



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 MM CAFÉ FRANCHISE INC., TECHOCAN INTERNATIONAL
CO. LTD., 1727350 ONTARIO LIMITED, MARIANNE GODWIN, DAVE GARNET
CRAIG and HAIYAN (HELEN) GAO JORDAN**

- and -

**IN THE MATTER OF A
SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES
COMMISSION, TECHOCAN INTERNATIONAL CO. LTD., AND
HAIYAN (HELEN) GAO JORDAN**

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act* (the “Act”), it is in the public interest for the Commission to make certain orders in respect of Techocan International Co. Ltd. (“Techocan”) and Haiyan (Helen) Gao Jordan (“Jordan”) (collectively, the “Settling Respondents”).

PART II - JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding commenced against the Settling Respondents by Notice of Hearing dated March 23, 2016 (the “Proceeding”) according to the terms and conditions set out in Part VI of this Settlement Agreement (this “Settlement Agreement”). The Settling Respondents agree to

the making of an order in the form attached as Schedule “A” to this Settlement Agreement, based on the facts set out below.

3. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Settling Respondents agree with the facts as set out in Part III and the conclusion in Part IV of this Settlement Agreement.

PART III - AGREED FACTS

A. OVERVIEW

4. Between July 2011 and December 2014 (the “Material Time”), in Ontario, the Settling Respondents were in the business of assisting potential immigrants to immigrate to Canada further to a program in Ontario referred to as the Ontario Provincial Nominee Program (“OPNP”), which required that applicants make a minimum \$1 million investment or own at least 33.3% of the equity of a qualifying business. This led the Settling Respondents, who were not registered, to engage in the business of trading in securities of MM Café Franchise Inc. (“MMCF”) in circumstances where registration under the Act was required. The Settling Respondents also inappropriately relied upon prospectus exemptions.

B. THE SETTLING RESPONDENTS

5. Techocan was incorporated in Ontario on August 31, 1998.
6. Jordan is an Ontario resident and is the President and directing mind of Techocan. Jordan was registered with the Commission as a dealing representative for a scholarship plan dealer from March 7, 2011 to September 16, 2011.

C. ILLEGAL UNREGISTERED TRADING AND DISTRIBUTIONS

7. In 2011, MMCF was incorporated by the Respondents Marianne Godwin and Dave Garnet Craig, both Ontario residents, as a Canadian corporation with its office in Ontario, for the purpose of franchising coffee shops that used the Marilyn Monroe name.
8. Commencing in or about July 2011, Jordan, in the context of promoting the OPNP, directly, and indirectly through the use of agents, solicited investors in Ontario and the People’s

Republic of China (“PRC”) to invest in MMCF in the belief that such investment would be a qualifying investment under the OPNP. The shares offered by MMCF are securities as defined in subsection 1(1) of the Act.

9. Jordan met with and forwarded to potential investors promotional materials about MMCF that were provided to Jordan by MMCF, made representations about MMCF based on information provided by MMCF, and offered investors the opportunity to purchase MMCF shares.
10. Information about investing in MMCF was also posted on the webpage of Jordan’s company, Techocan.
11. Jordan made representations to investors that the purchase of shares of MMCF could be used to apply for permanent resident status in Canada under the OPNP. During the Material Time, applications were submitted on behalf of a number of MMCF investors to the OPNP. Ultimately, all of the MMCF investors’ applications were rejected under the OPNP criteria.
12. Jordan provided investors with subscription agreements for MMCF shares that had been provided to Jordan by MMCF and then submitted the executed subscription agreements to MMCF on behalf of the investors.
13. To facilitate the investment in MMCF shares, Jordan accepted funds from investors for the purchase of MMCF shares in her personal bank account and in the bank account of Techocan that she then transferred to MMCF. Jordan also accepted cheques from investors on behalf of MMCF that she also provided to MMCF.
14. With the participation of the Settling Respondents, approximately CDN\$3.84 million and US\$1.35 million was raised from at least eighteen investors who purchased MMCF shares during the Material Time.
15. Jordan and Techocan received approximately \$110,000 in commissions from MMCF in connection with the investments made in shares of MMCF.
16. During the Material Time, the Settling Respondents were not registered in any capacity with the Commission.

