

**BETWEEN:**

**ONTARIO SECURITIES COMMISSION**

**(Applicant)**

**- and -**

**EMERITA RESOURCES CORP., DAVID PATRICK  
GOWER, MICHAEL LAWRENCE GUY, SERGIO  
DAMIAN LOPEZ, GREGORY FRANCIS DURAS,  
HÉLIO BOTELHO DINIZ and JOAQUIN MERINO-  
MARQUEZ**

**(Respondents)**

**APPLICATION FOR ENFORCEMENT PROCEEDING**

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

## **A. OVERVIEW**

1. This matter involves the fraudulent diversion of corporate assets by certain individuals including directors and officers of a publicly-traded mining company, **Emerita Resources Corp.** It also involves repeated misleading public statements about a separate Emerita project.
2. In September 2018, Emerita exercised an option to acquire a 100% interest in the Falcon Project, a potential lithium project in Brazil. Between 2018 and 2021, Emerita discussed the Falcon Project as a current opportunity in its public filings. In May 2021, Emerita announced it had “relinquished” the Falcon Project as it had “not been successful in liquidating” it. In fact, Emerita had made no effort to market the project since 2019. Instead, between May 2021 and May 2022, four directors and/or officers of Emerita (David Patrick **Gower**, Michael Lawrence **Guy**, Sergio Damian **Lopez**, and Gregory Francis **Duras**) together with Hélio Botelho **Diniz**, the directing mind of the Falcon Project’s vendor, participated in a course of conduct which ultimately diverted Falcon Project mining claims to a new public company, **Lithium Ionic Corp.** All of Gower, Guy, Lopez, Duras, and Diniz became shareholders, as well as directors and/or officers of Lithium Ionic. In

addition, Gower, Guy, Lopez, and Duras also participated in Emerita making misleading public statements about its supposed “relinquishment” of the Falcon Project.

3. Further, during the investigation, Gower and Diniz provided misleading information to Commission investigators about a purported release of the Falcon Project by Emerita in March 2020.
4. Directors and officers of companies must act honestly and in the best interests of the companies they serve, not usurp corporate assets for themselves nor attempt to conceal their actions from investors and the Commission.
5. In addition, between October 2017 and May 2023, Emerita’s public filings contained untrue and misleading statements and omissions concerning the **Plaza Norte** project, a zinc project in Spain. Emerita’s public filings were misleading about the length and status of the permit for, and Emerita’s ownership interest in, the joint venture via which it was pursuing the Plaza Norte project. Such misstatements were authorized, permitted or acquiesced in by Gower, Lopez, Duras, and another Emerita director and officer, Joaquin **Merino-Marquez**. Maintaining title and/or rights to property is of critical importance to a mining exploration and development company. Only after the Commission began investigating did Emerita make further public statements seeking to correct its misstatements relating to the Plaza Norte project.

## **B. GROUNDS**

The Ontario Securities Commission makes the following allegations of fact:

### **The Respondents**

6. Emerita is a mining company and reporting issuer, continued in Ontario and based in Toronto. It is listed on the TSX Venture Exchange and elsewhere. The individual Respondents are:
  - a. Gower, an Ontario resident and the Chief Executive Officer and a director

of Emerita;

- b. Guy, an Ontario resident, the Chairman of Emerita, and a registered chief compliance officer and dealing representative with another company;
- c. Lopez, an Ontario resident, lawyer, and the Corporate Secretary of Emerita;
- d. Duras, an Ontario resident, Certified Professional Accountant, Certified General Accountant, and the Chief Financial Officer of Emerita;
- e. Merino-Marquez, a resident of Spain and the President and a director of Emerita; and
- f. Diniz, a resident of Brazil and, at material times, the directing mind of Falcon Metais Ltda. (**Falcon Metais**), a Brazilian company.

### **Fraud: Misappropriation of the Falcon Project & Misleading Statements**

- 7. Gower, Guy, Lopez, Diniz, and Duras engaged or participated in a fraud perpetrated on Emerita and its shareholders, benefitting themselves. They directly or indirectly engaged or participated in acts or a course of conduct which ultimately resulted in the misappropriation of assets of Emerita for a new company in which they are shareholders. Gower, Guy, Lopez, and Duras acted contrary to their fiduciary duties to Emerita. In addition, Gower, Guy, Lopez, and Duras participated in Emerita making misleading statements about the 'relinquishment' of its interest in the Falcon Project. The misconduct of Gower, Guy, Diniz, Lopez, and Duras was dishonest and harmed or put at risk of prejudice the economic interests of Emerita and investors.

