



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**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**

**TEMPORARY ORDER
(Subsections 127(1) and (5) of the *Securities Act*, RSO 1990, c S.5)**

WHEREAS:

1. it appears to the Ontario Securities Commission (the **Commission**) that:
 - a. Bridging Finance Inc. (**BFI**) is an investment management firm based in Toronto with a stated focus on alternative finance;
 - b. BFI is registered with the Commission as a restricted portfolio manager, exempt market dealer, and investment fund manager;
 - c. David Sharpe (**D Sharpe**) is the chief executive officer (**CEO**) and ultimate designated person (**UDP**) of BFI;
 - d. BFI promotes and manages investment vehicles (the **BFI Funds**¹) that raise capital from investors in the exempt market for the purpose of making loans to corporate borrowers (the **Loan Counterparties**) or investing in other BFI Funds. BFI originates the loans and manages the operations of the BFI Funds. As of December 2020, BFI reported approximately \$2 billion assets under management (**AUM**). The BFI Funds represent approximately \$1.75 billion of BFI's reported AUM;

¹ 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.

- e. BFI has three indirect shareholders that hold shares in BFI through holding companies, including Natasha Sharpe, the founder and executive chairperson of BFI and D Sharpe's spouse, who indirectly owns 41.67% (collectively, the **BFI Shareholders**);
- f. Enforcement Staff are conducting an investigation into the business and activities of BFI including potential conflicts of interest arising from the relationship between BFI and certain of its directors, officers and shareholders and the principals of certain Loan Counterparties. The transactions at issue involve companies connected to three individuals defined herein as **Individual "1", Individual "2" and Individual "3"**.
- g. During the period between January 1, 2017 and April 30, 2020 (the **Relevant Period**), BFI loaned over \$100 million from the BFI Funds to companies related to each of Individual "1", Individual "2" and Individual "3".
- h. The investigation has revealed evidence that, among other things:
 - i. BFI may have appropriated \$35 million from the BFI Funds to complete an acquisition for its own benefit. BFI appears to have used loans to and from companies related to Individual "1" to effect transactions that resulted in \$35 million being transferred from the BFI Funds through two law firm trust accounts to the vendor to complete the acquisition for BFI's benefit. At the time of these transactions, BFI had loaned over \$120 million from the BFI Funds to companies related to Individual "1";
 - ii. D Sharpe received approximately \$19.5 million in undisclosed payments into his personal chequing account from a company controlled by Individual "2" during the same period that BFI loaned over \$100 million from the BFI Funds to Individual "2"'s other companies; and
 - iii. During the same period that Individual "3" was negotiating to acquire a 50% interest in BFI, BFI loaned almost \$100 million from the BFI Funds to companies related to Individual "3". This included a \$32 million advance two weeks before the acquisition closed and Individual "3" transferred \$50 million to the BFI Shareholders;

- i. BFI and certain of its officers and directors 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 the *Securities Act*, RSO 1990, c S.5 (the **Act**);
 - j. 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;
 - k. 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*;
 - l. 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)*;
 - m. 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; and
 - n. certain of BFI's directors and/or officers may have authorized, permitted or acquiesced in BFI's non-compliance with Ontario securities law, contrary to section 129.2 of the Act;
2. the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest; and

3. the Commission is of the opinion that it is in the public interest to make this order;

IT IS ORDERED that:

1. pursuant to paragraph 2 of subsection 127(1) of the Act, 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;
2. pursuant to paragraph 1 of subsection 127(1) of the Act, David Sharpe's registration as the UDP of BFI is suspended; and
3. pursuant to subsections 127(5) and 127(6) of the Act, this order shall take effect immediately and shall expire on the 15th day after its making unless extended by order of the Commission.

Dated at Toronto this 30th day of April, 2021.

"Timothy Moseley"

Timothy Moseley, Vice Chair