



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF
SOLAR INCOME FUND INC., ALLAN GROSSMAN,
CHARLES MAZZACATO, and KENNETH KADONOFF**

STATEMENT OF ALLEGATIONS

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

A. OVERVIEW

1. This proceeding involves managers of a fund who used their positions to mislead and defraud investors.
2. Allan Grossman and Solar Income Fund Inc. created and managed a fund called SIF Solar Energy Income & Growth Fund to raise money in the exempt market. Grossman, Charles Mazzacato and Kenneth Kadonoff were shareholders, directors and directing minds of SIF Inc. The fund's offering memorandum promised investors that SIF Inc. would spend all of their money on the "acquisition, development, and operation" of solar energy installations, and would charge investors a "development fee" to do so. The offering memorandum led investors to believe that all of their invested funds would be used to buy, develop and operate physical assets that would produce a return on investment through the sale of solar energy.
3. In fact, Grossman, Mazzacato, Kadonoff and SIF Inc. used SIF Solar Energy Income & Growth Fund as a kind of "slush fund", distributing a substantial portion of its cash to other funds managed by them in exchange for unsecured notes. Certain of the Respondents partly owned some of the entities receiving the funds. The Respondents' diversion of funds meant that investors in SIF Solar Energy Income & Growth Fund were deprived of the opportunity to invest in physical assets as they had been promised and were instead left with unsecured notes, over \$5 million of which were never paid back. SIF Inc. also charged these investors over \$3 million in development fees, from which the Respondents personally benefitted, despite not using all of investors' funds for development purposes as SIF Inc. had promised. Finally, the Respondents fraudulently used investors' funds to make distributions to investors in another co-managed fund,

and to pay fees owed to that fund's exempt market dealers.

4. Investors are entitled to expect that their funds will be used for purposes described in an exempt market offering memorandum. When managers use investor funds in a way that is contrary to the representations made to investors, and particularly when the use of funds provides a direct or indirect benefit to the managers of an exempt market issuer, Staff will not hesitate to take action.

B. FACTS

Staff of the Enforcement Branch of the Ontario Securities Commission ("**Enforcement Staff**") makes the following allegations of fact:

5. SIF Solar Energy Income & Growth Fund ("**SIF #1**") is an open-end investment trust created on February 4, 2013 and governed by the laws of the Province of Alberta. During the relevant time and prior to December 22, 2017, SIF #1 was managed by SIF Income Fund Inc. ("**SIF Inc.**"). Grossman, Mazzacato, and Kadonoff were officers, directors and/or directing minds of SIF Inc. for part or all of the Material Time defined below.
6. During the period March 6, 2013 to October 21, 2014, SIF #1 raised approximately \$57 million through the sale of units in SIF #1 (the "**Offering**"). The SIF #1 offering memorandum (the "**OM**") and its amendments represented to investors that the proceeds of the Offering would be used to invest in subsidiaries to acquire, develop, and operate solar energy power installations.
7. However, from March 6, 2013 to December 31, 2016 (the "**Material Time**"), SIF Inc. caused over \$20 million of the proceeds raised in SIF #1 to be used for purposes other than those represented to investors in SIF #1's OM. In particular, during the Material Time,
 - (i) SIF Inc. caused SIF #1 to transfer approximately \$8.35 million to SIF Capital Canada Inc. ("**SIF Capital**"), a company managed and partly owned by SIF Inc. SIF Capital used almost all of these funds to redeem existing debentures of SIF Capital. SIF #1 loaned a further \$965,000 to SIF Capital for the expansion of the Whitewater solar project ("**Whitewater**") before SIF #1 owned any stake in this project;
 - (ii) Between August 2014 and April 2015, SIF Inc. caused SIF #1 to loan \$898,000 to other projects managed by SIF Inc. and in which various entities or trusts related to officers and/or directors of SIF Inc. had an interest; and

