



Citation: 2021 BCSECCOM 397

Notice of Hearing

**Global Crossing Airlines Inc. (formerly known as Canada Jetlines Ltd.) and
Mark Morabito**

(collectively, the Respondents)

Section 161 of the *Securities Act*, RSBC 1996, c. 418

- ¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing (Hearing) at which the Executive Director will tender evidence, make submissions and apply for orders against the Respondents under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Summary

1. Canada Jetlines Ltd. (Canada Jetlines) was a start-up ultra-low-cost airline carrier with its shares trading on the TSX Venture Exchange under the symbol “JET”.
2. Between December 2017 and March 2018 (the Relevant Period), Canada Jetlines contravened the Act when it failed to disclose material information:
 - (a) the termination of a letter of intent (LOI) to lease aircraft; and
 - (b) a delay to the start of flight operations.
3. As a director or officer of Canada Jetlines, Mark Morabito permitted, authorized or acquiesced in Canada Jetlines’ contraventions and therefore, contravened the same provisions of the Act as Canada Jetlines.
4. Morabito engaged in insider trading when he transferred his Canada Jetlines shares, with knowledge of the material information, before it was generally disclosed.

Background

5. During the Relevant Period, Canada Jetlines was a federal company, registered extraprovincially in British Columbia. Canada Jetlines was a reporting issuer under the Act.
6. In June 2020, Canada Jetlines combined with Global Crossing Airlines Inc. and changed its name to Global Crossing Airlines Inc.
7. Morabito was the executive chairman and a director of Canada Jetlines until December 12, 2019. Morabito resides in North Vancouver.
8. On September 6, 2017, Canada Jetlines entered into a LOI with an aircraft leasing company (the Lessor) for the lease of two aircraft for delivery in April 2018.

9. On September 7, 2017, Canada Jetlines issued a news release announcing that:

 “...it has entered into a letter of intent for two Boeing 737-800NG aircraft with a major U.S. based aircraft leasing firm for delivery in April 2018”; and

 “Jetlines is planning to begin ticket sales in Spring 2018 and is targeting start of flight operations for summer 2018, subject to government approval.”
10. Canada Jetlines publicized June 1, 2018, as the start date of flight operations.
11. On November 28, 2017, Canada Jetlines sought an extension to the payment terms of the LOI. On December 12, 2017, the lessor advised it could not provide an extension. On or before December 20, 2017, the LOI terminated.
12. The termination of the LOI contributed to a delay to the start of flight operations. The termination of the LOI and the delay to the start of flight operations, individually or in combination, were material changes and material facts for Canada Jetlines (the material information).

Misconduct

Material information not disclosed

13. The material information was not publicly disclosed until Canada Jetlines issued a news release after the market closed on March 13, 2018 (March news release).
14. Following the March news release, Canada Jetlines’ share price decreased 38% from \$1.42 on March 13, 2018 to \$0.87 on March 15, 2018 and its daily trading volume increased 126% from approximately 8.3 million shares on March 13, 2018 to approximately 18.7 million shares on March 14, 2018.
15. Canada Jetlines contravened section 85(b) of the Act by failing to file a Material Change Report for the material information.
16. Canada Jetlines contravened section 7.1(1) of part 7 of National Instrument 51-102 by failing to immediately issue and file a news release disclosing the material information.
17. Pursuant to section 168.2(1) of the Act, Morabito contravened the same provisions as Canada Jetlines by authorizing, permitting or acquiescing in its contraventions.

Insider trading

18. During the Relevant Period, Morabito was the executive chairman and a director of Canada Jetlines and was therefore in a special relationship with Canada Jetlines under the Act.

19. On February 23, 2018, prior to the issuance of the March news release, Morabito transferred 352,945 Canada Jetlines shares to his spouse, with the knowledge his spouse would sell the shares. By transferring these shares for sale, when he knew the material information, Morabito contravened section 57.2(2) of the Act.

Hearing Process

- ¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Wednesday, November 10, 2021, at 9:00 a.m.** if they wish to be heard before the Commission sets a date for the Hearing. **Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondents upon request to the Executive Director.**
- ¶ 3 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Hearing Office at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director may apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.

Peter J Brady
Oct 7 2021 5:49 PM -07:00

- ¶ 5 Peter J. Brady
Executive Director