BETWEEN:

ONTARIO SECURITIES COMMISSION

(Applicant)

– and –

MITCHELL CARNIE

(Respondent)

APPLICATION FOR ENFORCEMENT PROCEEDING

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

A. OVERVIEW

1. In response to breaches of Ontario securities law, the Capital Markets Tribunal (the **Tribunal**) may impose restrictions on respondents to protect Ontario investors and capital markets. These restrictions often include bans from acting as directors or officers of issuers. It is critical to fostering fair and efficient capital markets and confidence in capital markets that persons and companies comply with all terms and conditions of the Tribunal's orders, including these bans.

2. Mitchell Carnie contravened Ontario securities law by failing to comply with a director and officer ban imposed in a Tribunal order dated May 28, 2020 (the **May 2020 Order**). The May 2020 Order required Carnie to immediately resign from any positions he held as a director or officer of any issuer and prohibited him from becoming an officer or director of any issuer for seven years. Carnie remained a director and officer of four non-reporting issuers in contravention of the director and officer ban. A prohibition from acting as a director or officer of an issuer applies to any issuer, not just reporting issuers.

3. This is a serious breach of Ontario securities law. When persons disregard the restrictions imposed on them by orders of the Tribunal, this undermines investor confidence and the fairness and efficiency of the capital markets.

B. GROUNDS

The Ontario Securities Commission (the **Commission**) makes the following allegations of fact:

4. Carnie is a resident of Whitby, Ontario.

5. Carnie was a respondent in *First Class Crypto Inc (Re),* 2020 ONSEC 14. On May 28, 2020, the Tribunal made the May 2020 Order. Among other things, the May 2020 Order required Carnie to immediately resign from any positions he held as a director or officer of any issuer and prohibited him from becoming or acting as a director or officer of any issuer (subject to one exception) until the later of (a) seven years from the date of the May 2020 Order or (b) the date on which amounts owed by Carnie pursuant to that Order are paid in full (**D&O Ban**).

6. Carnie became a director and officer of 2634676 Ontario Ltd. (**676 Ontario**) on May 9, 2018, incorporated in Ontario on the same date. Carnie remained a director and officer of 676 Ontario after the May 2020 Order.

7. Carnie became a director and officer of 2634685 Ontario Ltd. (**685 Ontario**) on May 9, 2018, incorporated in Ontario on the same date. Carnie remained a director and officer of 685 Ontario after the May 2020 Order.

8. Carnie became a director and officer of 2714649 Ontario Ltd. (**649 Ontario**) on September 4, 2019, incorporated in Ontario on the same date. Carnie remained a director and officer of 649 Ontario after the May 2020 Order.

9. Carnie became a director and officer of First Class Crypto Inc. (**First Class Crypto**) on December 8, 2017, incorporated in Ontario on the same date. Carnie remained a director and officer of First Class Crypto after the May 2020 Order.

10. The four corporations are issuers within the meaning of the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**).

11. Carnie has failed to comply with the D&O Ban for over five years.

12. On December 20, 2024, the Commission requested Carnie to provide any evidence of his compliance with the D&O Ban.

13. Following the Commission's request, Carnie resigned as a director and officer of First Class Crypto effective September 9, 2025, but did not resign as director and officer of the other issuers.

C. BREACH OF ONTARIO SECURITIES LAW

The Commission alleges the following breach of Ontario securities law:

14. By remaining a director and officer of the four issuers after the May 2020 Order, Carnie breached the D&O Ban and acted contrary to the Order and did, thereby, contravene Ontario securities law and section 122(1)(c) of the Act, and it is in the public interest to issue an order pursuant to section 127 of the Act.

D. ORDER SOUGHT

15. The Commission requests that the Tribunal make the following orders:

(a) Carnie shall resign any positions that he holds as a director or officer of any issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;

(b) Carnie is prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8 of subsection 127(1) of the Act;

(c) Carnie shall pay an administrative penalty of not more than $5 million for failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;

(d) Carnie shall disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;

(e) Carnie shall pay costs of the Commission’s investigation and the hearing, pursuant to section 127.1 of the Act; and

(f) such other order as the Tribunal considers appropriate in the public interest.

October 15, 2025

ONTARIO SECURITIES COMMISSION
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8

Mark Bailey
Senior Litigation Counsel
Tel: 416-593-8254
Email: mbailey@osc.gov.on.ca

Susan Kimani
Litigation Counsel
Tel: 416-263-7717
Email: skimani@osc.gov.on.ca