



Ontario
Securities
Commission

Commission des
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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 THE REGISTRATION OF
GROSS SECURITIES CORP.**

DECISION OF THE DIRECTOR

Having reviewed and considered the settlement agreement signed on behalf of Gross Securities Corp. (**Gross**) on October 7, 2021, and by staff of the Ontario Securities Commission on October 4, 2021 (the **Settlement Agreement**), a copy of which is attached as Schedule “A” to this Decision, and on the basis of the Settlement Agreement, I, Debra Foubert, in my capacity as Director under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**), hereby make the following decision:

1. The registration of Gross as an exempt market dealer under the Act is suspended effectively immediately.

October 15, 2021

“Debra Foubert”

Date

Debra Foubert

Schedule "A"

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

- and -

IN THE MATTER OF THE REGISTRATION OF
GROSS SECURITIES CORP.

SETTLEMENT AGREEMENT

A. Gross Securities Corp.

1. This settlement agreement (the **Settlement Agreement**) between staff of the Compliance and Registrant Regulation Branch of the Ontario Securities Commission (**Staff**) and Gross Securities Corp. (**Gross Securities**) relates to the registration status of Gross Securities under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**).

2. Gross Securities has been registered as an exempt market dealer under the Act since August 23, 2013.

3. Sheldon Gross (**Sheldon**) and Mark Gross (**Mark**) are the directors of Gross Securities and are the firm's directing minds. Mark is also registered as the ultimate designated person of the firm.

4. Gross Securities is primarily in the business of distributing securities of issuers that have ownership interests in medical office buildings.

B. Gross Capital Inc.

5. Gross Capital Inc. (**Gross Capital**) is a corporation incorporated pursuant to the laws of Ontario.

6. Sheldon and Mark are the officers, directors, and shareholders of Gross Capital, and are its directing minds.

7. Gross Capital is the parent company of Gross Securities.

C. Proceedings Involving Gross Capital

8. On June 25, 2021, Gross Capital made an assignment in bankruptcy (the **Bankruptcy**).

9. On June 29, 2021, an application was commenced in the Ontario Superior Court of Justice against Gross Capital, Sheldon, Mark, and various corporations related to them (collectively, the **Respondents**) bearing court file number CV-21-00664789-00CL (the **Application**). Gross Securities is not a respondent in the Application.

10. The Application was initiated by certain investors in mortgage participations and promissory notes offered by the Respondents, and alleges wrongdoing by the Respondents in connection with the management of those investments. The Application seeks to lift the stay of proceedings against Gross Capital resulting from the Bankruptcy, and other relief.

11. The Respondents deny the allegations in the Application.

D. Summons to Gross Securities

12. On July 21, 2021, the Director issued a summons to Mark pursuant to s. 33.1 of the Act (the **Summons**). The Summons required Mark, on behalf of Gross Securities, to attend an

examination under oath by a person appointed by the Director at a specified time and place (the **Proposed Examination**).

13. The intended purpose of the Proposed Examination was to explore certain issues raised by the Application to ascertain whether they impugned the suitability of Gross Securities for ongoing registration, or would make its registration otherwise objectionable.

14. Counsel for Mark informed Staff that they had concerns about participating in the Proposed Examination because (i) the Application was outstanding (ii) the Proposed Examination would seek to elicit testimony regarding issues involved in the Application, (iii), the Proposed Examination would not be covered by certain protections that apply to examinations under different provisions of the Act, and (iv) Gross Securities did not presently intend to distribute securities. To avoid any potential prejudice to their position in the Application, counsel for Mark informed Staff that Mark and Gross Securities would not object or contest a decision of the Director suspending Gross Securities' registration. Accordingly, the Proposed Examination did not proceed.

E. Suspension of Registration

15. Section 28 of the Act authorizes the Director to suspend the registration of a registrant if it appears to the Director that the registrant is objectionable.

16. Staff is of the view, and recommends to the Director, that the registration of Gross Securities should be suspended in these circumstances as the registration is objectionable because the Proposed Examination did not proceed. Gross Securities does not contest the suspension of its registration in these circumstances.

17. Gross Securities waives its right to an opportunity to be heard under s. 31 of the Act, and its right to a hearing and review under s. 8 of the Act, in connection with this decision of the Director to suspend its registration for the reasons described herein.

“Elizabeth King”

Elizabeth A. King
Deputy Director, Registrant Conduct
Compliance and Registrant Regulation

October 4, 2021

Date

“Mark Gross”

Gross Securities Corp.

Per: Mark Gross, Ultimate
Designated Person

October 7, 2021

Date