### ***Option Agreement***

- 8. In June 2016, Emerita entered into an agreement (**Option Agreement**) with Falcon Metais for an option to acquire mining claims, applications, leases or other forms of mineral rights located in Brazil comprising the Falcon Lito MG Project (**Falcon Project**).

9. At material times, Falcon Metais provided services to mining projects and companies in Brazil. In 2017 and 2018, Falcon Metais was providing services to Emerita's Brazilian subsidiary in relation to another mining project.

10. Among other things, the Option Agreement provided that:

a. Falcon Metais:

- i. was the sole title holder and beneficial owner of the Falcon Project; and
- ii. would hold the Falcon Project in trust for Emerita, or its nominee, until the project was assigned and transferred to Emerita or its nominee; and

b. Emerita could exercise the option by issuing a total of 1.5 million common shares to Falcon Metais.

11. Emerita did issue the shares required to exercise the option, in three equal tranches. On September 12, 2018, Emerita issued the third tranche of 500,000 shares and exercised the option. Notwithstanding the provisions of the Option Agreement, at Diniz' direction, Emerita in fact issued the shares to HFX Consultoria Empresarial Ltda., a company owned and controlled by Diniz.

12. Although Emerita exercised the option in September 2018, title to the Falcon Project was never transferred to Emerita or its nominee.

***Emerita's Public Statements about the Falcon Project***

13. On June 13, 2016, Emerita announced it had entered into the Option Agreement. It also announced, on September 12, 2017 and September 12, 2018, respectively, its issuance of the second and third tranches of shares under the Option Agreement. In the 2017 and 2018 announcements, Gower was quoted as describing the Falcon Project as an "*exceptional opportunity to add value at a low [or very low] cost*".

14. After issuing the third tranche of shares and exercising the option, Emerita continued to refer to the Falcon Project in its interim and annual filings. In its financial statements and management's discussion and analysis (MD&A) filed between September 2018 and February 2021, it described the Option Agreement and Falcon Project, which it identified as an exploration property. In its MD&A in that period, Emerita repeated that the Falcon Project was an opportunity to "add value at low cost".
15. In December 2020, while preparing for an agency agreement for a private placement, Gower confirmed to Lopez and others that Emerita's interest in the Falcon Project continued. Duras also received this information. Gower sought and received a list of mining claims, etc., comprising the Falcon Project from Diniz on December 10, 2020. Gower provided that list to Lopez for inclusion in a schedule to the agency agreement. The final agency agreement was filed by Emerita as a material document on January 13, 2021.
16. On May 27, 2021, Emerita stated for the first time that it had 'relinquished' the Falcon Project. In particular, the MD&A stated: "*After having not been successful in liquidating the project in some form, the Company has now relinquished the Falcon project.*" In its next MD&A, filed August 26, 2021, Emerita stated that "*As of December 2020, the Company has relinquished its property in Brazil in favour of focusing on projects in Spain*". Emerita repeated the August 26, 2021 statement in its annual MD&A filed January 28, 2022 (the May and August 2021, and January 2022 statements, each a **Relinquishment Statement**).

### ***Misappropriation of the Falcon Project & Misleading Statements***

17. The Relinquishment Statements were false and misleading. In reality, between May 2021 and May 2022, Gower, Guy, Lopez, Duras, and Diniz engaged or participated in acts or a course of conduct that resulted in Falcon Project claims being owned, indirectly, first by a private company controlled by Gower, Guy, Lopez, and Diniz, and ultimately by a new public company in which they were all shareholders as well as directors or officers.

18. Diniz had begun, around December 2020, taking steps to transfer ownership of the mining claims, etc., comprising the Falcon Project from Falcon Metais to MGLIT Empreendimentos Ltda. (**MGLIT**), another Brazilian company he controlled.

19. In May 2021, before the May 2021 Relinquishment Statement:

- a. Gower, Diniz, and Guy discussed pursuing the Falcon Project without Emerita;
- b. Gower discussed making the May 2021 Relinquishment Statement with Diniz; and
- c. Gower, Guy, Lopez, and Duras participated in the preparation of the May 2021 Relinquishment Statement.

20. In June 2021, Gower confirmed to Diniz an intention to form a private company in Canada that could acquire MGLIT, obtain financing, and ultimately be taken public. In confirming that intention, Gower stated, among other things “*We need a little distance between a transaction and Emerita*”.

