



Ontario  
Securities  
Commission

Commission des  
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de l'Ontario

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Citation: MM Café Franchise Inc. et al, 2017 ONSEC 13

Date: 2017-04-24

**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**

**ORAL REASONS FOR APPROVAL OF A SETTLEMENT**

**Hearing:** April 24, 2017

**Decision:** April 24, 2017

**Panel:** Timothy Moseley Commissioner and Chair of the Panel  
AnneMarie Ryan Commissioner

**Appearances:** Keir Wilmut For Staff of the Commission  
Gavin Smyth

Shawn Graham For Marianne Godwin

Dave Garnet Craig On his own behalf and on behalf of  
MM Café Franchise Inc.

## ORAL REASONS AND DECISION

*The following reasons have been prepared for publication in the Ontario Securities Commission Bulletin, based on the reasons delivered orally in the hearing as edited and approved by the panel, to provide a public record.*

- [1] The respondents, Ms. Godwin and Mr. Craig, were respectively Chief Executive Officer and Chief Development Officer of the respondent MM Café Franchise Inc. ("**MM Café**") Both were also directors of that company.
- [2] MM Café has admitted that it contravened subsection 53(1) of the *Securities Act*<sup>1</sup> (the "**Act**") by conducting an illegal distribution of its own securities. Ms. Godwin and Mr. Craig have admitted that as directors and officers, they contravened section 129.2 of the Act by authorizing, permitting, or acquiescing in MM Café's illegal distribution.
- [3] While the parties have reached an agreement as to the sanctions that ought to be imposed, our obligation is to consider whether to approve the agreement, which is the product of negotiation between Staff and the respondents. We must still be satisfied that the agreed-upon sanctions are appropriate in the circumstances and that it would be in the public interest to approve the settlement and issue the order contemplated by the agreement.
- [4] For the reasons that follow, we will approve the settlement and issue the requested order.
- [5] The underlying conduct is serious. Investors put their money at risk without the benefit of protections that should have been in place. As directors and officers of MM Café, Ms. Godwin and Mr. Craig had an obligation to obtain proper advice and ensure that MM Café was aware of, and followed, applicable regulations.
- [6] The sanctions agreed to by the parties are not severe. Each of Ms. Godwin and Mr. Craig is prohibited from being a director or officer for five years, or possibly as little as two years if they comply with the specified conditions. No administrative penalty is provided for and the agreed amount of costs is nominal.
- [7] The Commission respects the negotiation process and accords significant deference to the resolution reached by the parties. In addition, this Panel had the opportunity to meet with counsel for Staff and for the respondents in a confidential conference. We reviewed the settlement agreement and we heard submissions from counsel.
- [8] There are a number of mitigating factors in this case. The respondents co-operated with Staff's investigation, none of them has previously been found to have breached the Act, none of them was previously registered with the Commission, and there is no evidence that they knowingly breached the Act.
- [9] In addition, Ms. Godwin and Mr. Craig played a limited role. The agreed-upon contraventions relate only to Ms. Godwin's and Mr. Craig's role as directors and officers. This is not about what they did. It's about what they allowed to happen, but should have prevented. They relied on a third party advisor to

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<sup>1</sup> RSO 1990, c S.5