- (iii) SIF Inc. caused SIF #1 to loan \$9.8 million to SIF #2 Solar Income & Growth (“SIF #2”), another open-end investment trust managed by SIF Inc. SIF Inc. caused SIF #2 to use these loans to fund solar energy projects owned by SIF #2, to pay development and other fees it owed to SIF Inc., to pay fees it owed to exempt market dealers, and to make distributions to SIF #2 investors that SIF #2 could not otherwise afford to pay.
8. SIF Inc. recorded all of these transactions as either debentures or loans. In each case, the debentures and loans were unsecured and had no fixed term.
 9. By engaging in this conduct, the Respondents caused SIF #1 to make statements and/or to omit information related to the use of funds that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading relationship, which statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made.
 10. Further, by causing SIF #2 to pay exempt market dealer fees and distributions to SIF #2 investors using SIF #1 funds, Grossman, Mazzacato and SIF Inc. engaged in conduct that they knew or ought to have known perpetrated a fraud, and deprived SIF #1 investors of their capital and/or put their capital at risk.
 11. In addition, the Respondents acted contrary to the public interest.

The corporate Respondent

12. SIF Inc. was incorporated on December 18, 2009. It was a privately held Ontario corporation focused on the development and management of solar energy power generation installations. During the Material Time, SIF Inc. managed SIF #1 under a management agreement and an amended management agreement.
13. SIF Inc. managed other solar energy related entities and business ventures, some of which were directly or indirectly owned by SIF Inc. and/or entities or trusts related to its officers and directors.

The individual Respondents

14. Grossman is a Chartered Accountant. He co-founded SIF Inc. Grossman’s family trust was a shareholder and Grossman was a directing mind of SIF Inc. during all of the Material Time. Grossman became the Chief Operating Officer of SIF Inc. commencing December 18, 2009. On

November 25, 2013, he became a director of SIF Inc. and its Chief Financial Officer. On or about June 10, 2014, Grossman's position changed to VP Finance of SIF Inc., a position he retained until August 31, 2015, when he became Executive Vice President. He remained a director and/or officer throughout the remainder of the Material Time.

15. Kadonoff was an indirect shareholder of SIF Inc. during the Material Time. On March 6, 2013, he became the Director of Business Development with SIF Inc. On or about May 15, 2014, he became a director and the VP General Counsel. On August 31, 2015, he resigned as a director and officer. Kadonoff remained a consultant to SIF Inc. until he was formally terminated in February 2016.
16. Mazzacato became an indirect shareholder of SIF Inc. in or about September 2014. Effective May 15, 2014, he became a director and the Chief Technology Officer, VP Project Development of SIF Inc. In August 2015, Mazzacato's position changed to President, which he held for the remainder of the Material Time.

SIF #1's Offering Memorandum and Declaration of Trust

17. SIF Inc. established SIF #1 and prepared an OM as well as the Declaration of Trust for SIF #1. Various exempt market dealers distributed the OM to investors. The OM and the Declaration of Trust for SIF #1 provided that the business and purpose of SIF #1 was:

to invest in Subsidiaries¹ which will in turn invest in the acquisition, development, financing and operation of solar energy powered installations ("Installations") and other ancillary or incidental business activities (the "Business").

18. The long-term objectives of SIF #1 were described in the OM using almost identical language:

The Fund's long-term objective is to invest in Subsidiaries which will in turn invest in the acquisition, development, financing and operation of Installations, as more particularly described under Item 2.2 – Our Business.

19. The OM advised investors under a section entitled "Use of Available Funds" that all of the available funds raised in the Offering would be used to "develop or acquire" solar installations, to pay fees associated with this objective, or as cash reserves. No allocation was made in the "Use of Available Funds" section for loans or transfers to other entities.

