



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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20 Queen Street West  
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**IN THE MATTER OF  
HOME CAPITAL GROUP INC., GERALD SOLOWAY,  
ROBERT MORTON and MARTIN REID**

D. Grant Vingoe, Vice-Chair and Chair of the Panel  
Timothy Moseley, Commissioner  
Garnet Fenn, Commissioner

August 9, 2017

**ORDER**

Sections 127 and 127.1 of the  
*Securities Act*, RSO 1990, c S.5

WHEREAS on August 9, 2017 the Ontario Securities Commission held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider an application made jointly by Home Capital Group Inc. ("**HCG**"), Gerald Soloway ("**Soloway**"), Robert Morton ("**Morton**") and Martin Reid ("**Reid**") (collectively, the "**Respondents**") and Staff of the Commission ("**Staff**") for approval of a settlement agreement dated June 14, 2017 (the "**Settlement Agreement**");

ON READING the Statement of Allegations dated April 19, 2017, and the Settlement Agreement and on hearing the submissions of representatives of each of the parties, and on considering the Undertaking of HCG dated June 14, 2017 to make a payment of \$10,000,000 to Stikeman Elliott LLP in trust for the benefit of the proposed class, other than Excluded Persons<sup>1</sup> (the "**Class**") in the putative class action commenced on February 13, 2017 as London, Ontario Court File No. 349/17CP and certified as a class proceeding for settlement purposes only on June 28, 2017 (the "**Class Action**") and on considering the acknowledgement of the parties that Staff will recommend to the Commission that the \$2,000,000 paid pursuant to the Settlement Agreement and designated for allocation or use under subsection 3.4(2)(b)(i) or (ii) of the *Securities Act*, RSO 1990, c S.5 (the "**Act**") be allocated or used as follows: (a) \$1,000,000 for the benefit of HCG investors who comprise the Class in accordance with subsection 3.4(2)(b)(i) of the Act, which funds upon the issuance of this Order and upon the decision by the Commission to allocate \$1,000,000 for the benefit of HCG investors who comprise the Class, shall be paid to Stikeman Elliott LLP in trust to be held in accordance with the Settlement Agreement in the Class

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<sup>1</sup> "Excluded Persons" means HCG, the individual defendants in the Class Action (the "**Individual Defendants**"), and the past or present subsidiaries or affiliates, officers, directors, partners, legal representatives, consultants, agents, successors and assigns of HCG, and any member of each of the Individual Defendants' families, their heirs, successors or assigns.

Action; and (b) the remaining \$1,000,000 for use by the Commission in accordance with subsection 3.4(2)(b)(i) or (ii) of the Act;

IT IS ORDERED THAT:

1. The Settlement Agreement is approved.
2. HCG shall:
  - i. within one year of the effective date of this Order, conduct a review of and deliver a report to the Board of Directors and Staff on its continuous disclosure practices and any changes proposed and/or implemented as a result of its review, pursuant to subsection 127(2) of the Act; and
  - ii. pay costs in the amount of \$500,000 by wire transfer to the Commission, pursuant to section 127.1 of the Act.
3. Soloway shall:
  - i. be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
  - ii. resign any position that he holds as a director or officer of a reporting issuer, pursuant to paragraph 7 of subsection 127(1) of the Act immediately upon this Order becoming effective;
  - iii. be prohibited from becoming or acting as a director or officer of any reporting issuer for a period of four years commencing on the effective date of this Order, pursuant to paragraph 8 of subsection 127(1) of the Act; and
  - iv. pay an administrative penalty in the amount of \$1,000,000 by wire transfer to the Commission, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount is designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b)(i) or (ii) of the Act.
4. Morton shall:
  - i. be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
  - ii. resign any position that he holds as a director or officer of a reporting issuer, pursuant to paragraph 7 of subsection 127(1) of the Act immediately upon this Order becoming effective;
  - iii. be prohibited from becoming or acting as a director or officer of any reporting issuer for a period of two years commencing on the effective date of this Order, pursuant to paragraph 8 of subsection 127(1) of the Act; and
  - iv. pay an administrative penalty in the amount of \$500,000 by wire transfer to the Commission, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount is designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b)(i) or (ii) of the Act.
5. Reid shall:
  - i. be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
  - ii. resign any position that he holds as a director or officer of a reporting issuer, pursuant to paragraph 7 of subsection 127(1) of the Act immediately upon this Order becoming effective;

- iii. be prohibited from becoming or acting as a director or officer of any reporting issuer for a period of two years commencing on the effective date of this Order, pursuant to paragraph 8 of subsection 127(1) of the Act; and
  - iv. pay an administrative penalty in the amount of \$500,000 by wire transfer to the Commission, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount is designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b)(i) or (ii) of the Act.
6. This Order shall be effective and binding upon the issuance of a final order by the Superior Court of Justice approving the settlement in the Class Action. If the Superior Court of Justice does not make an order approving the settlement in the Class Action, this Order is null and void.

*"D. Grant Vingoe"*

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*"Timothy Moseley"*

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Timothy Moseley

*"Garnet Fenn"*

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Garnet Fenn