



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**

**APPLICATION OF STAFF
OF THE ONTARIO SECURITIES COMMISSION**

(For Extension of a Temporary Order Under Subsections 127(8) and 127(1)
of the *Securities Act*, RSO 1990 c S.5)

A. ORDER SOUGHT

The Applicant, Staff of the Ontario Securities Commission (**Staff**), requests that the Ontario Securities Commission (the **Commission**) make the following orders:

1. An Order extending paragraph 1 of the Temporary Order of the Commission dated April 30, 2021 (the **Temporary Order**) made with respect to Bridging Finance Inc. (**BFI**), 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 for three months until August 12, 2021 or such period as it considers necessary if satisfactory information is not provided to the Commission within the fifteen-day period pursuant to subsection 127(8) of the *Securities Act*, RSO 1990, c S.5 (the **Act**).

2. If necessary, an Order abridging the time required for service pursuant to Rules 3 and 4(2) of the Ontario Securities Commission *Rules of Procedure*; and
3. Such other Order as the Commission considers appropriate in the public interest.

B. GROUNDS

The grounds for the request are:

1. Staff are conducting an investigation into, *inter alia*, BFI;
2. During the course of the investigation, Staff found evidence that (i) BFI may have appropriated \$35 million from investment vehicles under its control that raise funds from external investors (the **BFI Funds**) to complete an acquisition for its own benefit, (ii) BFI's Chief Executive Officer and Ultimate Designated Person (**UDP**) at the time, David Sharpe (**D Sharpe**), received approximately \$19.5 million in undisclosed payments into his personal chequing account from a company owned and controlled by an individual during the same period that BFI loaned over \$100 million to other companies connected to the same individual, and (iii) during the same period that a different individual was negotiating to purchase half of BFI, BFI loaned companies owned by that individual almost \$100 million, including \$32 million two weeks before the acquisition closed, and (iv) it appears that BFI did not make complete or timely disclosure of the above to investors in the BFI Funds;
3. Staff are also investigating whether:
 - a) BFI and certain of its directors and officers including D Sharpe may have engaged or participated in acts, practices or a course 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) BFI and D Sharpe may have made statements in material, evidence and/or information submitted to Enforcement Staff and 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;
 - c) BFI may have failed to deal fairly, honestly and in good faith with its clients, contrary to section 2.1 of Commission Rule 31-505 *Conditions of Registration*;

d) BFI may have failed to take reasonable steps to identify and respond to material conflicts of interest, contrary to ss. 13.4(1), (2) and (3) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**); and

e) BFI may have failed to establish and maintain systems of control and supervision sufficient to provide reasonable assurance that BFI and each individual acting on its behalf complied with securities legislation, contrary to section 11.1 of NI 31-103 and subsection 32(2) of the Act;

4. On April 30, 2021, the Commission issued the Temporary Order;

5. The Temporary Order provided that:

1) all trading in securities of the 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 shall cease; and

2) D Sharpe's registration as UDP of BFI is suspended; and

3) The Temporary Order shall take effect immediately and expire on the 15th day after its making unless extended by order of the Commission;

6. On application by the Commission (the **Receivership Application**), the Ontario Superior Court of Justice (Commercial List) (the **Court**) issued an Order (the **Appointment Order**) dated April 30, 2021 appointing PricewaterhouseCoopers Inc. (**PwC**) as receiver and manager (the **Receiver**), without security, of all the assets, undertakings and properties of each of the Respondents other than D Sharpe;

7. Counsel to the Receiver has advised Staff that the Receiver has terminated D Sharpe's employment with BFI and will make appropriate filings to terminate his registration as UDP;

8. The investigation into the conduct described in the Temporary Order and this Application is continuing;

9. The Order sought by Staff is necessary to protect investors from serious and ongoing harm and is in the public interest;

10. Subsections 127(1) and 127(8) of the Act; and

11. Such further grounds as counsel may advise and the Commission may permit.

DOCUMENTS TO BE RELIED UPON

The Applicant intends to rely on the following evidence at the Hearing:

1. The Affidavits filed with the Court in support of the Receivership Application, including;
 - a) The Affidavit of Daniel Tourangeau (redacted), sworn April 29, 2021;
 - b) The Affidavit of Sandy McMurrich sworn April 29, 2021;
 - c) The First Supplemental Affidavit of Daniel Tourangeau sworn April 30, 2021;
 - d) The Appointment Order of the Court dated April 30, 2021; and
2. Such further evidence as counsel may advise and the Commission may permit.

Date: May 7, 2021

STAFF OF THE ONTARIO SECURITIES COMMISSION

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