¹ Subsidiary as defined in the SIF #1 March 6, 2013 OM "means any company, partnership, trust or other entity either controlled, directly or indirectly, by the Fund or in which the Fund holds more than 50% of the outstanding equity securities." The SIF #1 March 6, 2013 OM also stated: "The Fund expects to create a Subsidiary trust to be the sole limited partner of one or more limited partnerships to be formed to conduct the Business. The general partners of such limited partnerships are expected to be owned, directly or indirectly by the Fund or by SIF [Inc.]".

20. The OM also advised investors, in a section entitled “Short Term Objectives and How We Intend to Achieve Them” that SIF #1 had two short-term objectives over the subsequent 12-month period:
- (i) to “[r]aise capital through the Offering” and,
 - (ii) the “[a]cquisition and/or development and operation of approximately 20 Megawatts...of solar energy Installations on designated lands and/or rooftops” resulting in “[t]he equivalent of approximately 25,000,000 Kilowatt hours of solar energy production hours to be generated annually and sold under long-term Power Purchase Agreements.”
21. Under a subheading entitled “What we must do and how we will do it”, the OM provided an allocation of the total amount to be raised from investors in the Offering, and represented that all of the proceeds from the Offering would be allocated to the costs of the capital raise and to the “acquisition and/or development and operation” of solar installations by and for the benefit of SIF #1. No allocation was made in the “Short Term Objectives” section for loans or transfers to other entities.
22. The OM was amended four times. None of the amendments modified the original description of the business, purpose, use of funds and long-term and short-term objectives of SIF #1.

The Development Fee

23. SIF Inc. received compensation for the “acquisition and/or development and operation” of solar installations by and for the benefit of SIF #1. As confirmed in the OM, SIF Inc. was to provide consulting, development and administrative services to SIF #1 and its subsidiaries under a management agreement. The consideration payable to SIF Inc. for its services included a “development fee” of \$1,620,000 (plus tax) payable over the first 12 months of SIF #1’s operation, a period described as “the appropriate time delay for substantial completion of SIF’s services to the Fund for Installations not currently operating.” The duties and services to be provided by SIF Inc. for which it would receive compensation included services related directly to the “acquisition, development and/or operation” of solar projects by SIF #1. Further, the OM described the development fee as part of the “costs to acquire and/or develop and operate the Installations”. Not included among the services the OM attributed to the development fee were activities related to financing, nor the making of loans or transfers to other entities.
24. On January 13, 2014, SIF Inc. caused SIF #1 to issue an amendment to the OM that increased the maximum offering to investors from \$30 million to \$60 million. As with the original OM, the

January amendment provided that the available funds raised by SIF #1 in the Offering (net of capital raise costs) would be used to “develop or acquire Installations”, for cash reserves, various fees and costs. Due to the increase in the maximum offering, SIF Inc. was ultimately paid a “development fee” of approximately \$3.1 million as at December 31, 2015, despite the fact that a significant portion of the total funds raised by SIF #1 was loaned to other entities managed by SIF Inc. and not used to acquire, develop or operate solar assets for SIF #1.

Flow of funds from SIF #1 to the benefit of other, non-affiliated entities

25. As set out below, during the Material Time, SIF Inc. caused SIF #1 to transfer funds to entities in which SIF Inc. and/or its directing minds held an ownership interest, or for the benefit of investors in entities controlled by SIF Inc. and/or its directing minds.
26. By causing SIF #1 to use investors’ funds for purposes contrary to the representations in SIF #1’s OMs, SIF Inc. authorized, permitted or acquiesced in SIF #1 making false, inaccurate or misleading statements and omitting important facts to investors. This, in some cases, caused actual losses to SIF #1 investors. Grossman, Mazzacato, and Kadonoff authorized, permitted or acquiesced to SIF Inc.’s conduct during the time when each was a directing mind of SIF Inc.

