

**BETWEEN:**

**ONTARIO SECURITIES COMMISSION**

**(Applicant)**

**-and-**

**STEPHANE GAGNON**

**(Respondent)**

**APPLICATION FOR ENFORCEMENT PROCEEDING**

(Subsections 127(1) and 127(4.0.1) of the *Securities Act*, RSO 1990, c S.5)

**I. OVERVIEW**

1. The Applicant, the Ontario Securities Commission (the **Commission**), requests that the Capital Markets Tribunal (the **Tribunal**) make an order in the public interest against the Respondent, Stephane Gagnon (**Gagnon**), based on criminal convictions by the Ontario Superior Court of Justice (**ONSC**). This order is sought without providing the Respondent an opportunity to be heard pursuant to paragraph 3 of s. 127(4.0.1) of the Ontario *Securities Act*, RSO 1990, c S.5 (the **Act**).

2. In 2025, Gagnon was criminally convicted of one count of fraud over \$5,000, contrary to s. 380(1)(a) of the *Criminal Code*, RSC, 1985, c C-46 (the **Criminal Code**) and one count of uttering a forged document, contrary to s. 368(1) of the *Criminal Code*. Gagnon's conviction was based on uncontested facts that between August 1, 2015 and May 31, 2021, he fraudulently solicited \$20,102,802 from 335 investors, misappropriated approximately 30% of the funds for his personal benefit and the benefit of his family and friends, and forged tax opinions in an attempt to persuade a trust company to continue its business relationship with him and his companies.

3. For his convictions, Gagnon was sentenced to 5 years in custody for the count of fraud over \$5,000, less time served in pre-trial custody, and 365 days in custody, concurrently, for the count of uttering a forged document. In addition, the ONSC imposed a no-contact order with respect to Gagnon's victims, a prohibition order with respect to having authority

over the money and valuable security of another person in an employment or volunteer work capacity, a restitution order in the amount of \$4,010,956.33, and a fine in lieu of forfeiture in the amount of \$7,406,614.00.

4. The Tribunal has jurisdiction to make orders in the public interest on an *ex parte* basis under ss. 127(1) and 127(4.0.1) of the Act where, as here, a person or company has been convicted of an offence arising from a transaction, business, or course of conduct related to securities or derivatives.

5. The order sought is in the public interest. It is necessary to restrain potential future misconduct by the Respondent that exposes Ontario investors to unacceptable risks and to deter others from engaging in misconduct that constitutes fraud under the Act.

## II. GROUNDS

### A. ONSC Proceeding and Sentence

6. On April 15, 2024, Gagnon was charged with two counts under the Criminal Code:

- (a) one count of fraud over \$5,000 at the City of Toronto, and elsewhere in the Province of Ontario and throughout Canada, contrary to s. 380(1)(a) of the Criminal Code (**Count 1**); and
- (b) one count of using a forged document as if it were genuine at the City of Vancouver and elsewhere in the Province of British Columbia and elsewhere in Canada, contrary to s. 368(1) of the Criminal Code (**Count 2**).

7. Gagnon did not plead guilty to either Count 1 or Count 2. However, Gagnon agreed to facts (the **Agreed Facts**) which the Crown proffered as admissions under s. 655 of the Criminal Code and read into the court record.

8. On March 25, 2025, the Honourable Justice R. Goldstein convicted Gagnon of Count 1 and Count 2 based on the Agreed Facts.

9. On July 23, 2025, based on a joint position on sentencing between Gagnon and the Crown (the **Joint Position on Sentence**), the Honourable Justice R. Goldstein sentenced Gagnon as follows:

- (a) with respect to Count 1, 5 years or 1825 days in custody, less 1215 days of pre-sentence custody, with 610 days left to serve, to be served consecutive to any other sentence now being served in respect of a prior offence;
- (b) with respect to Count 2, 365 days in custody, with credit for 365 days time served, concurrent to Count 1;
- (c) a no-contact order pursuant to s. 743.21(1) of the Criminal Code with respect to Gagnon's victims;
- (d) a prohibition order preventing Gagnon from seeking, obtaining, or continuing any employment, or becoming or being a volunteer in any capacity, that involves having authority over the money or valuable security of another person for a period of 8 year;
- (e) a restitution order in the total amount of \$4,010,956.33; and
- (f) a fine in lieu of forfeiture of \$7,406,614.00 with 8 years to pay and 7.5 years in custody for failure to pay.

