



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.), AMERICO  
DEROSA, RONALD SHERMAN, EDWARD EMMONS, IVAN CAVRIC  
AND PRIMEQUEST CAPITAL CORPORATION**

**AMENDED AMENDED 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., formerly named Morningside Capital Corp. (collectively referred to as "MRS") was an Ontario company incorporated on November 1, 2001. MRS was redomiciled to Nevada in or about July 2005, and merged with Biosource Solutions Inc., a Nevada corporation, as of July 5, 2006. 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 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.
6. Primequest Capital Corporation (“Primequest”) is an Ontario company incorporated on June 14, 1996 as Primequest Financial Group Inc.. Primequest Financial Group Inc. merged with or was renamed Primequest on May 3, 2002. Cavric is the president, secretary, treasurer and sole director of Primequest.

### **SALE OF SHARES TO THE PUBLIC**

7. 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.
8. 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).
9. 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.
10. Staff allege that from 2003 to 2005 inclusive, MRS sold MRS shares to approximately 230 investors in approximately 300 trades at prices of either \$0.35 or \$0.70 per share.
11. MRS hired Sherman, Emmons and others who acted as salespersons of MRS shares and received commissions on the sale of MRS shares.
12. Staff allege that Sherman and Emmons acted as securities salespersons and advisers contrary to the registration requirements found in section 25 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”).

13. The trades in MRS shares were trades in securities not previously issued and were therefore distributions.
14. No prospectus receipt has been issued to qualify the sale of MRS shares.
15. 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.

### **MANIPULATION OF MRS SHARES**

16. Cavric, Primequest and DeRosa entered into numerous trades in MRS shares between February 17, 2004 and November 2, 2004 inclusive, which were reported on Pink OTC Markets Inc. in the United States when they knew or ought to have known that the trades would create a misleading appearance as to the volume in trading in MRS shares and/or result in or contribute to an artificial price for MRS shares.
17. On numerous occasions, Cavric, Primequest and DeRosa, entered orders to buy and/or sell MRS shares in circumstances in which an off-setting order of substantially the same size and price had been placed by one of Cavric, Primequest or DeRosa resulting in some of the trades referred to in paragraph 16.
18. Trading by Cavric, DeRosa and Primequest in MRS shares were effected in a manner that caused or contributed to a general upward trend in price. As a result, the trades by Cavric, DeRosa and Primequest, directly or indirectly, had the effect of creating or contributing to: (i) a misleading appearance of trading activity in; and/or (ii) an artificial price for MRS shares, contrary to section 3.1 of NI 23-101 and contrary to the public interest.
19. But for the trades by Cavric, DeRosa and Primequest, there would have been little or no trading in the shares of MRS on a public market between February 17, 2004 and November 2, 2004 inclusive.

**CONDUCT CONTRARY TO THE ACT AND THE PUBLIC INTEREST**

20. MRS, its directors, officers and its salespersons have made misleading representations 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.
21. None of MRS, DeRosa, Sherman, Emmons and Cavric is registered with the Commission. The respondents' have traded in securities and/or acted as securities salespersons and/or advisers contrary to section 25 of the *Act* and acted contrary to the public interest.
22. 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.
23. 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.
24. As an officer and director of MRS, DeRosa has authorized, permitted or acquiesced in breaches of sections 25, 38 and 53 of the *Act* by MRS and its salespersons contrary to subsection 129.2 of the *Act* and in doing so has engaged in conduct contrary to the public interest.
25. As officers of MRS, Cavric, Sherman and/or Emmons authorized, permitted or acquiesced in breaches of sections 25, 38 and 53 of the *Act* by MRS and its salespersons contrary to subsection 129.2 of the *Act* and in doing so has engaged in conduct contrary to the public interest.
26. Cavric, DeRosa and Primequest knew or ought to have known that the trades referred to above would or may result in or contribute to a misleading appearance as to: (i) the volume of MRS shares traded; and/or (ii) an artificial price for MRS shares.

27. The respondents' conduct led potential and existing MRS investors to believe that MRS shares had a value in the range of \$1.00 to \$2.25 per share.
28. The respondents' conduct was contrary to Ontario securities law and contrary to the public interest.
29. Such additional allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 14<sup>th</sup> day of April, 2009