) with respect to a Statement of Allegations issued by Staff of the Ontario Securities Commission (“Staff”) on November 29, 2007, to consider whether MRS Sciences Inc. (formerly Morningside Capital Corp.) (“MRS”), Americo DeRosa (“DeRosa”), Ronald Sherman (“Sherman”), Edward Emmons (“Emmons”), Ivan Cavric (“Cavric”) and Primequest Capital Corporation (collectively, the “Respondents”) breached the Act and acted contrary to the public interest;

AND WHEREAS on March 25, 2008, an Amended Statement of Allegations was issued by Staff, and on April 14, 2009, an Amended Amended Statement of Allegations was issued by Staff;

AND WHEREAS the Commission conducted the hearing on the merits in this matter on May 7, 8, 11, 13, June 10, 11, 12, 22, 26, September 3, 4 and October 7, 2009 (the “Merits Hearing”);

AND WHEREAS the Commission issued its Reasons and Decision on the merits in this matter on February 2, 2011 (the “Merits Decision”);

AND WHEREAS the Commission conducted a motion hearing on November 2, 2011 which addressed the issue of the composition of the Sanctions and Costs Hearing Panel (the “Motion”);

AND WHEREAS the Commission issued its Reasons and Decision on the Motion on December 6, 2011 (the “Motion Decision”);

AND WHEREAS on January 3, 2012, the Respondents filed a Notice of Appeal with respect to the Motion Decision, and on February 24, 2012, the Respondents filed an Application to Divisional Court for Judicial Review of the Motion Decision;

AND WHEREAS on December 17, 2012, the Divisional Court heard the Application for Judicial Review and rendered its decision that the Application for Judicial Review was premature;

AND WHEREAS on September 5 and 13, 2013, October 17, 2013 and November 7 and 20, 2013, confidential pre-hearing conferences were held before the Commission;

AND WHEREAS on September 24, 2013, the Commission ordered that the Sanctions and Costs Hearing in this matter would commence on November 28, 2013 at 10:00 a.m. and, if necessary, continue on November 29, 2013 at 10:00 a.m.;

AND WHEREAS the Sanctions and Costs Hearing took place on November 28 and 29, 2013, December 18, 2013 and February 11, 2014;

AND WHEREAS on June 4, 2014, the Commission issued its Reasons and Decision on Sanctions and Costs (the "Sanctions and Costs Reasons") and the Sanctions and Costs Order in this matter (the "Sanctions and Costs Order") which ordered the following:

1. With respect to DeRosa:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, DeRosa shall cease trading in securities for a period of 10 years;
- (b) pursuant to clause 3 of subsection 127(1) of the Act, exemptions contained in Ontario securities law shall not apply to DeRosa for a period of 10 years;
- (c) pursuant to clause 6 of subsection 127(1) of the Act, DeRosa is reprimanded;
- (d) pursuant to clause 7 of subsection 127(1) of the Act, DeRosa shall resign from all positions that he may hold as a director or officer of an issuer;
- (e) pursuant to clause 8 of subsection 127(1) of the Act, DeRosa is prohibited from becoming or acting as a director or officer of any issuer for a period of 10 years;
- (f) pursuant to clause 9 of subsection 127(1) of the Act, DeRosa shall pay an administrative penalty of \$200,000 for his failure to comply with Ontario securities law, which amount is designated for allocation

or use by the Commission pursuant to subsections 3.4(2)(b)(i) or (ii) of the Act;

- (g) pursuant to section 127.1 of the Act, DeRosa shall pay costs in the amount of \$126,216.04, jointly and severally with Sherman, Emmons and Cavric.

2. With respect to Cavric:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, Cavric shall cease trading in securities for a period of 10 years;
- (b) pursuant to clause 3 of subsection 127(1) of the Act, exemptions contained in Ontario securities law shall not apply to Cavric for a period of 10 years;
- (c) pursuant to clause 6 of subsection 127(1) of the Act, Cavric is reprimanded;
- (d) pursuant to clause 7 of subsection 127(1) of the Act, Cavric shall resign from all positions that he may hold as a director or officer of an issuer;
- (e) pursuant to clause 8 of subsection 127(1) of the Act, Cavric is prohibited from becoming or acting as a director or officer of any issuer for a period of 10 years;
- (f) pursuant to clause 9 of subsection 127(1) of the Act, Cavric shall pay an administrative penalty of \$200,000 for his failure to comply with Ontario securities law, which amount is designated for allocation or use by the Commission pursuant to subsections 3.4(2)(b)(i) or (ii) of the Act;
- (g) pursuant to section 127.1 of the Act, Cavric shall pay costs in the amount of \$126,216.04, jointly and severally with DeRosa, Emmons and Sherman.