(a) \$8.35 million in transfers to SIF Capital

27. In 2013, SIF Inc. was the sole Class B voting shareholder and manager of SIF Capital. Grossman became a director of SIF Capital on April 30, 2014.
28. On November 10, 2013 and December 15, 2013, SIF Inc. caused SIF #1 to transfer \$350,000 to SIF Capital, which SIF Inc. characterized as an unsecured loan bearing 9% interest, with no fixed term, and due on demand.
29. On January 13, 2014, after SIF #1 had raised approximately \$25 million from investors under the terms of the OM, SIF Inc. caused SIF #1 to transfer another \$8 million to SIF Capital. SIF Inc., as manager of SIF Capital, used the SIF #1 funds to redeem approximately \$8 million in outstanding 10.75% debentures held by investors in SIF Capital. SIF Inc. then caused SIF Capital to issue an unsecured debenture note to SIF #1 bearing an annual interest rate of 9%, with no fixed term, and due on demand.
30. On January 13, 2014, SIF Capital was not a Subsidiary of SIF #1 (as defined in the SIF #1 OM) or a limited partnership for which SIF #1 was the sole limited partner. In addition, none of these

transfers furthered SIF #1's short term objective to "acqui[re] and/or develop[] and operat[e]... approximately 20 Megawatts of solar energy Installations on designated lands and/or rooftops." Rather the transferred SIF #1 funds were used by SIF Inc. to redeem prior investments in SIF Capital.

31. SIF Inc. never demanded repayment of the debenture note on behalf of SIF #1, and although interest was accrued on the debenture note, it was never paid. As recorded in the audited December 31, 2014 SIF #1 consolidated financial statements, SIF #1 recognized an impairment loss of \$438,189 on the interest receivable on the debenture note due to uncertainty regarding SIF Capital's cash flows.
32. On or about July 24, 2014, SIF Inc. obtained a valuation of SIF Capital as of April 30, 2014 which determined that after accounting for SIF Capital's liabilities, including the amounts owed to SIF #1, SIF Capital had a negative value. Despite this valuation, on January 1, 2015, SIF Inc. caused SIF #1 to acquire 100% of SIF Inc.'s Class B voting shares in SIF Capital for \$84,722, approximately the same price SIF Inc. originally paid for its shares.
33. After SIF #1's acquisition of SIF Capital, the remaining receivable amount of the unsecured loan and the \$8 million debenture on the books of SIF #1 were offset by the corresponding debt and liabilities on the books of SIF Capital upon consolidation.
34. At the time of the \$8.35 million in transfers, Grossman and Kadonoff were officers and/or directors and directing minds of SIF Inc.

(b) Over \$9.8 million in transfers to SIF #2

35. On October 9, 2014, SIF Inc. created SIF #2, another unincorporated open-end investment trust. SIF #2 had nearly identical investment objectives and management structure as SIF #1 (including similar development fees payable to SIF Inc.), and was commonly managed by SIF Inc. SIF #1 did not have an ownership interest in SIF #2 or its assets.
36. SIF #2 sought to raise \$30 million. However, it only raised approximately \$7 million during the Material Time. Beginning in June 2015, SIF Inc. caused SIF #1 to advance funds to SIF #2. By the end of December 2015, these transfers totalled approximately \$5.2 million. A "Grid Promissory Note" signed by Grossman and Kadonoff characterized these transfers of funds as a debt owing to SIF #1. The note bore 15% annual interest, was unsecured, and was payable on demand with no maturity date.

