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Citation: *Finch (Re)*, 2025 ONCMT 5
Date: 2025-03-26
File No. 2023-29

**IN THE MATTER OF
THOMAS JOHN FINCH**

ORAL REASONS FOR APPROVAL OF A SETTLEMENT

(Subsection 127(1) and section 127.1 of the Securities Act, RSO 1990, c S.5)

Adjudicators: Tim Moseley (chair of the panel)
Andrea Burke
Jane Waechter

Hearing: By videoconference, March 26, 2025

Appearances: Stacey Reisman For the Ontario Securities Commission
Daniel Libman For Thomas John Finch

ORAL REASONS FOR APPROVAL OF A SETTLEMENT

The following reasons have been prepared for publication, based on the reasons delivered orally at the hearing, as edited and approved by the panel, to provide a public record of the oral reasons.

- [1] The Ontario Securities Commission has alleged that Thomas John Finch engaged in illegal insider trading when he bought shares of Liberty Health Sciences Inc., the target of a potential acquisition in which Finch and his employer were involved. The Commission has alleged that Finch's trading was illegal insider trading, contrary to s. 76(1) of the *Securities Act*.¹
- [2] The Commission and Finch have agreed to resolve the allegation, and they now seek approval of their settlement agreement. We have decided to approve the agreement and to order the sanctions and costs that the parties have proposed.
- [3] The settlement agreement sets out the factual background in detail. I will briefly summarize the facts.
- [4] Finch is a resident of Ontario and was an employee of CannaRoyalty Corp. In January 2020, CannaRoyalty was acquired by Cresco Labs, Inc., a cannabis and medical marijuana company. After the acquisition, Finch became Cresco's Director of Corporate Development. He was responsible for growing Cresco's business through mergers and acquisitions.
- [5] In October 2020, Finch became involved in Cresco's negotiations to acquire Liberty, a medical marijuana company. Liberty was a reporting issuer in Ontario, was listed on the Canadian Securities Exchange and traded on over-the-counter markets.
- [6] During the negotiations to acquire Liberty, Finch was identified as a key contact in the acquisition working group. He attended meetings and presentations between Cresco and Liberty. He prepared and communicated Cresco's offers to purchase Liberty, including its final offer to purchase at a significant change of control premium. He learned about a competing bidder that ultimately became

¹ RSO 1990, c S.5

the successful bidder. While the bidding was going on, he learned the terms of the competing offers to acquire Liberty and that Liberty had likely entered into exclusivity with the other bidder. He also had access to the Liberty data room. As a result of all of that, Finch had access to material non-public information about Liberty.

- [7] In May 2020, Finch opened a new brokerage account, and in doing so he said he was self-employed as a management analyst, even though he was actually employed as Cresco's Director of Corporate Development.
- [8] On eleven different days in late 2020, Finch bought \$143,406 worth of Liberty shares, through 21 transactions in two self-directed trading accounts. At the time Finch bought the shares, he possessed material non-public information about Liberty. He admits that information he learned about Liberty during the negotiations formed at least part of his decision to buy the shares.
- [9] Soon after Finch completed his purchases, Liberty and the competing bidder announced that the competing bidder would acquire all of Liberty's outstanding shares. Immediately following the announcement, Liberty's trading volume and share price increased significantly. Based on Liberty's closing price on the day of the announcement, Finch had an unrealized profit of \$117,854.
- [10] Ultimately, Finch's Liberty shares were converted into shares of the successful bidder. He sold some of his shares in 2023, and the remaining shares about a month ago. Finch's total proceeds on the sales amounted to \$7,336.27, meaning that he lost almost all of the \$143,406 he invested.
- [11] Subsection 76(1) of the *Securities Act* prohibits anyone who is in a special relationship with an issuer from purchasing securities of the issuer with knowledge of a material fact or a material change about the issuer that had not been generally disclosed. Finch admits that he was in a special relationship with Liberty and that he had knowledge of material facts about Liberty that had not been generally disclosed when he bought Liberty shares.
- [12] The Commission and Finch have agreed to the following terms of settlement:
 - a. Finch must pay an administrative penalty of \$235,000 and investigation costs of \$22,336.27, both of which he has already paid;

- b. with limited exceptions, Finch will be subject to ten-year restrictions on his ability to trade in securities or derivatives, or to acquire securities;
- c. any exemptions contained in Ontario securities law shall not apply to Finch for a period of ten years;
- d. Finch shall immediately resign any position that he holds as a director or officer of a reporting issuer, registrant or investment fund manager and may not be a director or officer of a reporting issuer, registrant, or investment fund manager for ten years; and
- e. Finch is to be reprimanded.

[13] Finch's misconduct was serious. Insider trading is a fundamental abuse. It is unfair to other investors, and it erodes public confidence in the capital markets. Finch used information he gained through his employment for his personal benefit, contrary to his employer's policy, and contrary to Ontario securities law.

[14] Before today's hearing, we held a confidential conference with the parties. We had the opportunity to hear from the parties and to ask them questions about the settlement.

[15] Our role at today's hearing is to decide whether the negotiated settlement falls within a range of reasonable outcomes. In deciding whether to approve a settlement, the Tribunal respects the negotiation process and accords significant deference to the resolution reached by the parties. We do so in this case.

[16] We are confident that the sanctions against Mr. Finch will act as a specific deterrent to him, and as a general deterrent to others from trading while they are in possession of material non-public information.

[17] We note two mitigating factors. First, by settling this proceeding, Finch has accepted full responsibility for his conduct, and he has helped the Tribunal and the Commission avoid the costs associated with a contested hearing. Second, Finch has no history of misconduct with any securities regulator, and he has never been registered with a securities regulator.

[18] In conclusion, we find that the proposed settlement is reasonable and in the public interest. We will issue an order substantially in the form of the draft attached to the settlement agreement. With respect to the parties' agreement

that there be a reprimand, these reasons constitute our formal disapproval of Finch's conduct.

Dated at Toronto this 26th day of March, 2025

"Tim Moseley"

Tim Moseley

"Andrea Burke"

Andrea Burke

"Jane Waechter"

Jane Waechter