



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
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
RICHVALE RESOURCE CORPORATION, MARVIN WINICK, HOWARD
BLUMENFELD, JOHN COLONNA, PASQUALE SCHIAVONE, and
SHAFI KHAN**

ORDER

**(Sections 17 and 153 of the *Securities Act* and Rule 11 of the Commission's
Rules Of Procedure (2014), 37 O.S.C.B. 4168)**

WHEREAS:

1. on January 26, 2010, the Ontario Securities Commission (the "Commission") made an Order pursuant to subsection 11(1)(a) of the *Securities Act*, R.S.O. 1990. c.S.5, as amended (the "Act") appointing certain members of Commission Staff ("Staff") to investigate and to inquire into the matters described therein;
2. on March 19, 2010, the Commission issued freeze directions in respect of a total of approximately \$239,000 in the following accounts in the name of Shafi Khan ("Khan") at the following institutions (the "Freeze Directions"; the "Frozen Funds"):
 - Royal Bank of Canada ("RBC"), account number: 01302-5040092 (account balance: \$95,846.20), 108 Garafraxa Street, Durham, ON;
 - RBC, account number: 01302-5041025 (account balance: \$446.06), 443 University Avenue, Toronto, ON;

- RBC Direct Investing, account number: 681-48040 (account balance: \$56,555.96), 155 Wellington Street West, 15th Floor, Toronto, ON;
 - Toronto Dominion Bank, account number: 1020-6272956 (account balance \$10,211.66), 55 King Street West, Toronto, ON;
 - TD Waterhouse, account number: 610060 (account balance: CDN \$30,513.70; USD \$5,389.79) 55 King Street West, Concourse Level One, Toronto, ON.
3. on March 26, 2010, and April 14, 2010, the Superior Court of Justice continued the Freeze Directions;
 4. on November 10, 2010, Staff commenced proceedings under s. 127 of the Act against Richvale Resource Corporation ("Richvale"), Marvin Winick ("Winick"), Howard Blumenfeld ("Blumenfeld"), John Colonna ("Colonna"), Pasquale Schiavone ("Schiavone") and Khan (the "Respondents") for fraud and other breaches of the Act related to a distribution of the shares of Richvale to the public (the "Richvale Proceeding");
 5. on October 14, 2011, the Commission approved settlement agreements between Staff and Winick, Blumenfeld, Colonna and Khan (the "Settlements") and issued orders against Winick, Blumenfeld, Colonna and Khan requiring them to disgorge certain funds and pay administrative penalties;
 6. the Settlements contained admissions that the distribution of Richvale's securities to the public was a fraud, contrary to the Act, and that Richvale deposited into its accounts at RBC and Bank of Nova Scotia ("BNS"; the "Richvale Accounts") approximately \$753,000 that it obtained from investors solicited by Khan (the "Investor Funds");
 7. Khan admitted in his Settlement that he and corporations controlled by him received at least \$239,000 of the Investor Funds from Richvale in payment for his role in conducting the sale of Richvale securities;

8. as a result of his Settlement, the Commission ordered Khan to disgorge \$239,000;
9. on April 25, 2012, following a hearing on the merits in the Richvale Proceeding, the Commission confirmed, in its reasons and decision, the fraudulent nature of the Richvale distribution;
10. the Respondents have paid \$38,000 (the "Disgorgement Funds");
11. on March 16, 2015, following an application by the Civil Remedies for Illicit Activities office of the Ministry of the Attorney General ("CRIA"), the Superior Court of Justice ordered that the Frozen Funds and Disgorgement Funds be forfeit to the Attorney General of Ontario;
12. Staff obtained copies of the records of the Richvale Accounts from RBC and BNS by way of summons issued pursuant to s. 13 of the Act (the "Richvale Account Records");
13. Staff obtained a list of Richvale Investors from Blumenfeld in response to a summons issued pursuant to s. 13 of the Act (the "Richvale Investor List");
14. CRIA requires the information contained in the Richvale Account Records and the Richvale Investor List in order to distribute the Frozen Funds and the Disgorgement Funds;
15. Staff have requested an Order under subsections 17(1)(b) and (2.1) of the Act authorizing the disclosure to CRIA of the Richvale Account Records and the Richvale Investor List;
16. the Commission considers it to be in the public interest to make this Order; and
17. by Authorization Order dated August 21, 2015, pursuant to subsection 3.5(3) of the Act, each of HOWARD I. WETSTON, MONICA KOWAL, D. GRANT VINGOE, MARY G. CONDON, EDWARD P. KERWIN, JANET LEIPER, ALAN J. LENCZNER, TIMOTHY MOSELEY, and CHRISTOPHER PORTNER acting alone, to exercise, subject to subsection 3.5(4) of the Act, the powers of the Commission to grant adjournments and set dates for hearings, to hear and determine procedural matters, and to make and

give any orders, directions, appointments, applications and consents under sections 5, 11, 12, 17, 19, 20, 122, 126, 127, 128, 129, 144, 146 and 152 of the Act that the Commission is authorized to make and give, including the power to conduct contested hearings on the merits;

IT IS ORDERED that:

1. Staff's application to proceed by way of written hearing, pursuant to Rule 11 of the Commission's *Rules Of Procedure* (2014), 37 O.S.C.B. 4168, is granted; and
2. pursuant to subsections 17(1)(b) and 17(2.1), and section 153 of the Act, Staff may provide CRIA with copies of the Richvale Account Records and the Richvale Investor List.

DATED at Toronto, this 28th day of August, 2015.

"Timothy Moseley"

Timothy Moseley