17. The trades in MMCF's securities were "distributions" as defined in subsection 1(1) of the Act as the securities had not been previously issued.
18. No prospectus or preliminary prospectus was filed with the Commission and no receipt for them has ever been issued by the Director with respect to the trades in MMCF's securities.
19. No exemption from the requirements of section 53 of the Act was available with respect to the trades in MMCF's securities.
20. There is no evidence that, in connection with the admitted breaches of Ontario securities law, the Settling Respondents engaged in any dishonest conduct or knowingly contravened the Act.
21. The Settling Respondents fully cooperated with Staff during the course of its investigation.
22. The Settling Respondents have not previously been found to have contravened the Act or engaged in conduct contrary to the public interest.

**PART IV - CONTRAVENTIONS OF ONTARIO SECURITIES LAW AND CONDUCT
CONTRARY TO THE PUBLIC INTEREST**

23. By engaging in the conduct described above, the Settling Respondents admit and acknowledge that they have breached Ontario securities law and engaged in conduct contrary to the public interest. In particular:
 - a. The Settling Respondents engaged in the business of, or held themselves out as engaging in the business of trading in the MMCF securities, without being registered in accordance with Ontario securities law as a dealer, contrary to subsection 25(1) of the Act, and where there were no exemptions available; and
 - b. The trades in the MMCF securities constituted distributions of securities in circumstances where no preliminary prospectus and prospectus were filed and receipts had not been issued for them by the Director, and where there were no exemptions available under Ontario securities law, contrary to subsection 53(1) of the Act.

PART V – SETTling RESPONDENTS’ POSITION

24. The Settling Respondents request that the settlement hearing panel consider the following mitigating circumstances:
- a. Jordan advises that of the \$110,000 in commissions paid by MMCF to the Settling Respondents of which approximately \$54,250 was paid to agents and was not for the benefit of the Settling Respondents;
 - b. Jordan advises that subsequent to being informed by Staff as part of its investigation that registration would be required to engage in the trading associated with MMCF, Jordan took and passed the exempt market product course required for registration to sell exempt market products, although in the circumstances she has not pursued registration;
 - c. Jordan advises that the only reason the Settling Respondents had any connection to MMCF and the sale of shares of MMCF was a consequence of the work they performed in connection with the OPNP; and
 - d. Jordan advises that she is not an officer or director of a reporting issuer, registrant, or investment fund manager.

PART VI - TERMS OF SETTLEMENT

25. The Settling Respondents agree to the terms of settlement listed below and to the Order attached as Schedule “A” to this Settlement Agreement, to be made by the Commission pursuant to subsection 127(1) and section 127.1 of the Act, the terms of which include that:
- a. the Settlement Agreement be approved;
 - b. trading in any securities or derivatives by the Settling Respondents shall cease for a period of five years commencing on the date of the Commission’s order approving this Settlement Agreement, pursuant to paragraph 2 of subsection 127(1) of the Act, except:

order approving this Settlement Agreement, pursuant to paragraph 3 of subsection 127(1) of the Act;

- e. Jordan is prohibited from becoming or acting as a director or officer of an issuer that is not a private company for a period of five years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8 of subsection 127(1) of the Act
- f. Jordan is prohibited from becoming or acting as a director or officer of any registrant for a period of five years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8.2 of subsection 127(1) of the Act;
- g. Jordan is prohibited from becoming or acting as a director or officer of any investment fund manager for a period of five years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8.4 of subsection 127(1) of the Act;
- h. Jordan is prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of five years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
- i. the Settling Respondents pay an administrative penalty on a joint and several basis in the amount of \$40,000, which shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act, pursuant to paragraph 9 of subsection 127(1) of the Act;
- j. the Settling Respondents disgorge on a joint and several basis to the Commission the amount of \$110,000, which shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act, pursuant to paragraph 10 of subsection 127(1) of the Act; and

