



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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Citation: Trilogy Mortgage Group Inc (Re), 2019 ONSEC 17

Date: 2019-05-24

File No. 2018-21

**IN THE MATTER OF
TRILOGY MORTGAGE GROUP INC. and TRILOGY EQUITIES GROUP LIMITED
PARTNERSHIP**

**REASONS AND DECISION
(Subsection 127(8) of the *Securities Act*, RSO 1990, c S.5)**

Hearing: April 24, 2019

Decision: May 24, 2019

Panel: D. Grant Vingoe Vice-Chair and Chair of the Panel

Appearances: Paul Le Vay For Staff

No one appearing on behalf of
Trilogy Mortgage Group Inc. and
Trilogy Equities Group Limited
Partnership

REASONS AND DECISION

I. OVERVIEW

- [1] Trilogy Mortgage Group Inc. (**TMG**) and Trilogy Equities Group Limited Partnership (**TEGLP**) (collectively **Trilogy**) are entities that Staff of the Ontario Securities Commission (**Staff**) allege to have offered securities to the public and solicited investors via a website from February to April 24, 2018. In a separate proceeding, Staff has filed a Statement of Allegations alleging breaches of the *Securities Act*¹ (the **Act**) by Trilogy and numerous other respondents (**Paramount SOA**)².

II. BACKGROUND

- [2] On April 16, 2018, the Ontario Securities Commission (the **Commission**) issued a temporary cease trade order against Trilogy (the **TCTO**) pursuant to subsections 127(1) and 127(5) of the Act. Subsection 127(5) of the Act provides that certain orders may be made on a temporary basis "if in the opinion of the Commission the length of time required to conclude a hearing could be prejudicial to the public interest."
- [3] The TCTO provides that all trading in securities of TMG and TEGLP shall cease, trading in any securities by TGM and TEGLP shall cease, and any exemptions contained in Ontario securities law do not apply to TGM and TEGLP.
- [4] The TCTO was extended on April 26, 2018 (the **First Extension**), September 10, 2018 (the **Second Extension**), and March 29, 2019 (the **Third Extension**) pursuant to subsection 127(8) of the Act. Subsection 127(8) permits the extension of a temporary order "if satisfactory information is not provided to the Commission within the 15-day period."
- [5] The First and Second Extensions were made on consent by David Ross (**Ross**), a registered Director, Officer and the Principal Broker of TMG. No one appeared at the hearings on behalf of Trilogy.
- [6] The Third Extension was extended until April 26, 2019 at a hearing on March 29, 2019. Staff served Ross and Filippo Mizzi (**Mizzi**), who is a Director of TMG. No one appeared at the hearing on behalf of Trilogy. On the same day, Staff issued the Paramount SOA, which was served on Ross and Mizzi.
- [7] Staff indicated in the Paramount SOA that part of the order that they were seeking against Trilogy included an extension of the TCTO until "the conclusion of this hearing". The Commission "may extend a temporary order until the hearing is concluded", pursuant to subsection 127(7).
- [8] The First Attendance in the proceeding initiated under the Paramount SOA was held on April 24, 2019.

III. ANALYSIS

- [9] Under Rule 13 of the Commission's *Rules of Procedure and Forms*³ (**Rules**), if a request to extend a temporary order is made in an existing proceeding, the

¹ RSO 1990, c S.5

² Statement of Allegations, dated March 29, 2019

³ (2017), 40 OSCB 8988

request shall be made by filing a Motion using the form in Appendix B of the Rules.

- [10] In this circumstance, Staff did not follow the procedure as described in the Rules. Rather, the request to extend the TCTO was made as part of the order sought in the Paramount SOA. The procedure for extending a temporary cease trade order is by motion in the proceeding in which the interim order was granted.
- [11] The Commission has the general power under Rule 3 of the Rules to waive any of the Rules, as it considers appropriate, to further the objective set out in Rule 1 which "is to ensure that Commission proceedings are conducted in a just, expeditious, and cost-effective manner."
- [12] In this case, Staff was relying on the materials filed in connection with the March 29, 2019 hearing in relation to the Third Extension, augmented by the fact that the Paramount SOA, covering the alleged Trilogy contraventions, had been filed on the same day as the hearing for the Third Extension.
- [13] Trilogy, through Mizzi, had been served with the materials in support of the Third Extension and were served with the Paramount SOA that called for the continuation of the TCTO through the end of the hearing arising from the Paramount SOA, which overlaps in substance with the materials filed in connection with the Trilogy TCTO extensions.
- [14] No one appeared at either the March 29, 2019 hearing or the April 24, 2019 hearing on behalf of Trilogy, although they were made aware through the materials filed in the Third Extension and the Paramount SOA that the matters to be addressed included the extension of the TCTO.
- [15] In these circumstances, where the affected parties had notice that a continuation of the TCTO was being sought, I considered it inefficient and unnecessary to require the service of the same materials supporting the extension again as part of a separate filed motion in the separate Trilogy proceeding. I therefore concluded that it was appropriate to utilize Rule 3 to waive the requirement for such a renewed process for an extension. I wish to emphasize that this is not the preferred course of action and that there is a high value to be placed on following a predictable and regular course of practice with regard to extensions where potentially very significant economic issues can be at stake.

IV. CONCLUSION

- [16] In considering the above, I find that it is appropriate in these circumstances to grant the extension of the TCTO until the conclusion of the merits hearing arising from the Paramount SOA.

Dated at Toronto this 24th day of May, 2019.

"D. Grant Vingoe"
D. Grant Vingoe