21. Thereafter, Gower, Guy, Lopez, Diniz, and Duras engaged or participated in forming and advancing a new company to pursue former Falcon Project mining claims. Ultimately, as set out below, by May 2022, former Falcon Project claims became indirectly owned by another public issuer, Lithium Ionic. Gower, Guy, Lopez, Diniz, and Duras were directors and/or officers of Lithium Ionic when it was formed and remain shareholders of Lithium Ionic.

22. Steps taken to form and advance Lithium Ionic included:

- a. incorporating a new entity, LI-Ionic Inc., subsequently renamed Lithium Ionic Inc. (**LI PrivateCo**);
- b. agreeing on a capital structure, issuing shares, and selecting directors and officers for LI PrivateCo;

- c. arranging for LI PrivateCo to acquire ownership of MGLIT (and thus have indirect, beneficial ownership of former Falcon Project claims);
- d. planning and undertaking private placements for LI PrivateCo in December 2021 and February 2022, which raised a total of nearly \$20 million;
- e. obtaining a technical report and title opinion regarding the mining claims; and
- f. planning and undertaking an amalgamation to bring about Lithium Ionic as a public issuer.

23. On July 5, 2021, LI PrivateCo was incorporated. On July 6, 2021, Gower, Guy, Lopez, and Diniz, as the directors of LI PrivateCo, passed a resolution to issue 31,100,000 common shares at a price of \$0.0000001. Gower, Guy, Lopez, and Diniz received the majority of the 31,100,000 shares issued; in particular:

- a. Gower, together with his spouse and a friend, received a total of 8,000,000;
- b. Guy received 8,000,000;
- c. Diniz received 8,000,000;
- d. Lopez, together with his spouse received a total of 6,000,000; and
- e. Duras received 500,000.

24. In November and December 2021, Gower, Guy, Lopez, Diniz, and Duras, directly or indirectly through corporations they controlled, each entered into agreements with LI PrivateCo to provide consulting services in exchange for varying monthly fees and other compensation. Such consulting agreements were subsequently amended.

25. In late 2021 and early 2022, LI PrivateCo acquired all the quota (shares) of

MGLIT, the entity which then held former Falcon Project claims.

26. Lithium Ionic was formed, as a public issuer, on May 19, 2022 via an amalgamation involving LI PrivateCo and two other corporations (POCML 6 Inc. and 1000088600 Ontario Inc.) (the **Qualifying Transaction**). Following or as part of the Qualifying Transaction:
  - a. LI PrivateCo became a wholly owned subsidiary of Lithium Ionic; and
  - b. Shares of LI PrivateCo were exchanged on a 1:1 basis for Lithium Ionic shares.
27. Lithium Ionic is listed on the TSX Venture Exchange and elsewhere. Its head office is located at the same address in Toronto as Emerita's head office. Gower, Guy, and Diniz have been directors of Lithium Ionic since its establishment. Diniz is Lithium Ionic's President, and Lopez is its Corporate Secretary. Duras was Lithium Ionic's Chief Financial Officer from its establishment until November 2022.
28. Lithium Ionic continues to indirectly own former Falcon Project claims, one of which it now calls the Bandeira Project and refers to as its "flagship asset".
29. Gower, Guy, Lopez, Diniz, and Duras received or have been allocated payments and other benefits, including securities, from LI PrivateCo and Lithium Ionic in addition to the Lithium Ionic shares they received as a result of the Qualifying Transaction.
30. At all material times, Gower, Guy, Lopez, and Duras owed fiduciary duties to Emerita, including to act honestly, in good faith, loyally, and in Emerita's best interests. Moreover, they owed Emerita duties of full disclosure and the avoidance of conflicts of interest. Each acted dishonestly, and contrary to their duties, by engaging or participating in acts or a course of conduct relating to the diversion of former Falcon Project claims from Emerita and to Lithium Ionic. None disclosed their intentions or actions in that regard to Emerita.

