



Ontario	Commission des	P.O. Box 55, 19 th Floor	CP 55, 19e étage
Securities	valeurs mobilières	20 Queen Street West	20, rue queen ouest
Commission	de l'Ontario	Toronto ON M5H 3S8	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
MORGAN DRAGON DEVELOPMENT CORP.,
JOHN CHEONG (aka KIM MENG CHEONG),
HERMAN TSE, DEVON RICKETTS
and MARK GRIFFITHS**

- and -

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION and
MORGAN DRAGON DEVELOPMENT CORP.,
JOHN CHEONG and HERMAN TSE**

ORDER

WHEREAS on March 22, 2012, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the “Act”) in respect of Morgan Dragon Development Corp. (“MDDC”), John Cheong (“Cheong”) and Herman Tse (“Tse”) (collectively the “Settling Respondents”);

AND WHEREAS on March 22, 2012, Staff of the Commission (“Staff”) filed a Statement of Allegations;

AND WHEREAS on March 26, 2012, the Commission issued an Amended Notice of Hearing;

AND WHEREAS the Settling Respondents entered into a Settlement Agreement with Staff dated April 8, 2013 (the “Settlement Agreement”) in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice of Hearing dated April 9, 2013 setting out that it proposed to consider the Settlement Agreement;

UPON reviewing the Settlement Agreement, the Notice of Hearing and the Statement of Allegations, and upon considering submissions from the Settling Respondents 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:

1. the Settlement Agreement is hereby approved;
2. pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by the Settling Respondents shall cease for a period of 5 years from the date of the approval of the Settlement Agreement, except that:
 - (a) immediately following full payment of the administrative penalty and costs orders against him set out herein Cheong 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*, R.S.C. 1985, c.1, as amended (the "Income Tax Act"); and,
 - (b) immediately following full payment of the administrative penalty and costs orders against him set out herein Tse 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*;
3. pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Settling Respondents is prohibited for a period of 5 years from the date of the approval of the Settlement Agreement, except that:

- (a) immediately following full payment of the administrative penalty and costs orders against him set out herein Cheong shall be permitted to purchase securities through a registrant and only for the account of his registered retirement savings plan, as defined in the Income Tax Act; and,
 - (b) immediately following full payment of the administrative penalty and costs orders against him set out herein Tse shall be permitted to purchase securities through a registrant and only for the account of his registered retirement savings plan, as defined in the Income Tax Act;
- 4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Settling Respondents for a period of 5 years from the date of the approval of the Settlement Agreement;
- 5. pursuant to clause 6 of subsection 127(1) of the Act, the Settling Respondents are reprimanded;
- 6. pursuant to clause 8.5 of subsection 127(1) of the Act, the Settling Respondents are prohibited for a period of 5 years from becoming or acting as a registrant;
- 7. pursuant to clause 8.5 of subsection 127(1) of the Act, Cheong and Tse are prohibited for a period of 5 years from becoming or acting as an investment fund manager or as a promoter;
- 8. pursuant to clauses 8.2 and 8.4 of subsection 127(1) of the Act, Cheong and Tse are prohibited for a period of 5 years from becoming or acting as a director or officer of a registrant or investment fund manager;
- 9. pursuant to clauses 7 and 8 of subsection 127(1) of the Act, Cheong and Tse shall resign all positions either of them may hold as a director or officer of MDDC, Morgan Dragon Capital Fund Inc. (“MDCF”), Morgan Dragon Land Holding Inc. (“MDLH”), Morgan Dragon Management Inc. (“MDMI”) (collectively, the “Prohibited Companies”), or any successor or assignee of the Prohibited Companies, and are prohibited for a period of 5 years from the date of the

approval of the Settlement Agreement from becoming or acting as a director or officer of the Prohibited Companies or their successors or assignee companies;

10. pursuant to clause 9 of subsection 127(1) of the Act, the Commission hereby orders a total administrative penalty of \$75,000 for the breaches of Ontario securities law in this matter, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act, payable by the Settling Respondents as follows:

(a) Cheong and MDDC shall be jointly and severally liable to pay an administrative penalty in the amount of \$37,500; and

(b) Tse and MDDC shall be jointly and severally liable to pay an administrative penalty in the amount of \$37,500; and

11. pursuant to subsections 127.1(1) and (2) of the Act, the Commission hereby orders that a total amount of \$13,000 shall be payable as investigation and hearing costs in this matter, payable by the Settling Respondents as follows:

(a) Cheong and MDDC shall be jointly and severally liable to pay costs in the amount of \$6,500; and

(b) Tse and MDDC shall be jointly and severally liable to pay costs in the amount of \$6,500.

DATED at Toronto this 10th day of April, 2013.

“James Turner”

James E. A. Turner