- k. the Settling Respondents shall pay costs on a joint and several basis in the amount of \$15,000, pursuant to section 127.1 of the Act.
26. Jordan will cooperate with Staff in its investigation including testifying as a witness for Staff in any proceedings commenced or continued by Staff or the Commission relating to the matters set out herein and meeting with Staff in advance of that proceeding to prepare for that testimony.
27. The Settling Respondents undertake to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 22(b) to (h) above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.
28. The Settling Respondents agree to attend in person at the hearing before the Commission to consider this Settlement Agreement.
29. The Settling Respondents agree to make the payments specified in subparagraphs 22(i), 22(j), and 22(k) by certified cheque prior to the issuance of any Commission order approving this Settlement Agreement.
30. Upon the issuance of the Commission order approving this Settlement Agreement, Staff will seek an order of the Commission revoking the Certificate of Direction issued by the Commission on April 18, 2016 with respect to Jordan's home.
31. The Settling Respondents acknowledge that this Settlement Agreement and proposed Order may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Settling Respondents. The Settling Respondents undertake to contact the securities regulator of any other jurisdiction in which they may intend to engage in any securities- or derivatives-related activities, prior to undertaking such activities.

PART VII - STAFF COMMITMENT

32. If the Commission approves this Settlement Agreement, Staff will not commence or continue any proceeding against the Settling Respondents or 1727350 Ontario Limited under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of the paragraph below.
33. If the Commission approves this Settlement Agreement and the Settling Respondents fail to comply with any of the terms of this Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Settling Respondents. These proceedings may be based on, but need not be limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

PART VIII - PROCEDURE FOR APPROVAL OF SETTLEMENT

34. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for March 24, 2017, or on another date agreed to by Staff and the Settling Respondents, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Procedure.
35. This Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Settling Respondents' conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.
36. If the Commission approves this Settlement Agreement, the Settling Respondents irrevocably waive all right to a full hearing, judicial review or appeal of this matter under the Act.
37. If the Commission approves this Settlement Agreement, neither Staff nor the Settling Respondents will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.
38. Whether or not the Commission approves this Settlement Agreement, the Settling Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the

Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART IX - DISCLOSURE OF SETTLEMENT AGREEMENT

39. If the Commission does not approve this Settlement Agreement or does not make an order in the form attached as Schedule "A" to this Settlement Agreement:
- a. This Settlement Agreement and all discussions and negotiations between Staff and the Settling Respondents before the settlement hearing takes place will be without prejudice to Staff and the Settling Respondents; and
 - b. Staff and the Settling Respondents will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Statement of Allegations of Staff in this matter. Any such proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.
40. Both Staff and the Settling Respondents will keep the terms of this Settlement Agreement confidential until the Commission approves this Settlement Agreement, subject to the parties' need to make submissions during the public hearing.

PART X - EXECUTION OF SETTLEMENT AGREEMENT

41. This Settlement Agreement may be signed in one or more counterparts which, together, constitute a binding agreement.
42. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

Dated at Toronto this 24th day of March, 2017.

_____ "Haiyan Jordan" _____

_____ "J. Naster" _____

Techocan International Co. Ltd.

_____ J. Naster _____ [Print]

Per: _____ Haiyan Jordan _____ [Print]

Witness

I am authorized to bind the corporation.

Dated at Toronto this 24th day of March, 2017.

_____ "Haiyan Jordan" _____
Haiyan (Helen) Gao Jordan

_____ "J. Naster" _____
_____ J. Naster _____ [Print]

Witness

Dated at Toronto this 24th day of March, 2017.

