



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
MRS SCIENCES INC. (FORMERLY MORNINGSIDE CAPITAL CORP.),
EDWARD EMMONS AND IVAN CAVRIC**

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

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

THE PARTIES

1. MRS Sciences Inc. ("MRS"), formerly named Morningside Capital Corp., is an Ontario company incorporated on November 1, 2001. MRS is not and has never been registered in any capacity with the Commission.
2. Americo DeRosa ("DeRosa") is the president, chief executive officer and sole director of MRS. DeRosa is not and has never been registered in any capacity with the Commission.
3. Ronald Sherman ("Sherman") was employed by and/or acted as corporate secretary for MRS. Sherman also acted as a salesperson for the sale of MRS shares. Sherman has been registered as a securities salesperson on numerous occasions from January 25, 1962 to May 7, 1996.
4. Ivan Cavric ("Cavric") was employed by and/or acted as vice-president and treasurer for MRS. Cavric also acted as a salesperson selling MRS shares. Cavric was formerly registered with the Commission as a securities salesperson with six different dealers from February 3, 1992 to November 17, 2000.

5. Edward Emmons (“Emmons”) was employed by and/or acted as vice-president for MRS. Emmons acted as a salesperson for the sale of MRS shares. Emmons has been registered with the Commission as a securities salesperson with four dealers from May 17, 1977 to November 13, 1996.

SALE OF SHARES TO THE PUBLIC

6. In selling MRS shares to Ontario residents and residents of other jurisdictions, MRS has purported to rely upon the exemption for selling securities to accredited investors contained in OSC Rule 45-501 (now National Instrument 45-106) in circumstances where the exemption is not available.
7. MRS did not file any Form 45-501F1s – Report of Exempt Distribution with the Commission relating to the distribution of common shares of MRS to investors in Ontario or other jurisdictions as required by section 7.1 of OSC Rule 45-501 (now section 6.1 of OSC Rule 45-106).
8. MRS through its officers, directors, employees and/or agents acting as salespersons sold and offered MRS shares for sale to residents of Ontario and other jurisdictions.
9. Staff allege that from 2003 to 2006, MRS sold 19,496,343 MRS shares to approximately 231 investors. In Ontario, at least 47 investors invested \$733,526 at a price of \$0.35 per share.
10. MRS hired Sherman, Emmons and Cavric who acted as salespersons for MRS shares and received commissions on the sale of MRS shares.
11. Staff allege that DeRosa, Sherman, Emmons and Cavric acted as securities salespersons and advisors contrary to the registration requirements found in section 25 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”).
12. The trades in MRS shares were trades in securities not previously issued and were therefore distributions.
13. No prospectus receipt has been issued to qualify the sale of MRS shares.

14. MRS and the individual respondents made representations regarding: (i) the future value of MRS shares; and (ii) MRS shares being listed on a stock exchange, with the intention of effecting trades in MRS shares.

CONDUCT CONTRARY TO THE PUBLIC INTEREST

15. MRS, its directors, officers and its salespersons have made misleading representations to Staff and to investors, including representations regarding the future listing and future value of MRS shares with the intention of effecting sales of MRS shares contrary to section 38 of the *Act* and contrary to the public interest.
16. None of MRS, DeRosa, Sherman, Emmons and Cavric is registered with the Commission. The respondents have traded in securities and acted as securities salespersons and/or advisors contrary to section 25 of the *Act* and acted contrary to the public interest.
17. No prospectus receipt has been issued to qualify the sale of MRS shares contrary to section 53 of the *Act* and contrary to the public interest.
18. MRS and DeRosa also failed to file any reports of exempt distributions with the Commission contrary to section 7.1 of OSC Rule 45-501 (now section 6.1 of OSC Rule 45-106) and contrary to the public interest.
19. As an officer and director of MRS, DeRosa has authorized, permitted or acquiesced in breaches of s. 25, s. 38 and s. 53 of the *Act* by MRS and its salespersons contrary to s. 122(3) and/or s. 129.2 of the *Act* and in doing so have engaged in conduct contrary to the public interest.
20. Such additional allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 29th day of November, 2007