31. In all the circumstances, Diniz also acted dishonestly by engaging or participating in acts or a course of conduct relating to the diversion of former Falcon Project claims from Emerita and to Lithium Ionic.
32. In addition, Gower, Guy, Lopez, and Duras also acted dishonestly by engaging or participating in the development and filing of the Relinquishment Statements, which acts were part of the fraud on Emerita and also amount to fraud on investors and potential investors of Emerita. The Relinquishment Statements were misleading or untrue because:
- a. In respect of the May 2021 Relinquishment Statement, Emerita had not made any attempt to sell or otherwise monetize the Falcon Project since 2019;
  - b. In respect of the August 2021 and January 2022 Relinquishment Statements, Emerita had not relinquished the Falcon Project as of December 2020;
  - c. None mentioned that Gower, Guy, Lopez, and Duras were going to, and by the later point had become involved in a new company which was intended to pursue former Falcon Project claims; and/or
  - d. The statements give the misleading impression that the Falcon Project was abandoned because it had no value when, in fact, Gower, Guy, Lopez, and/or Duras considered it to have potential value.

### **Gower and Diniz Misled Investigators in Attempt to Cover up Fraud**

33. During the investigation, Gower and Diniz made statements to Commission investigators that were, in a material respect, misleading or untrue.
34. In particular, when examined during the investigation, both Gower and Diniz asserted that Gower had in March 2020 signed a document abandoning Emerita's interest in the Falcon Project in exchange for a release from Falcon Metais (**Purported Release Letter**). Both Gower and Diniz also claimed that the

Purported Release Letter had been prepared by Diniz, and that Diniz had brought the document to Gower, who signed it by hand in Diniz' presence in Toronto in early March 2020.

35. These statements were false and misleading. The Purported Release Letter was not signed by Gower in March 2020. Rather, the Purported Release Letter was created at some later time.

### **False or Misleading Statements regarding the Plaza Norte Project**

36. From October 2017 until May 2023, Emerita made repeated statements in its public filings that were, in a material respect, misleading or untrue.<sup>1</sup> The statements concern the permit<sup>2</sup> for, and Emerita's interest in the **Plaza Norte Project**, a high-grade zinc project in northern Spain. Gower, Lopez, Duras, and Merino-Marquez are individually liable for these untrue and misleading statements.

#### ***Plaza Norte Project Background***

37. Emerita conducts business in Spain via a wholly-owned subsidiary, Emerita Resources España S.L. (**Emerita Spain**). Beginning in 2016, Emerita indicated it intended to explore and develop mining projects in the Iberian Peninsula via a joint venture with the Aldesa Group, a group of companies with construction industry experience in Spain.
38. Subsequently, Emerita Spain and the Aldesa Group agreed to pursue the Plaza Norte Project via a company, Cantábrica del Zinc (**CDZ**). Initially, Emerita Spain and the Aldesa Group each owned 50% of CDZ. Emerita Spain was entitled to appoint two of CDZ's four directors. Merino-Marquez and Gower, respectively,

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<sup>1</sup> Including, without limitation, for not stating a fact that was required to be stated or that was necessary to make the statement not misleading.

<sup>2</sup> Emerita's public statements refer to the authorization(s) from the Spanish authorities to explore the Plaza Norte Project in a variety of ways including, without limitation, as having the rights, the concessions, the permit (or permits), the license (or licenses), etc. For simplicity and clarity, we generally use the word 'permit' to cover any and all such descriptors.

became directors of CDZ in 2017 and August 2018.

39. In or about June 2017, CDZ submitted a tender response to the Spanish authorities seeking authorization to explore the Plaza Norte Project.

40. The Plaza Norte Project was a significant, and often the most significant project for Emerita over a considerable period of time. Among other things:

- a. Between November 2017 and July 2019, Emerita raised more than \$9 million via private placements, the documents for each of which referred to funding being used for, at least in part, Plaza Norte exploration;
- b. Plaza Norte featured prominently in Emerita's public filings in 2018 and through 2020, including its financial statements and MD&A. In 2019, Emerita issued news releases about drilling results on the project;
- c. Between June 2018 and October 2021, Plaza Norte was the main project featured on Emerita's website, where it was referred to as "Emerita's key project"; and
- d. Emerita filed a technical report under NI 43-101 for the Plaza Norte Project on February 11, 2019. From that time until May 28, 2021, Plaza Norte was the only Emerita project for which a technical report had been filed.

41. On January 28, 2022, Emerita made conflicting public statements about the Plaza Norte Project in three documents it issued or filed that day. In particular:

- a. in a news release, Emerita said it viewed another project as having stronger technical merit, and that Emerita Spain and Aldesa had agreed to dissolve the joint venture and discontinue CDZ;
- b. in financial statements, Emerita indicated that the project "*is in the process of being cancelled at September 30, 2021*"; however,
- c. in MD&A, Emerita indicated only that the project was a "lower priority", and referred to an expectation of continued drilling of the Plaza Norte Project

by CDZ.

