

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of
HOON SAN "MARTIN" CHIA,

PETITION FOR ORDER

File No. S-07079(EX)

Respondents,

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities, Bureau of Registration & Enforcement ("the Division") has conducted an investigation in this matter pursuant to § 551.56, Wis. Stats., and as a result thereof alleges as follows:

1. Hoon San "Martin" Chia ("Chia") is an individual with a date of birth of July 3, 1958, with a last known home address of 5436 Monte Bre Place, West Vancouver, British Columbia, Canada V7W 3A8;
2. Donna Chaw ("Chaw") is an individual with a date of birth of January 13, 1969, with a last known work address of Province of Alberta, Alberta Environment, Municipal and Industrial Sector, 10th Floor Oxbridge Place, 9820-106 Street, Edmonton, Alberta, Canada T5K 2J6, and home address of 824 113A Street Northwest, Edmonton, Alberta, Canada, T6J 6W4;
3. Upon information and belief, at all times material hereto, Chia and Chaw have been the owners, officers and/or controlling persons of 3MC Composting Ltd. ("3MC"), a business entity incorporated in the Province of Alberta, Canada, with a last known business address at the home address of Chaw;
4. Upon information and belief, at all times material hereto, Chaw has been an owner, officer and/or controlling person of AMD Organics Inc. ("AMD"), a business entity incorporated in the Province of Alberta, Canada, with a last known business address at the home address of Chaw;
5. According to information and documents provided to staff of the Division by a person in Wisconsin ("Investor LL"), Chia offered and sold to Investor LL in Wisconsin, an investment in 3MC in the amount of \$150,000 in 3MC on September 17, 2004;
6. According to information and documents provided by Investor LL to staff of the Division, before investing, Investor LL and Chia agreed that Investor LL's investment would be considered a loan to 3MC, that Investor LL would be paid \$1,000 each month by 3MC, and that Investor LL would have a 20 percent ownership interest in 3MC;
7. According to information provided to staff of the Division by Investor LL, following the offer of Chia to invest, the person did send the money for the investment to a bank account of 3MC at a financial institution in the City of Alberta, Province of Alberta, Canada on September 17, 2004;
8. According to information and documents provided by Investor LL to staff of the Division, after investing the person received a stock certificate for shares of common stock of 3MC as evidence of the investment in 3MC, monthly payments from 3MC in the amount of \$1,000 each, and a letter from Chia describing the \$150,000 investment as a "Shareholder Loans to the Corporation";

9. The loan investment with the shares of common stock of 3MC as described in Paragraphs 5 and 6 above are securities as defined by sec. 551.02(13)(a), Wis. Stats., and has never been registered under Ch. 551, Wis. Stats., for their offer and sale in Wisconsin;

10. According to information and documents provided to staff of the Division, on the day that Investor LL invested in 3MC, the balance in the account was zero, and also on that date \$145,000 of the \$150,000 was sent from the account of 3MC to an account of AMD Organics Inc. ("AMD") at the same financial institution;

11. According to information and documents provided to staff of the Division by Chaw, "...The \$150,000 from (Investor LL) was deposited in the 3MC USD account on Sept 17, 2004 and was then transferred to my consulting company AMD Organics (AMD). Back up information on this transaction can be found in the files named "3MC bank statement.pdf" and "145K transfer.pdf"."

"Once the funds were in the AMD account, \$75,000 was transferred to Ridge Mushrooms Inc (RMI) to pay suppliers. RMI paid for supplies up to Sept 17 when (Investor LL) investment was deposited. After that date AMD paid the suppliers. "

You can find the back up information to how all the funds were used in the attached documents. As a reminder, as I have previously informed you. 3MC was not able to pay suppliers directly because it was a newly registered corporation with no credit history. The composting project was already underway before (Investor LL's) investment. RMI had standing purchase orders with suppliers and was making purchases on behalf of AMD. Thus when the funds came into 3MC, \$75,000 of the funds were repaid to RMI and the remaining \$70,000 was used by AMD to continue to pay suppliers. ..."

12. According to the document entitled "SHAREHOLDERS AGREEMENT" provided by Chia to Investor LL, the common shares of 3MC are to be owned by the person in Wisconsin, in the amount of 20 shares, and AMD Organics Ltd. (sic), in the amount of 80 shares;

13. According to the SHAREHOLDERS AGREEMENT, referred to in Paragraph 11 above, Chia and Chaw signed as the "Authorized Signatories" for both AMD and 3MC;

14. According to records of the Province of Alberta, Canada, the directors of 3MC are Chia, Chaw and Investor LL, the voting shareholders are AMD, with 80 percent of voting shares, and Investor LL, with 20 percent of voting shares, and 3MC is listed with an address at the home address of Chaw;

15. According to records of the Province of Alberta, Canada, the directors and voting shareholders of AMD Chaw, and AMD is listed with an address at the home address of Chaw;

16. According to information provided to staff of the Division by Investor LL, Chia told that person before investing that Chia would pay for all of the existing debts of the composting farm so that the business in which Investor LL was investing would start "with a clean slate;" and