## **B. Admitted Misconduct**

10. The Commission relies on the following admissions in the Agreed Facts:

- (a) Between August 1, 2025 and May 31, 2021 (the **Relevant Period**), Gagnon solicited and received \$20,102,802 from 335 investors. Over time, the majority of this amount was returned to investors. A net amount of \$7,756,614 remains outstanding.
- (b) Gagnon was the sole director of 8565287 Canada Inc. (**856**) starting in August 2015. Gagnon operated 856 under various names including The

Finance Company, Unlock My RSP, SMAP Financial Service, and The Loan Shop (collectively, the **Gagnon Companies**).

- (c) Gagnon is not an investment advisor and neither he nor the Gagnon Companies were registered dealers or registrants under the Act.
- (d) The Gagnon Companies targeted investors who wanted to access funds in their locked-in retirement accounts (**LIRAs**). Gagnon advertised to the public that he could help them do so if they invested money in his company.
- (e) In particular, Gagnon represented to investors that they could access their LIRAs in one of two ways:
  - i. by borrowing 60% of their LIRA funds as a loan with a 6-8% interest rate, with the remaining 40% earning a 10% interest rate; or
  - ii. by receiving their funds in four tranches equaling the value of their 856 shares, less a 4.99% fee and withholding taxes paid on their behalf.
- (f) During the Relevant Period, the Gagnon Companies directed 335 investors from across Canada to transfer their LIRAs to one of two trust companies. The trust companies liquidated the holdings in the investors' accounts and used the funds to purchase shares in 856.
- (g) Pursuant to this process, \$20,102,076 from investors was directed to 856. Of this amount, \$12,241,985 (approximately 61%) was repaid to investors, and approximately \$6.1 million (approximately 30%) was used to pay Gagnon's personal expenses or transferred to Gagnon's other companies or his friends and family.

- (h) In March 2018, after the first trust company ceased doing business with Gagnon due to investor complaints, Gagnon began using the services of a second trust company.
- (i) In October 2019, the second trust company advised Gagnon that they were ending their business relationship with him due to numerous complaints from investors who had not received promised funds.
- (j) To persuade the second trust company to continue receiving investor funds, Gagnon provided two tax opinions purportedly authored by a lawyer in British Columbia. The lawyer denied that he wrote either tax opinion.
- (k) As a result of the forgery, the second trust company refused to renew its relationship with Gagnon.
- (l) Further, there were no payments made to Canada Revenue Agency, contrary to representations made by Gagnon and/or the Gagnon Companies that withholding taxes were paid on behalf of investors.
- (m) As a result, many investors were left with tax liabilities in addition to their non-recovery of funds.

### **C. Jurisdiction Of the Tribunal**

11. Pursuant to paragraph 3 of s. 127(4.0.1) of the Act, if a person or company has been convicted in any jurisdiction of an offence arising from a transaction, business, or course of conduct related to securities or derivatives, the Tribunal may make any of the orders described in paragraphs 1 to 8.5 of s. 127(1) of the Act against the Respondent without giving the Respondent an opportunity to be heard.

12. Gagnon has been convicted of offences arising from a transaction, business, or course of conduct related to securities.

13. In connection with his agreement to the Joint Position on Sentence, Gagnon was informed that the Commission would likely seek an administrative order in the nature of a cease trade order and a director and officer ban.

14. It is in the public interest to make the requested orders against the Respondent to protect investors and safeguard the integrity of Ontario's capital markets.

### **III. ORDER SOUGHT**

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

- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Gagnon cease permanently;
- (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Gagnon be prohibited permanently;
- (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law not apply to Gagnon permanently;
- (d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Gagnon resign any positions that he holds as a director or officer of any issuer or registrant;
- (e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Gagnon be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant;

(f) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Gagnon be prohibited permanently from becoming or acting as a registrant or promoter; and

(g) such other order or orders as the Tribunal considers appropriate.

March 25, 2026

**ONTARIO SECURITIES COMMISSION**

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