42. Emerita continued to provide updates about the Plaza Norte Project beyond January 28, 2022. In interim MD&A filed on August 29, 2022, Emerita repeated certain details from the January 28, 2022 news release but added: “*the project is expected to be sold or relinquished.*” Emerita repeated that the Plaza Norte Project may be sold, or relinquished, in subsequent public filings.

***Untrue & Misleading Statement #1: Plaza Norte permit length***

43. On October 26, 2017, Emerita announced CDZ had won the tender for the Plaza Norte Project. After the completion of various steps by CDZ and Spanish authorities, the initial permit for the Plaza Norte Project was in fact issued on or about December 14, 2018.

44. Between October 2017 and May 2022, Emerita made untrue statements that the initial permit for the Plaza Norte Project was granted for a three-year term, when in fact CDZ had applied for and was granted a 13-month exploration permit. Such untrue statements were contained in interim and annual MD&A and financial statements, a material change report, and a technical report.

45. On May 30, 2023, Emerita first disclosed, via interim MD&A, that the initial permit for the Plaza Norte Project had only allowed exploration work for 13 months.

***Untrue & Misleading Statement #2: Plaza Norte permit status***

46. From January 28, 2020 until May 30, 2023, Emerita made statements in interim and annual MD&A and financial statements to the effect that CDZ had a valid or current permit for the Plaza Norte Project. Such statements were untrue or misleading because:

- a. the initial permit granted to CDZ for the Plaza Norte Project expired on January 20, 2020;
- b. CDZ made a request to the Spanish authority that the permit be renewed, which was denied on or about February 5, 2020;

- c. Beginning on March 5, 2020 and continuing thereafter, CDZ pursued a number of administrative and court appeal processes relating to the Plaza Norte Project permit, at least some of which remained ongoing as of May 2023. Among other things, during these processes, on or about April 9, 2021, the Spanish authority affirmed its refusal to renew the permit and CDZ commenced and pursued further appeal processes thereafter.

47. Emerita's public filings did not adequately disclose, either at all or in a timely manner, the facts in the preceding paragraph. In addition, Emerita did not in any way disclose that the Plaza Norte Project permit was at risk or in jeopardy at any time between February 2020 and January 2023, and did not issue any corrective disclosure until May 2023. More particularly:

- a. While Emerita did state in annual audited financial statements filed January 28, 2020 that: "*The rights to the Plaza Norte Project expired on January 20, 2020. The Company has submitted a request for extension for an additional term of 3 years and is awaiting approval by the mining authorities*", its annual MD&A filed the same day did not mention the permit expiry or renewal request but instead indicated that CDZ had received all permits;
- b. Emerita's next interim financial statements and MD&A, filed February 28, 2020, and subsequent ones: (a) did not mention the permit expiry; and (b) did not state that the permit renewal had been denied, but instead indicated that CDZ had valid permits for the Plaza Norte Project. In addition, in interim and annual financial statements and MD&A filed between January 28, 2021 and March 1, 2022, Emerita stated that the rights to the Plaza Norte Project had been renewed by the Spanish authority in December 2020. There was no such renewal and, as above, in April 2021 the Spanish authority affirmed its refusal to renew the permit;
- c. In interim MD&A filed between August 2022 and May 2023, Emerita continued to indicate that CDZ had the Plaza Norte Project permit.

Emerita did not discuss the Plaza Norte Project in interim MD&A filed in May 2022, or in interim financial statements filed between May 2022 and May 2023. In its annual audited financial statements filed January 1, 2023, Emerita indicated, for the first time, that the permit for the Plaza Norte Project was under appeal, however this was misleadingly stated to be “as of September 30, 2022”. As above, CDZ had been undertaking administrative and/or court appeals relating to the Plaza Norte Project permit since at least March 2020; and

- d. Finally, in its interim MD&A filed May 30, 2023, Emerita indicated that CDZ applied for renewal of the Plaza Norte Project permit before the expiry of the initial permit and, for the first time, stated that such extension “*was not granted before the relevant permits expired on January 21, 2020. CDZ launched an appeal against the decision to not grant the extension, which is still in process.*”

