



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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File No.: 2021-15

IN THE MATTER OF

BRIDGING FINANCE INC., DAVID SHARPE, BRIDGING INCOME FUND LP, BRIDGING MID- MARKET DEBT FUND LP, BRIDGING INCOME RSP FUND, BRIDGING MID-MARKET DEBT RSP FUND, BRIDGING PRIVATE DEBT INSTITUTIONAL LP, BRIDGING REAL ESTATE LENDING FUND LP, BRIDGING SMA 1 LP, BRIDGING INFRASTRUCTURE FUND LP, AND BRIDGING INDIGENOUS IMPACT FUND

MOTION

(For Extension of a Temporary Order
Under Subsection 127(1) of the
Securities Act, RSO 1990 c S.5)

A. ORDER SOUGHT

The moving party, the Ontario Securities Commission (the **Commission**), requests that the Capital Markets Tribunal (the **Tribunal**) make the following orders:

1. An order pursuant to subsections 127(8), 127(2) and paragraph 2 of subsection 127(1) of the *Securities Act*, RSO 1990 c S.5 (the **Act**) that, until 30 days after the Tribunal releases its decision on sanctions and costs in proceeding no. 2022-9 (the **Sanctions Decision**), all trading in securities of Bridging Income Fund LP, Bridging Mid-Market Debt Fund LP, Bridging Income RSP Fund, Bridging Mid-Market Debt RSP Fund, Bridging Private Debt Institutional LP, Bridging Real Estate Lending Fund LP, Bridging SMA 1 LP, Bridging Infrastructure Fund LP, and Bridging Indigenous Impact Fund (collectively, the **BFI Funds**) shall cease, except that PricewaterhouseCoopers Inc. (**PwC** or the **Receiver**) in its capacity as receiver and manager, without security, of all the assets, undertakings and properties of Bridging Finance Inc. (**BFI**) and the BFI Funds may trade in or facilitate the issuance or redemption of units of a BFI Fund with prior approval of the Ontario Superior

Court of Justice (the **Court**);

2. An order abridging the time required for service and filing of the Commission's motion record pursuant to Rule 3 of the *Capital Market Tribunal Rules of Procedure* (the **Rules**);
3. An order that this motion be heard in writing pursuant to Rule 9(6); and
4. Such other order as the Tribunal considers appropriate in the public interest.

B. GROUNDS

The grounds for the request are:

Enforcement Proceeding and Merits Decision

1. An investigation was conducted into BFI and others;
2. On March 31, 2022, the Tribunal issued a Notice of Hearing commencing proceeding no. 2022-9 (the **Enforcement Proceeding**) against BFI and others;
3. On March 31, 2022, the Commission filed a Statement of Allegations in the Enforcement Proceeding. The allegations made against BFI included:
 - (a) that it and certain of its directors and officers engaged in or participated in acts, practices or courses of conduct relating to securities which they knew or reasonably ought to have known perpetrated a fraud on unitholders in the BFI Funds contrary to section 126.1(1)(b) of the Act;
 - (b) that it and certain of its directors and officers made statements in material, evidence and/or information submitted to the Commission that, in a material respect and at the time and in light of the circumstances under which the statements were made, were misleading or untrue, or did not state a fact that was required to be stated or that was necessary to make the statements not misleading, contrary to clause 122(1)(a) of the Act; and
 - (c) that it and certain of its directors and officers failed to take reasonable steps to

identify and respond to material conflicts of interest, contrary to subsections 13.4(1), (2) and (3) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) and contrary to clause 32(1)(g) of the Act;

4. The merits hearing in the Enforcement Proceeding took place between June 26, 2023 and June 3, 2024;

5. On October 28, 2024, the Tribunal issued its reasons and decision on the merits (the **Merits Decision**), in which it found, *inter alia*, that:

- (a) the individual respondents engaged in conduct related to securities, that they knew or ought to have known perpetrated a fraud, and thereby contravened s. 126.1(1)(b) of the Act;
- (b) BFI failed to properly address certain conflicts of interest and thereby contravened s. 13.4 of NI 31-103; and
- (c) BFI and certain individual respondents contravened the prohibition in s. 122(1)(a) of the Act by making false or misleading statements to the Commission;

6. Given the findings in the Merits Decision, it will be necessary to convene a hearing regarding sanctions and costs (the **Sanctions Hearing**). The case management hearing in preparation for the Sanctions Hearing is scheduled to take place on December 6, 2024.