3. With respect to Emmons:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, Emmons shall cease trading in securities for a period of 10 years;
- (b) pursuant to clause 3 of subsection 127(1) of the Act, an order that any exemptions contained in Ontario securities law shall not apply to Emmons for a period of 10 years;
- (c) pursuant to clause 6 of subsection 127(1) of the Act, Emmons is reprimanded;

- (d) pursuant to clause 7 of subsection 127(1) of the Act, Emmons shall resign from all positions that he may hold as a director or officer of an issuer;
- (e) pursuant to clause 8 of subsection 127(1) of the Act, Emmons is prohibited for a period of 10 years from becoming or acting as a director or officer of any issuer;
- (f) pursuant to clause 9 of subsection 127(1) of the Act, Emmons shall pay an administrative penalty of \$30,000, which amount is designated for allocation or use by the Commission pursuant to subsections 3.4(2)(b)(i) or (ii) of the Act;
- (g) pursuant to section 127.1 of the Act, Emmons shall pay costs in the amount of \$126,216.04, jointly and severally with DeRosa, Cavric and Sherman.

4. With respect to Sherman:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, Sherman shall cease trading in securities for a period of 10 years;
- (b) pursuant to clause 3 of subsection 127(1) of the Act, exemptions contained in Ontario securities law shall not apply to Sherman for a period of 10 years;
- (c) pursuant to clause 6 of subsection 127(1) of the Act, Sherman is reprimanded;
- (d) pursuant to clause 7 of subsection 127(1) of the Act, Sherman shall resign from all positions that he may hold as a director or officer of an issuer;
- (e) pursuant to clause 8 of subsection 127(1) of the Act, Sherman is prohibited from becoming or acting as a director or officer of any issuer for a period of 10 years;
- (f) pursuant to clause 9 of subsection 127(1) of the Act, Sherman shall pay an administrative penalty of \$150,000, which amount is designated for allocation or use by the Commission pursuant to subsections 3.4(2)(b)(i) or (ii) of the Act;
- (g) pursuant to section 127.1 of the Act, Sherman shall pay costs in the amount of \$126,216.04, jointly and severally with DeRosa, Cavric and Emmons.

5. With respect to MRS:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, MRS shall cease trading in securities permanently; and
- (b) pursuant to clause 3 of subsection 127(1) of the Act, exemptions contained in Ontario securities law shall not apply to MRS permanently.

AND WHEREAS on June 1, 2015, the Commission was informed by the parties that the Sanctions and Costs Reasons included an error in the calculation of the costs and the parties requested that the error be corrected;

AND WHEREAS the Commission is of the view that it is in the public interest to issue a Notice of Correction dated June 4, 2015 to correct paragraphs 93, 94, 155, 165, 167, 169 and subparagraphs (1)(g), (2)(g), (3)(g) and (4)(g) of paragraph 171 of the Sanctions and Costs Reasons and to vary the amount ordered in costs herein;

IT IS ORDERED that:

1. With respect to DeRosa, pursuant to section 127.1 of the Act, DeRosa shall pay costs in the amount of \$117,216.04, jointly and severally with Sherman, Emmons and Cavric;
2. With respect to Cavric, pursuant to section 127.1 of the Act, Cavric shall pay costs in the amount of \$117,216.04, jointly and severally with DeRosa, Emmons and Sherman;
3. With respect to Emmons, pursuant to clause 2 of subsection 127(1) of the Act, pursuant to section 127.1 of the Act, Emmons shall pay costs in the amount of \$117,216.04, jointly and severally with DeRosa, Cavric and Sherman; and
4. With respect to Sherman, pursuant to section 127.1 of the Act, Sherman shall pay costs in the amount of \$117,216.04, jointly and severally with DeRosa, Cavric and Emmons.

DATED at Toronto this 4th day of June, 2015.

“Mary G. Condon”

Mary G. Condon

“Christopher Portner”

Christopher Portner