



Capital
Markets
Tribunal

Tribunal des
marchés
financiers

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Toronto ON M5H 3S8

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Toronto ON M5H 3S8

**IN THE MATTER OF
MICHAEL PAUL KRAFT and MICHAEL BRIAN STEIN**

File No. 2021-32

Adjudicators: Andrea Burke (chair of the panel)
M. Cecilia Williams
Sandra Blake

July 2, 2024

ORDER

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

WHEREAS on March 4, 2024, the Capital Markets Tribunal held a hearing at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the sanctions and costs that the Tribunal should impose on Michael Paul Kraft and Michael Brian Stein as a result of the findings in the Reasons and Decision on the merits issued on October 20, 2023;

ON READING the materials filed by the parties, and on hearing the submissions of the representatives for the Ontario Securities Commission and the representatives for each of Kraft and Stein;

IT IS ORDERED THAT:

1. with respect to Kraft:
 - a. pursuant to paragraph 2 of subsection 127(1) of the *Securities Act* (**Act**), trading in any securities or derivatives by Kraft shall cease for a period of three years from the date of this order, except that Kraft shall be permitted to trade:
 - i. mutual funds, exchange-traded funds, government bonds, and guaranteed investment certificates (**GICs**);
 - ii. securities or derivatives for the account of any registered retirement savings plan (**RRSP**), registered retirement income fund (**RRIF**) and tax-free savings account (**TFSA**), as defined in the *Income Tax Act*,

RSC 1985, c 1 (5th Supp) (the ***Income Tax Act***), in which Kraft has sole legal and beneficial ownership;

- iii. solely through a registered dealer in Ontario, to whom Kraft must have given a copy of this order; and
 - iv. only after the amounts in subparagraphs 1(g) and 1(h) have been paid in full;
- b. pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, the acquisition of any securities by Kraft is prohibited for a period of three years from the date of this order, except that Kraft shall be permitted to acquire:
- i. mutual funds, exchange-traded funds, government bonds, and GICs;
 - ii. securities for the account of any RRSP, RRIF, and TFSA, as defined in the *Income Tax Act*, in which Kraft has sole legal and beneficial ownership;
 - iii. solely through a registered dealer in Ontario, to whom Kraft must have given a copy of this order; and
 - iv. only after the amounts in subparagraphs 1(g) and 1(h) have been paid in full;
- c. pursuant to paragraph 3 of subsection 127(1) of the *Act*, any exemptions contained in Ontario securities law do not apply to Kraft for a period of three years from the date of this order;
- d. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the *Act*, Kraft shall immediately resign any positions that he holds as a director or officer of an issuer or registrant;
- e. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the *Act*, Kraft is prohibited from becoming or acting as a director or officer of any issuer or registrant for a period of four years from the date of this order;
- f. pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, Kraft is prohibited from becoming or acting as a registrant or as a promoter for a period of four years from the date of this order;
- g. pursuant to paragraph 9 of subsection 127(1) of the *Act*, Kraft shall pay an administrative penalty in the amount of \$200,000 to the Commission; and
- h. pursuant to section 127.1 of the *Act*, Kraft shall pay to the Commission

\$150,000, for the costs of the investigation and hearing; and

2. with respect to Stein:

- a. pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities or derivatives by Stein shall cease for a period of four years from the date of this order, except that Stein shall be permitted to trade:
 - i. mutual funds, exchange-traded funds, government bonds, and GICs;
 - ii. securities or derivatives for the account of any RRSP, RRIF, and TFSA, as defined in the *Income Tax Act*, in which Stein has sole legal and beneficial ownership;
 - iii. solely through a registered dealer in Ontario, to whom Stein must have given a copy of this order; and
 - iv. only after the amounts in subparagraphs 2(g) through 2(i) have been paid in full;
- b. pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, the acquisition of any securities by Stein is prohibited for a period of four years from the date of this order, except that Stein shall be permitted to acquire:
 - i. mutual funds, exchange-traded funds, government bonds, and GICs;
 - ii. securities for the account of any RRSP, RRIF, and TFSA, as defined in the *Income Tax Act*, in which Stein has sole legal and beneficial ownership;
 - iii. solely through a registered dealer in Ontario, to whom Stein must have given a copy of this order; and
 - iv. only after the amounts in subparagraphs 2(g) through 2(i) have been paid in full;
- c. pursuant to paragraph 3 of subsection 127(1) of the *Act*, any exemptions contained in Ontario securities law do not apply to Stein for a period of four years from the date of this order;
- d. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the *Act*, Stein shall immediately resign any positions that he holds as a director or officer of an issuer or registrant;

- e. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, Stein is prohibited from becoming or acting as a director or officer of any issuer or registrant for a period of three years from the date of this order;
- f. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Stein is prohibited from becoming or acting as a registrant or as a promoter for a period of three years from the date of this order;
- g. pursuant to paragraph 9 of subsection 127(1) of the Act, Stein shall pay an administrative penalty of \$150,000 to the Commission;
- h. pursuant to paragraph 10 of subsection 127(1) of the Act, Stein shall disgorge to the Commission the amount of \$29,345; and
- i. pursuant to section 127.1 of the Act, Stein shall pay to the Commission \$50,000, for the costs of the investigation and proceeding.

"Andrea Burke"

Andrea Burke

"M. Cecilia Williams"

M. Cecilia Williams

"Sandra Blake"

Sandra Blake