The Temporary Order and the Extensions

7. On April 30, 2021, the Tribunal issued a temporary order (the **Temporary Order**);

8. The Temporary Order provided, among other things, that:

- (a) all trading in securities of the BFI Funds shall cease; and
- (b) the Temporary Order shall take effect immediately and expire on the 15th day after its making unless extended by order of the Tribunal;

9. On May 12, 2021, the Tribunal issued an order (the **May 12 Order**) that, pursuant to subsection 127(8) and paragraph 2 of subsection 127(1) of the Act, until August 12, 2021, all trading in securities of the BFI Funds shall cease;

10. The May 12 Order was extended on August 10, 2021. Further extensions of the cease trade provisions of the Temporary Order were granted on December 22, 2021, March 21, 2022, June 29, 2022, September 26, 2022, and March 28, 2023. Under the order dated March 28, 2023, the Temporary Order is currently due to expire on November 27, 2024.

The Receivership

11. On application by the Commission, the Court issued an order dated April 30, 2021 (the **Appointment Order**) appointing PwC as receiver and manager, without security, of all the assets, undertakings and properties of BFI and the BFI Funds (the **Receivership Proceeding**);

12. On May 3, 2021, the Court issued an order (the **Additional Appointment Order**) appointing PwC as receiver and manager, without security, of all the assets, undertakings and properties of certain other entities connected to BFI;

13. On May 14, 2021, the Court issued an order (the **Continuation Order**) continuing PwC's appointment under the Appointment Order and the Additional Appointment Order until further order of the Court;

14. On November 18, 2024, the Receiver's counsel advised by letter that the Receiver supported a further extension of the Temporary Order until 30 days after the release of the Tribunal's Sanctions Decision, subject to an exception available only to the Receiver with prior approval from the Court. The Receiver states that the requested extension of the Temporary Order is "reasonably necessary and appropriate in the circumstances" for the reasons set out in the November 18, 2024 letter;

15. As noted above, the Temporary Order dated March 28, 2023 is set to expire on November 27, 2024. Accordingly, the Commission requests that the Tribunal issue an Order in form attached in draft in the Commission's Motion Record on or before

November 27, 2024;

16. It took longer than expected for the Commission and the Receiver to consult and determine the length of the extension of the Temporary Order to be sought. Accordingly, the Commission was unable to provide the Receiver and the Tribunal with notice of this motion consistent with the timelines in the Rules and an abridgment of the time for service and filing of this motion is required;

17. The Receiver supports the extension of the Temporary Order before its expiry and consents to the relief sought in this motion, including the requested abridgment of the notice period and that this motion be heard in writing;

18. The order sought is necessary to protect investors and is in the public interest;

19. Given the consent of the Receiver, it would be just and expeditious to conduct this motion in writing. An oral hearing of this motion would needlessly consume Tribunal resources;

20. Subsections 127(1), 127(2) and 127(8) of the Act;

21. Rules 3, 9(6), 16 and 32 of the Rules; and

22. Such further grounds as counsel may advise and the Tribunal may permit.

C. EVIDENCE

The moving party intends to rely on the following evidence for the motion:

1. The materials filed with the Tribunal previously in connection with this proceeding;
2. The affidavit of Rima Jahshan dated November 18, 2024 and exhibits thereto; and
3. Such further evidence as counsel may advise and the Tribunal may permit.

November 19, 2024

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