37. SIF Inc. continued to transfer funds from SIF #1 to SIF #2 throughout 2016. On January 22, 2016, SIF Inc. created a second “Grid Promissory Note”, signed by Grossman and Mazzacato, to replace the first note, reducing the interest payable to SIF #1 from 15% to 10%. Although the new grid promissory note reflected small repayments of the advances, the amount owing to SIF #1 reached a high of \$9.8 million on August 16, 2016. According to SIF #2’s audited financial statements, the amount SIF #2 owed to SIF #1 as at December 31, 2016 was approximately \$8.3 million. The December 31, 2018 audited consolidated SIF #2 financial statements indicated a write down of the amounts due to SIF #1 of \$4.2 million and accrued interest of \$877,000, as at December 31, 2017.
38. At no time from June 2015 to December 2016 was SIF #2 a subsidiary of SIF #1 or a limited partnership of which SIF #1 was the sole limited partner. In addition, the transfers were made contrary to SIF #1’s representation that it would use all of the investor proceeds from the Offering to “acqui[re] and/or develop[] and operat[e]... solar energy Installations.”
39. Rather, the transferred SIF #1 funds were used by SIF Inc., among other things, to:
- (i) acquire, develop and/or operate solar installations for the benefit of SIF #2;
 - (ii) pay more than \$1.8 million from SIF #2 to SIF Inc. and CPE Inc., a subsidiary of SIF Inc., which included at least \$870,000 in development fees;
 - (iii) pay over \$200,000 in distributions to SIF #2 investors; and
 - (iv) pay fees to exempt market dealers involved in raising capital for SIF #2.
40. In addition to using SIF #1 funds to benefit SIF #2, its investors and exempt market dealers, the Respondents used the funds to benefit themselves. Between 2014 and 2016, SIF #2 paid development fees to SIF Inc., some of which consisted of funds provided by SIF #1 to SIF #2. Approximately \$1.3 million of the development fees paid by SIF #2 to SIF Inc. were “prepaid” to SIF Inc. as at December 31, 2016. By that time, SIF Inc. did not expect to develop or acquire any additional projects for SIF #2. Rather than refunding the prepaid fees to SIF #2 (and SIF #2 subsequently using the refund to repay its loans from SIF #1), SIF Inc. kept the prepaid fees and caused SIF #2 to write them off as an expense without any value accruing to SIF #2.
41. For some or all of the time of these transfers, Grossman, Mazzacato, and Kadonoff were officers and/or directors, and directing minds, of SIF Inc. For the transfers in which SIF #1 funds were used to pay distributions to SIF #2 investors and fees to exempt market dealers, Grossman,

Kadonoff and Mazzacato were officers and/or directors and directing minds of SIF Inc.

(c) Over \$2.2 million in transfers to other parties

42. Between 2013 and 2015, SIF Inc. caused SIF #1 to make transfers to four additional entities in which SIF Inc. and/or Grossman and Kadonoff held an ownership interest, or for the benefit of investors in entities controlled by SIF Inc. and/or Grossman and Kadonoff. At the time of these transfers, none of these entities was a Subsidiary of SIF #1 or a limited partnership of which SIF #1 was the sole limited partner.

(i) \$578,000 transferred to High Quality

43. During 2014 and 2015, High Quality Solar Projects #22 (“**High Quality**”) was a general partner of SIF International 2013 LP (“**SIF International**”). High Quality purportedly was involved in the development of a solar project in Romania. During this time, SIF International was under common management by SIF Inc. Grossman and Kadonoff had an indirect ownership interest in SIF International.

44. In 2014 and 2015, SIF Inc. caused SIF #1 to loan to High Quality approximately \$578,000.

45. SIF #1’s transfers to High Quality were supported by a “Grid Promissory Note”, signed by Grossman and Kadonoff, and bearing interest of 11% per annum. The note provided for no security or maturity date.

46. At no time in 2014 and 2015 was High Quality a Subsidiary of SIF #1 or a limited partnership of which SIF #1 was the sole limited partner. In addition, the transfers were made contrary to SIF #1’s representation that it would use all of the investor proceeds from the Offering to “acqui[re] and/or develop[] and operat[e]... solar energy Installations.”

47. High Quality did not successfully develop any solar projects in Romania and did not have the financial resources to repay SIF #1 the amounts owing under the Grid Promissory Note. Although the amounts were ultimately fully repaid, with interest, by Grossman, Kadonoff and other shareholders of SIF Inc. on December 15, 2015, SIF #1 investors’ funds were used in a manner contrary to the representations made to them.

