

# Enforcement Report

2022-2023



**CIRO · OCRI**

Canadian Investment  
Regulatory  
Organization

Organisme canadien  
de réglementation  
des investissements

## About the Logo

The CIRO logo is a visual representation of the new, single self-regulatory organization and tells the story of CIRO's role in regulation and investor protection. The rounded font demonstrates approachability, collaboration and openness. The shield represents a badge of honour; a visual members can be proud to display. The logo conveys a feeling of trust, and the three lines show upward movement to demonstrate progression and signify growth. Additionally, the lines represent CIRO's three key stakeholders: investors, members and the capital markets.

The Canadian Investment Regulatory Organization (CIRO) is the national self-regulatory organization that oversees all investment dealers, mutual fund dealers and trading activity on Canada's debt and equity marketplaces. CIRO is committed to the protection of investors, providing efficient and consistent regulation, and building Canadians' trust in financial regulation and the people managing their investments. For more information, visit [ciro.ca](https://ciro.ca).

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# Introduction

## The Role Of Enforcement

Enforcement strives to be fair, effective, and timely. Enforcement is responsible for investigating and commencing proceedings against Dealer Members and their Approved Persons.

Effective enforcement requires coordinated and cooperative efforts among regulators and other agencies. Where Enforcement detects any potential violations of provincial securities acts, we refer such matters to the relevant CSA jurisdiction. In certain circumstances, we work collaboratively with CSA jurisdictions on matters of mutual interest. We also make referrals to other domestic or foreign regulators and agencies and, if there is evidence of potential criminal activity, to the police.

Enforcement files may be opened from a variety of sources, including but not limited to examination findings, regulatory filings, client complaints, whistleblower information, referrals from other regulators, or other regulatory departments of the self-regulatory organization. Dealer Member supervision and complaint handling (where applicable) is reviewed in all cases.

## Enforcement Message

The past year has brought significant change in the self-regulatory framework for the investment industry in Canada. The amalgamation of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) has been a significant undertaking that brought together two capable and dedicated Enforcement teams, which at this time are operating as two divisions (Investment Dealers and Mutual Fund Dealers).

**“We are also moving ahead with a centralized complaint intake process that will simplify the process for investors and ensure it remains easily accessible.”**



**Charles Corlett**  
Vice-President, Enforcement  
(Investment Dealers)

We want to thank Enforcement staff who have supported this step forward in how the industry is regulated while remaining focused on the day-to-day work of investigating and litigating cases. Their dedication to protecting investors from unfair, improper, or fraudulent practices, improving investment industry standards, and strengthening market integrity have led to the results and outcomes highlighted throughout this report.

Our work integrating the Enforcement department and its operations has begun, with priority on developing a uniform case selection policy to identify and pursue cases that send a strong regulatory message, and Sanction Guidelines to promote consistency, fairness and transparency in the disciplinary process.



**Charles Toth**  
Vice-President, Enforcement  
(Mutual Fund Dealers)

We are pleased to have now released our Guide to the Enforcement Process, which is intended to assist Dealer Members, their Approved Persons, and employees, in understanding how the Enforcement process works. The guide demonstrates tangible work that has been done to align our processes.

CIRO continues to work diligently towards a single set of rules and processes that will deter and prevent wrongdoing.

We have also made it a priority for the upcoming year to continue to pursue legislative authority across the country that will improve Enforcement’s ability to collect and present evidence, and provide statutory protection against malicious lawsuits while we perform our regulatory responsibilities in good faith. Our earlier successes are highlighted in this report.

Enforcement must be fair, effective and timely. We could not realize this mission without the incredible team at CIRO and the relationships we have created with the Canadian Securities Administrators and their provincial and territorial governments and regulatory authorities.

**“Together, we work to improve the regulatory system to protect investors and foster healthy Canadian capital markets.”**

**Charles Corlett**  
Vice-President, Enforcement (Investment Dealers)

**Charles Toth**  
Vice-President, Enforcement (Mutual Fund Dealers)

# Enforcement Year in Review

## Year In Review

Proceedings were concluded covering a wide range of issues and misconduct.<sup>1</sup> The enforcement proceedings highlighted below illustrate our priorities, the regulatory misconduct we confront, and how we target our investigative and litigation resources.

Although most cases are resolved by way of settlement agreement, where a negotiated resolution is not achievable, Enforcement will not hesitate and is always prepared to advance our allegations in contested hearings.