***Untrue & Misleading Statement #3: Emerita’s interest in joint venture***

48. From May 4, 2020 until May 30, 2023, Emerita made statements in interim and annual MD&A and financial statements that Emerita (via Emerita Spain) had a 50% interest in CDZ. Such statements were untrue or misleading because:

- a. Under the agreements with Aldesa, if any partner in CDZ failed to fund its activities, that partner’s ownership was subject to dilution in favour of partners that did fund such activities;
- b. On October 10, 2019, the Emerita board decided not to fund certain further exploration (drilling) by Aldesa. Minutes of the board meeting noted that failure to fund will result in dilution of Emerita’s interest in CDZ; and
- c. Aldesa funded further drilling activity on the Plaza Norte Project between January and March 2020, to which Emerita did not contribute funding, which would and did result in a dilution of Emerita’s interest in CDZ.

49. Emerita’s public filings did not adequately disclose, either at all or in a timely

manner, the facts in the preceding paragraph. Emerita did not disclose that it had decided not to fund further activities of CDZ or that Emerita Spain's ownership of CDZ would be, and later had been, reduced below 50% at any time between May 2020 and May 2023. Emerita first indicated that it had less than a 50% interest in CDZ in interim MD&A filed on May 30, 2023, which stated that it "*has current ownership of 39% in CDZ.*"

### ***Individual Responsibility for Untrue & Misleading Statements***

50. Gower, Duras, Merino-Marquez, and Lopez were involved in the preparation, certifying, or filing of Emerita's public filings that contained the untrue and misleading statements concerning the Plaza Norte Project. As directors or officers of Emerita who authorized, permitted or acquiesced in such conduct, they are liable pursuant to section 129.2 of the Act for Emerita's breaches of the Act.

## **C. BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST**

51. The Commission alleges the following breaches of Ontario securities law and other reasons it would be in the public interest to grant the orders sought:

- a. Gower, Guy, Diniz, Lopez, and Duras, directly or indirectly, engaged or participated in acts, practices, or courses of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to subsection 126.1(1)(b) of the Act;
- b. Gower and Diniz made statements to the Commission and persons appointed to make an investigation under the Act that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state facts that were required to be stated or that were necessary to make the statements not misleading, contrary to subsection 122(1)(a) of the Act;
- c. Emerita made statements in documents required to be filed or furnished under Ontario securities law that, in a material respect and at the time and

in the light of the circumstances under which they were made, were misleading or untrue or did not state facts that were required to be stated or that were necessary to make the statements not misleading, contrary to subsection 122(1)(b) of the Act;

- d. Gower, Duras, Merino-Marquez, and Lopez, as directors or officers of Emerita, each authorized, permitted or acquiesced in Emerita's breaches of subsection 122(1)(b) above and are thereby liable for such breaches pursuant to section 129.2 of the Act; and
- e. Further, and in any event, the conduct of Gower, Guy, Diniz, Lopez, and Duras described above is contrary to the public interest. Their dishonest conduct is contrary to the high standards of business conduct expected of market participants, which is a fundamental animating purpose of securities regulation.

52. These allegations may be amended, and further and other allegations may be added as counsel may advise, and the Tribunal may permit.

#### **D. ORDER SOUGHT**

The Commission requests that the Tribunal make the following order(s):

- a. that trading in any securities or derivatives by or of the Respondents cease permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2 of subsection 127(1) of the Act;
- b. that the individual Respondents be prohibited from acquiring any securities permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
- c. that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Tribunal, pursuant to paragraph 3 of subsection 127(1) of the Act;
- d. that Emerita submit to a review of its practices and procedures and

institute such changes as may be ordered by the Tribunal pursuant to paragraph 4 of subsection 127(1) of the Act;

- e. that the individual Respondents be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
- f. that the individual Respondents resign one or more positions that they hold as a director or officer of any issuer or registrant pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;
- g. that the individual Respondents be prohibited from becoming or acting as a director or officer of any issuer or registrant, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;
- h. that the registration or recognition of any individual Respondent be terminated, suspended or restricted, and that the Respondents be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Tribunal, pursuant to paragraphs 1 and 8.5 of subsection 127(1) of the Act;
- i. that the Respondents each pay an administrative penalty of not more than \$5 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;
- j. that the Respondents 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;
- k. that the Respondents pay costs of the Commission investigation and hearing, pursuant to section 127.1 of the Act; and
- l. such other order as the Tribunal considers appropriate in the public interest.

April 9, 2026

**ONTARIO SECURITIES COMMISSION**

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