



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- AND -

**IN THE MATTER OF NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP**

- AND -

**IN THE MATTER OF A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION AND
NORMAND GAUTHIER, GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, and
CANPRO INCOME FUND I, LP**

ORDER

(Sections 127 and 127.1 of the *Securities Act*)

WHEREAS on March 27, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") to consider whether it is in the public interest to make orders, as specified therein, against and in respect of Normand Gauthier ("Gauthier"), Gentree Asset Management Inc. ("Gentree"), R.E.A.L. Group Fund III (Canada) LP ("RIII"), and CanPro Income Fund I, LP ("CanPro") (collectively, the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated March 27, 2012;

AND WHEREAS the Respondents entered into a Settlement Agreement with Staff of the Commission dated October 2, 2013 (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated March 27, 2012, subject to the approval of the Commission;

AND WHEREAS pursuant to the Settlement Agreement, the Respondents have, jointly and severally, given an undertaking to the Commission, in the form attached as Schedule “B” to the Settlement Agreement, to make payments to RIII investors pursuant to agreements entered into between the Respondents and the RIII investors, within 6 months of the approval by the Commission of the Settlement Agreement (the “Undertaking”);

AND WHEREAS on October 2, 2013, the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a Settlement Agreement entered into between Staff and the Respondents;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Gauthier, Gauthier on behalf of the other Respondents, and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT:

- (a) The Settlement Agreement is approved;
- (b) pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondents are reprimanded;
- (c) pursuant to paragraph 1 of subsection 127(1) of the Act, the registrations granted to Gauthier and Gentree under Ontario securities law are terminated;
- (d) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by or of Gentree, RIII and CanPro shall cease permanently;
- (e) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Gentree, RIII and CanPro is prohibited permanently;
- (f) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Gentree, RIII and CanPro permanently;
- (g) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Gauthier, including as the term “security” is defined in subsections 1(1) and 76(6) of the Act, whether

direct or indirect, shall cease for a period of 10 years from the date of the order approving the Settlement Agreement;

- (h) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Gauthier, including as the term “security” is defined in subsections 1(1) and 76(6) of the Act, whether direct or indirect, is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement;
- (i) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Gauthier for a period of 10 years from the date of the order approving the Settlement Agreement;
- (j) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Gauthier shall immediately resign all positions that he holds as a director or officer of any reporting issuer, registrant or investment fund manager;
- (k) pursuant to paragraph 7 of subsection 127(1) of the Act, Gauthier shall immediately resign any position he holds as a director or officer of Gentree, and any other issuers (subject to the exception as set out in subparagraph (n) of this Order, below);
- (l) pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the Act, Gauthier is permanently prohibited from becoming or acting as a director or officer of any registrant or investment fund manager;
- (m) pursuant to paragraph 8 of subsection 127(1) of the Act, Gauthier is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement from becoming or acting as a director or officer of any reporting issuer;
- (n) pursuant to paragraph 8 of subsection 127(1) of the Act, Gauthier is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement from becoming or acting as a director or officer of any issuer, with the exception that Gauthier is permitted to act or continue to act as a director and officer of any company through which he carries on business, so long as there are no more than 10 holders of the securities of the corporation, including him, his spouse, and/or immediate family;

- (o) pursuant to paragraph 8.5 of subsection 127(1) of the Act, the Respondents are permanently prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (p) in the event that the Respondents do not fully comply with the Undertaking, then pursuant to paragraph 10 of section 127(1) of the Act, the Respondents shall disgorge to the Commission the unpaid balance arising from the Undertaking, up to the amount of \$114,420 obtained as a result of non-compliance with Ontario securities law. The amount of \$114,420 to be disgorged to the Commission pursuant to this paragraph (p) shall be reduced by the same amount as any funds paid back to the RIII investors in accordance with the Undertaking and the agreements entered into between the Respondents and the said investors, provided that satisfactory supporting evidence of such payments is provided by the Respondents to Staff. This disgorgement amount is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act;
- (q) in the event that the Respondents do not fully comply with the Undertaking, then pursuant to paragraph 10 of section 127(1) of the Act, Gauthier and Gentree, jointly and severally, shall disgorge to the Commission the amount of \$1,785,950.62, obtained as a result of non-compliance with Ontario securities law, which amount is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act;
- (r) pursuant to paragraph 9 of subsection 127(1) of the Act, Gauthier shall pay to the Commission within one year of the approval by the Commission of this Settlement Agreement an administrative penalty in the amount of \$15,000.00, for his failure to comply with Ontario securities law, which amount is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) of the Act;
- (s) pursuant to section 127.1 of the Act, Gauthier shall pay to the Commission within one year of the approval by the Commission of this Settlement Agreement the amount of \$10,000.00, representing a portion of Staff's costs in this matter;
- (t) After the payments set out in paragraphs (p), (q), (r) and (s), are made in full, as an exception to the provisions of paragraphs (g), (h) and (i) of this Order above, Gauthier is permitted to:
 - i. trade in or acquire, for the account of any registered retirement savings plan, registered pension plan, tax free savings accounts and self-directed retirement

savings plans as defined in the Income Tax Act, R.S.C. 1985, c.1, as amended, in which Gauthier and/or his spouse have sole legal and beneficial ownership, and such trading shall be carried out solely through a registered dealer in Canada (which dealer must be given a copy of this Order) (a) any "exchange-traded security" or "foreign exchange-traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than 5 percent of the voting or equity securities of the issuer(s) of any such securities, or (b) any security issued by a mutual fund that is a reporting issuer;

- ii. acquire securities of a "private issuer" as defined in section 2.4 of National Instrument 45-106 for investment purposes and the purposes of operating a business for (i) his own account, (ii) the account of a corporation of which he and/or his spouse have sole legal and beneficial ownership, or (iii) the account of a trust in which his children are the sole beneficiaries, except that Gauthier shall not be permitted to acquire securities in a private issuer that holds, directly or indirectly, securities of a reporting issuer as defined in sections 1(1) and 76(5) of the Act or any other issuer with a real and substantial connection to Ontario, any securities of which are publicly traded; and
- iii. Exemptions are permitted for the purpose of trades described in subparagraphs (t)(i) and (ii) of this Order, above.

- (u) Until the entire amount of the payments set out in subparagraphs (p), (q), (r) and (s) of this Order above, are paid in full, the prohibitions set out in subparagraphs (g), (h), (i), (m) and (n) shall continue in force without any limitation as to time period.

DATED at Toronto this 8th day of October, 2013.

"Edward P. Kerwin"

Edward P. Kerwin