_____ "Johanna Superina" for _____
Jeff Kehoe
Director, Enforcement Branch

SCHEDULE "A"



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ORDER

(Sections 127 and 127.1 of the *Securities Act*)

WHEREAS:

1. on March 23, 2016, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") to consider whether it is in the public interest to make orders, as specified therein, against and in respect of MM Café Franchise Inc., Techocan International Co. Ltd., 1727350 Ontario Limited, Marianne Godwin, Dave Garnet Craig, and Haiyan (Helen) Gao Jordan. The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated March 23, 2016, and amended April 24, 2016 and July 26, 2016 (the "Amended Amended Statement of Allegations");

2. Techocan International Co. Ltd. and Haiyan (Helen) Gao Jordan (the “Settling Respondents”) entered into a Settlement Agreement with Staff dated [date] (the “Settlement Agreement”) in which the Settling Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated March 23, 2016, subject to the approval of the Commission;
3. on [date], the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Settling Respondents;
4. the Commission reviewed the Settlement Agreement, the Notice of Hearing and the Amended Amended Statement of Allegations, and heard submissions from counsel for the Settling Respondents and counsel for Staff; and
5. the Commission is of the opinion that it is in the public interest to make this order.

IT IS ORDERED THAT:

1. the Settlement Agreement be approved;
2. trading in any securities or derivatives by the Settling Respondents shall cease for a period of five years commencing on the date of this Order, pursuant to paragraph 2 of subsection 127(1) of the Act except:
 - a. Jordan may trade securities or derivatives in accounts managed by an independent, arms-length portfolio manager who is registered in accordance with Ontario securities law, to whom Jordan has given a copy of this Order, in an account with respect to which Jordan has no direction or control over the selection of specific securities, and provided Jordan only has annual discussions with the registered portfolio manager for the sole purpose of her providing information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law, and
 - b. Jordan may trade, as beneficial owner, in securities of a private company, provided that she does not engage in the business of trading in securities;

3. the acquisition of any securities or derivatives by the Settling Respondents is prohibited for a period of five years commencing on the date of this Order, pursuant to paragraph 2.1 of subsection 127(1) of the Act except:
 - a. Jordan may acquire securities or derivatives in accounts managed by an independent, arms-length portfolio manager who is registered in accordance with Ontario securities law, to whom Jordan has given a copy of this Order, in an account with respect to which Jordan has no direction or control over the selection of specific securities, and provided Jordan only has annual discussions with the registered portfolio manager for the sole purpose of her providing information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law, and
 - b. Jordan may acquire, as beneficial owner, securities of a private company, provided that she does not engage in the business of trading in securities;
4. any exemptions contained in Ontario securities law do not apply to the Settling Respondents for a period of five years commencing on the date of this Order, pursuant to paragraph 3 of subsection 127(1) of the Act;
5. Jordan is prohibited from becoming or acting as a director or officer of an issuer that is not a private company for a period of five years commencing from the date of this Order, pursuant to paragraph 8 of subsection 127(1) of the Act;
6. Jordan is prohibited from becoming or acting as a director or officer of any registrant for a period of five years commencing on the date of this Order, pursuant to paragraph 8.2 of subsection 127(1) of the Act;
7. Jordan is prohibited from becoming or acting as a director or officer of any investment fund manager for a period of five years commencing on the date of this Order, pursuant to paragraph 8.4 of subsection 127(1) of the Act;

8. Jordan is prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of five years commencing on the date of this Order, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
9. the Settling Respondents pay an administrative penalty on a joint and several basis in the amount of \$40,000, which shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act, pursuant to paragraph 9 of subsection 127(1) of the Act;
10. the Settling Respondents disgorge on a joint and several basis to the Commission the amount of \$110,000, which shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act, pursuant to paragraph 10 of subsection 127(1) of the Act; and
11. the Settling Respondents shall pay costs on a joint and several basis in the amount of \$15,000, pursuant to section 127.1 of the Act.

DATED at Toronto, this 24th day of March, 2017.