48. At the time of the transfers to High Quality, Grossman, Kadonoff and Mazzacato were officers and/or directors and directing minds of SIF Inc.

(ii) \$965,000 in transfers to Whitewater

49. In 2013, Whitewater was a project 80% owned by SIF Capital, which was in turn partially owned and managed by SIF Inc.
50. On November 27, 2013, SIF Inc. caused SIF #1 to transfer \$350,000 to Whitewater. In 2014, SIF Inc. caused SIF #1 to make additional transfers to Whitewater such that, the end of 2014 a total of \$965,000 was transferred from SIF #1 to Whitewater.
51. The transfers were acknowledged by promissory notes signed by Grossman on behalf of SIF Capital which provided no security, required payment on demand, and set an annual interest rate of 9%.
52. On February 1, 2014, SIF Inc. caused SIF #1 to acquire a 20% interest in Whitewater although this interest did not qualify Whitewater as a Subsidiary under the SIF #1 OMs.
53. At no time in 2013 and 2014 was Whitewater a Subsidiary of SIF #1 or a limited partnership of which SIF #1 was the sole limited partner. In addition, the transfers were made contrary to SIF #1's representation that it would use all of the investor proceeds from the Offering to "acqui[re] and/or develop[] and operat[e]... solar energy Installations."
54. As referred to above, on January 1, 2015, SIF Inc. caused SIF #1 to acquire 100% of SIF Inc.'s Class B voting shares in SIF Capital. The effect of SIF #1's acquisition of SIF Capital (which owned the remaining 80% of Whitewater) was that, on a consolidated basis, the entire debt owing by Whitewater to SIF #1 was eliminated.
55. For some or all of these transfers, Grossman, Mazzacato and Kadonoff were officers and/or directors and directing minds of SIF Inc.

(iii) \$320,000 in transfers to LP #3

56. In 2014, Grossman and Kadonoff held an ownership interest in Solar Income Fund LP #3 ("LP #3"), which was managed by SIF Inc. LP #3 owned a solar energy project named Paddock Green.
57. In 2014, SIF Inc. caused SIF #1 to transfer funds to LP #3 such that as at December 31, 2014 a total of \$320,386 had been transferred to LP #3. These transfers were acknowledged by a promissory note which provided no security, required payment on demand, and set an annual interest rate of 10%.

58. At no time in 2014 was LP #3 a Subsidiary of SIF #1 or a limited partnership of which SIF #1 was the sole limited partner. In addition, the transfers were made contrary to SIF #1's representation that it would use all of the investor proceeds from the Offering to "acqui[re] and/or develop[] and operat[e]... solar energy Installations."
59. For some or all of these transfers, Grossman, Kadonoff and Mazzacato were officers and/or directors and directing minds of SIF Inc.

(iv) \$430,000 in transfers to SIF Inc.

60. In 2014 and 2015, SIF Inc. caused SIF #1 to transfer funds to itself over and above the funds owed to it by SIF #1. By December 31, 2015, these excess payments totalled approximately \$430,000. These transfers were recorded as a promissory note which provided no security, required payment on demand, and bore an annual interest rate of 10%.
61. For some or all of these transfers, Grossman, Kadonoff and Mazzacato were officers and/or directors and directing minds of SIF Inc.

Summary

62. All of the Respondents have breached subsection 44(2) of the *Securities Act*, RSO 1990, c.S.5 (the "Act") by making or causing SIF #1 to make statements related to SIF #1's use of funds that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading relationship, which statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made.
63. All of the Respondents have breached subsection 126.1(1)(b) of the Act by using funds of SIF #1 in a way that was contrary to the purpose and the short-term and long-term objectives of SIF #1 as provided in its OM, thereby directly or indirectly engaging in or participating in a course of conduct relating to securities which they each knew or reasonably ought to have known perpetrated a fraud on investors. In particular, the Respondents caused SIF #1 to transfer funds to SIF #2 to pay distributions to SIF #2 investors, and fees payable to SIF #2's exempt market dealers, which was contrary to statements provided in SIF #1's OM. By doing so, the Respondents exposed SIF #1 investors to risks not disclosed to them, and in some cases, caused actual losses to SIF #1 investors.
64. All of the Respondents have also acted contrary to the public interest.

