



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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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**

- AND -

**IN THE MATTER OF A SETTLEMENT AGREEMENT
BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION
AND SHAFI KHAN**

ORDER

WHEREAS on November 10, 2010, the Commission issued a Notice of Hearing pursuant to section 127 of the Securities Act (the "Act") in respect of Shafi Khan ("Khan" or the "Respondent");

AND WHEREAS on November 10, 2010, Staff of the Commission filed a Statement of Allegations and on September 13, 2011 filed an Amended Statement of Allegations;

AND WHEREAS the Respondent entered into a Settlement Agreement dated October 13, 2011 (the "Settlement Agreement") in relation to the matters set out in the Amended Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated October 13, 2011, setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from the Respondent through their counsel and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT:

1. the Settlement Agreement is hereby approved;

2. pursuant to clause 2 of subsection 127(1) of the Act, Khan shall cease trading in any securities permanently with the exception that immediately following full payment of the disgorgement order and administrative penalty set out herein Khan shall be permitted to trade securities through a registrant and only for the account of his registered retirement savings plan as defined in the *Income Tax Act*, 1985, c.1, as amended (the "*Income Tax Act*");
3. pursuant to clause 2.1 of subsection 127(1) of the Act, Khan shall cease acquisitions of any securities permanently, except acquisitions undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) and only following full payment of the disgorgement order and administrative penalty set out herein;
4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Khan permanently, except to the extent such exemption is necessary for trades undertaken in connection with his registered retirement savings plan account (as defined in the *Income Tax Act*) through a registrant and only following full payment of the disgorgement order and administrative penalty set out herein;
5. pursuant to clause 6 of subsection 127(1) of the Act, that Khan be reprimanded;
6. pursuant to clause 8 of subsection 127(1) of the Act, that Khan is prohibited permanently from becoming or acting as a director or officer of any issuer;
7. pursuant to clause 8.5 of subsection 127(1) of the Act, that Khan is prohibited permanently from becoming or acting as a registrant;
8. pursuant to clause 9 of subsection 127(1) of the Act, that Khan pay an administrative penalty in the amount of \$40,000 for his non-compliance with Ontario securities law to be allocated under section 3.4(2)(b) to or for the benefit of third parties;
9. pursuant to clause 10 of subsection 127(1) of the Act, Khan disgorge to the Commission the amount of \$239,000 to be allocated under section 3.4(2)(b) to or for the benefit of third parties;
10. as set out in subparagraphs 8 and 9 above, Khan shall pay a total amount of \$279,000, to be allocated to or for the benefit of third parties under s. 3.4(2) of the Act, which amount shall be payable as follows:
 - a. an initial installment of \$5,000 in the form of a certified cheque at the time of the settlement hearing
 - b. the transfer of the Frozen Funds to Staff as set out more particularly in paragraph 11, below;
 - c. the amount remaining shall be paid in equal quarterly installments over a period of 5 years from the date this Agreement is executed; and
11. Khan will provide Staff with all necessary documents, including executed directions to the institutions listed in the Freeze Directions, authorizing and instructing those institutions to transfer forthwith all funds, securities and property

in those accounts in the name of or under the control of Khan to the Commission in partial satisfaction of the disgorgement and costs awards set out in this Settlement Agreement. Further, upon request of Staff, Khan will forthwith sign any further documents necessary to effect the surrender and transfer of the Frozen Funds to Staff, failing which he will be in breach of this Settlement Agreement.

DATED at Toronto this 14th day of October, 2011.

“James E. A. Turner”

James E.A. Turner