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

65. Enforcement Staff alleges the following breaches of Ontario securities law and/or conduct contrary to the public interest during the Material Time:

- (a) SIF Inc. made or caused SIF #1 and/or others to make statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship, which statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act;
- (b) Each of the individual Respondents as officers and/or directors of SIF Inc. authorized, permitted or acquiesced in the breaches by SIF Inc. set out in (a) above and, in doing so, are deemed to have not complied with Ontario securities law pursuant to section 129.2 of the Act;
- (c) Grossman, Mazzacato, Kadonoff and SIF Inc. directly or indirectly engaged in or participated in acts, practices or courses of conduct relating to securities that they each knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to s. 126.1(1)(b) of the Act, by causing SIF #1 to transfer funds to SIF #2 for the payment of distributions to SIF #2 investors, and fees payable to SIF #2's exempt market dealers, which was contrary to statements provided in SIF #1's OM; and
- (d) The Respondents have engaged in activity that is contrary to the public interest.

66. Enforcement Staff reserves the right to amend these allegations and to make such further and other allegations as Enforcement Staff may advise and the Commission may permit.

D. ORDERS SOUGHT:

67. Enforcement Staff requests that the Commission make the following orders:

As against Solar Income Fund Inc.:

- (i) that it cease trading in any securities or derivatives permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;
- (ii) that it be prohibited from acquiring any securities permanently or for such period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
- (iii) that any exemption contained in Ontario securities law not apply to it permanently or for

such period as is specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the Act;

- (iv) that it be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
- (v) that it be prohibited from becoming or acting as a registrant or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
- (vi) that it pay an administrative penalty of not more than \$1 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;
- (vii) that it 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;
- (viii) that it pay costs of the Commission investigation and the hearing, pursuant to section 127.1 of the Act; and
- (ix) such other order as the Commission considers appropriate in the public interest.

As against Allan Grossman, Charles Mazzacato and Kenneth Kadonoff:

- (i) that he cease trading in any securities or derivatives permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;
- (ii) that he be prohibited from acquiring any securities permanently or for such period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
- (iii) that any exemption contained in Ontario securities law not apply to him permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the Act;
- (iv) that he be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
- (v) that he resign any position he may hold as a director or officer of an issuer permanently or for such period as is specified by the Commission, pursuant to paragraph 7 of subsection 127(1) of the Act;
- (vi) that he be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as is specified by the Commission, pursuant to paragraph 8 of subsection 127(1) of the Act;
- (vii) that he resign any positions that he may hold as a director or officer of a registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;
- (viii) that he be prohibited from becoming or acting as a director or officer of a registrant, pursuant to paragraph 8.2 of subsection 127(1) of the Act;
- (ix) that he be prohibited from becoming or acting as a registrant or promoter, pursuant to

- paragraph 8.5 of subsection 127(1) of the Act;
- (x) that he pay an administrative penalty of not more than \$1 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;
 - (xi) that he 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;
 - (xii) that he pay costs of the Commission investigation and the hearing, pursuant to section 127.1 of the Act; and
 - (xiii) such other order as the Commission considers appropriate in the public interest.

DATED this 26th day of September, 2019

Andrew Faith
Polley Faith LLP
1300-80 Richmond St. W.
Toronto, Ontario M5H 2A4
afaith@polleyfaith.com
Tel: 416.365.1600
Litigation Counsel for Staff of the
Ontario Securities Commission