Where CIRO detects any potential market-related violations by clients of CIRO-regulated firms, we refer such matters to the relevant Canadian Securities Administrators' (CSA) jurisdiction. Both Enforcement and CIRO's Trade Review & Analysis department work with CSA jurisdictions on matters of mutual interest. In FY23, Trade Review & Analysis referred 93 market-related cases to the CSA: Manipulation (25), Insider Trading (49) and other Securities Act Violations (19).

## Selected Case Highlights

### Suitability and Unauthorized and Discretionary Trading

The CIRO requirements relating to investment and mutual fund dealers, require that Approved Persons and Dealer Members know detailed information about their clients' risk tolerance, investment knowledge and financial position. The Approved Person is required to determine whether an investment is suitable for a client, which requires them to understand the investment product and know the client. Approved Persons are prohibited from engaging in activities that pose a conflict with the interests of the client or engaging in activities that cannot be properly supervised by their firms:

**Joseph Debus**, after a disciplinary hearing, a hearing and review to the Ontario Securities Commission, and an appeal to the Ontario Superior Court of Justice, Divisional Court, the Court upheld the original merits and sanction decisions which found that Debus recommended that his clients purchase shares outside the Dealer Member, that he conducted unauthorized and discretionary trades, and that he failed to recommend suitable investments to a client. **Debus was fined \$65,000, ordered to disgorge \$10,000 and pay costs of \$30,000 and suspended for 9 months.**

**Shirley Locke**, after a disciplinary hearing, a hearing and review to the Nova Scotia Securities Commission, and an appeal to the Nova Scotia Court of Appeal, the Court upheld the findings that Locke failed to use due diligence to learn and remain informed of the essential facts relative to certain clients, made unsuitable recommendations, and engaged in unauthorized trading. **Locke was fined a total of \$58,750 for the contraventions, ordered to pay costs of \$25,000, suspended for 6 months, and required to be under six months of close supervision upon re-approval.**

<sup>1</sup> See Appendix for a complete list of proceedings concluded in 2022-2023.

**James Michael Lewis**, in a settlement, for facilitating stealth advising by an unregistered individual, Rosborough, who had sold their book of business to Lewis but continued to provide investment advice to clients and gather Know-Your-Client information. Lewis submitted account forms under his representative code without meeting with or communicating with the clients. Lewis knew or ought to have known that Rosborough had provided the investment advice to the clients and gathered the Know-Your-Client information. Lewis failed to use due diligence to learn the essential facts relative to the clients and to ensure that the transactions were suitable. **Lewis was suspended for 30 months, fined \$20,000 and ordered to pay costs of \$5,000.**

**Sergio Salina**, in a settlement, for recommending that a 95-year-old client switch \$498,511 from a no-load mutual fund to the DSC version of the same mutual fund with a 7 year DSC schedule. Salina received a commission of \$18,943 from the switch that he would not have otherwise received had the client's monies remained invested in the no load mutual fund. The client passed away 18 months after the trade. The Dealer Member compensated the client's estate for the DSC fees incurred, and clawed back Salina's commission earned for the trade. Salina also failed to disclose to the Dealer Member that he had been named as a beneficiary in the same client's will and continued to service the client's estate account. Prior to her death, the client had written a letter stating that Salina did not know about the bequest. At the direction of the Dealer Member, Salina disclaimed the benefit under the client's will. **Salina paid a fine of \$30,000 and costs of \$5,000.**

**Joel Henry Attis**, in a contested hearing for processing 1,782 discretionary trades in client accounts by means of four bulk trades. Attis exercised his discretion with respect to the timing of three bulk trades. For one of the bulk trades, Attis emailed clients stating that trades would be processed in their accounts unless the clients instructed Attis, within 24 hours, not to proceed with the trade. Attis also failed to maintain adequate records of clients' authorization (including dates and details of trade instructions received) for some trades. **Attis was prohibited from conducting securities related business for two years, and ordered to pay a fine of \$50,000 and costs of \$15,000.**

## Enforcing High Standards of Conduct and Ethics

CIRO Rules address business conduct that demonstrates an unreasonable departure from the high standards and ethics expected of regulated persons or that is detrimental to the public interest. The rule is enforced against a wide range of business conduct, including misappropriation and fraudulent conduct. Hearing panels imposed sanctions against:

**Jeffrey Rutledge**, after a disciplinary hearing, for misappropriating more than \$2 million from two client accounts. The misappropriation involved approximately 35 wire transfers over a 27-month period. **Rutledge was ordered to pay a fine of \$2,468,974, which included amounts for disgorgement, and was permanently barred from approval and employment in any capacity with a Dealer Member.**

**Marc St. Pierre**, after a disciplinary hearing, for misappropriating approximately \$4,000,000 from client accounts over six-year period. St. Pierre transferred these funds to his personal back accounts owned or controlled by him. **St. Pierre was permanently barred from approval, ordered to pay a fine of \$1,000,000 and disgorge \$4,840,000.**

**Gary Ng**, after a disciplinary hearing where he failed to appear, for engaging in fraudulent conduct by deceiving lenders into providing \$172 million in loans on the basis of falsified securities accounts and documentation that demonstrated that he had substantial assets that did not in fact exist. The loans were obtained to purchase a Dealer Member. Ng failed to cooperate with the investigation. **He was fined \$5,000,000, ordered to pay costs of \$194,000 and permanently barred.**

**Paul Anthony Dwyer**, following a contested hearing, for submitting two commission-generating trades after being informed by the Branch Manager that the trades would not be approved. Dwyer's client was mentally incapacitated and the client's nephew served as guardian. The guardian signed account forms to transfer the client's investments to Dwyer's Dealer Member and conduct two trades in the account. Before the investments were transferred, the guardian informed Dwyer that the client had passed away. The Branch Manager told Dwyer that, as a result of the client's death, the investments needed to be transferred into a new estate account and the trades could not be processed. Dwyer disregarded the Branch Manager's instructions and placed two trades which generated \$16,279 in commissions. Dwyer deliberately created records to make it appear as though Dwyer was not aware of client's death at the time of the trades. **The Hearing Panel imposed a three-month suspension, 6 months of close supervision, and ordered Dwyer to pay a fine of \$12,500 and costs of \$20,000. Dwyer's appeal of the merits and sanction decisions to the Alberta Securities Commission was dismissed.**



**Paul Bannab**, in a settlement, for failing while acting as alternate branch manager to report to the Dealer Member in close supervision reports that an Approved Person had borrowed monies from clients. The Ontario Securities Commission had imposed terms and conditions requiring the Dealer Member to conduct close supervision on the Approved Person and Bannab was assigned responsibility for completing monthly close supervision reports. Had Bannab reported the borrowing, the Dealer Member would have taken steps to ensure that Wilkins ceased borrowing from clients and reported his conduct to CIRO. **The Hearing Panel imposed a permanent prohibition on acting as a branch manager or in any supervisory capacity, and a fine of \$5,000 and costs of \$5,000.**

**Tiffany Sweeney** was facilitating activity in seven accounts for five different clients, which generated several indicators or red flags that suggested that the accounts may have been engaged in suspicious activity. In addition, Sweeney used instant messaging platforms to communicate with clients preventing her Dealer Member from monitoring all her communications in accordance with their regulatory obligations. **Sweeney was fined \$50,000, ordered to pay disgorgement of \$28,806 in commissions, costs of \$15,000 and suspended for 1 month,**

**RBC Dominion Securities Inc.**, in a settlement, for failing to include proper order designations on numerous orders entered on CIRO-regulated marketplaces as required by UMIR 6.2. CIRO's Market Surveillance department relies on proper order designations to effectively monitor trading activity. In addition, **RBC's internal surveillance and trade supervision in respect of the orders was based on erroneous underlying data. RBC paid a fine and costs of \$162,500.**

## Improving Industry Standards

In every investigation, Enforcement assesses whether a Dealer Member has fulfilled its supervision obligations and met stringent supervision requirements. When advancing proceedings against firms, Enforcement's focus is not merely on sending a deterrence message to prevent a repetition of the failure by that firm, but on ensuring that the firm has implemented adequate remedial measures to prevent against reoccurrence. Remedial measures that are tailored to the specific compliance and supervision failings are an important element in improving overall business standards and practices. Hearing panels imposed sanctions against:

**CIBC World Markets-Inc.**, in a settlement, for failing to establish and maintain a system of internal controls and supervision to ensure client fee agreements were accurately recorded in its fee management systems and clients were charged appropriate fees. In 2021, CIBC discovered a few instances where fees charged to clients in fee-based accounts differed from the fees documented in its client account management system. Subsequently, the firm identified that the issue affected more than just a few clients. The firm worked with a professional accounting firm to identify and correct all accounts impacted by the fee issue and implement new internal controls. CIBC issued refunds of the overcharges, plus tax and opportunity costs, to all clients with accounts that were overcharged. The amount of the remediation was calculated to be \$7.02 million in respect of 12,780 accounts. CIBC also undertook a comprehensive review and action plan to address the root causes of the fee issue through the implementation of system changes and more effective internal controls. Enforcement Staff agreed to reduce the fine that was imposed on the firm on the basis of the proactive and exceptional cooperation demonstrated by the firm through its self-reporting and comprehensive review and action plan, the compensation paid to clients, and its willingness to agree to a timely resolution. **The firm paid a fine and costs of \$124,000.**

**MD Management Limited**, in a settlement, for failing to establish adequate internal controls relating to the secure management of cheques made payable to its clients. In 2021, Joan McCarthy, an Approved Person at MD Management, was found to have falsified signatures and appropriated funds from client accounts. She was permanently barred from approval and fined \$1,000,000 for misappropriating nearly \$775,000 from clients. MD Management launched an internal investigation upon discovering the misconduct and a complaint was filed with the provincial police of Newfoundland and Labrador. In this subsequent proceeding, MD Management admitted its internal controls relating to supervising its employees in relation to the delivery and safekeeping of client cheques resulted in failing to promptly detect the activity of McCarthy. MD Management provided compensation and lost opportunity costs to clients in connection with the misconduct in the amount of \$782,362. **The firm paid a fine and costs of \$225,000 and adopted new policies and procedures and internal controls.**

**National Bank Financial Inc.**, in a settlement, for failing to establish and maintain adequate internal controls which resulted in the erroneous opening of four options accounts and the failure to detect the improper processing of trading error corrections in eighteen accounts when in fact there were no errors. **The firm paid a fine of \$250,000 and costs of \$40,000.**

## Strengthening Market Integrity

Enforcement's efforts to strengthen market integrity focus on enforcing the Universal Market Integrity Rules (UMIR), the rules governing trading on CIRO-regulated marketplaces, and ensuring that regulated persons perform their role as gatekeepers to the capital markets, monitoring and identifying improper, manipulative, or disorderly trading. Investments dealers and their Approved Persons occupy a privileged role in the securities regulatory framework and act as intermediaries, providing access to the markets. The gatekeeper role is a fundamental obligation to protecting market integrity and the reputation of the capital markets.

Settlements were approved by hearing panels in relation to the following market integrity issues:



**Scotia Securities Inc.**, in a settlement, the Dealer Member admitted it failed to implement adequate policies and procedures and an adequate system of controls and supervision to:

- ensure its Approved Persons processed certain transactions as switches, rather than as redemptions and purchases, to avoid exposing the clients to a risk of loss
- prevent its Approved Persons from establishing and subsequently cancelling pre-authorized contribution plans without adequate evidence of client authorization
- prevent its Approved Persons from manually adjusting their sales results on the Dealer Member's sales tracking system

These supervisory deficiencies resulted in Approved Persons receiving increased performance credits which counted towards their sales targets.

In addition, Scotia Securities admitted it failed to implement adequate policies and procedures and an adequate system of controls and supervision to ensure that:

- it provided redemption cheques to clients in a timely manner
- clients did not purchase certain mutual funds in non-registered accounts which were not suitable to be held in those accounts
- client account transfer requests sent to one of its fax servers were processed in a timely manner

Scotia Securities imposed internal discipline against several of its Approved Persons, developed process and governance enhancements to prevent similar contraventions from occurring, and implemented a comprehensive client remediation plan. **Scotia Securities paid a fine of \$1,000,000 and costs of \$75,000. In addition, Scotia Securities has paid \$10,800,000 in remediation to clients.**

**Wealthsimple Advisor Services Inc.**, in a settlement Agreement, the Dealer Member admitted it implemented a process for onboarding Approved Persons of other Dealer Members which failed to ensure that potential clients had consented to the disclosure of their confidential information prior to that information being sent to a company affiliated with Wealthsimple. If the Approved Persons subsequently became registered with Wealthsimple, the clients would be asked to consent to the release of their information from the affiliate to Wealthsimple. The affiliate company would destroy the confidential information if the client did not consent within 180 days.

In addition, Wealthsimple admitted that, on two occasions, its supervisory controls failed to prevent Staff of the affiliate company from viewing and accessing the back-office system of another Dealer Member without that Dealer Member's knowledge or consent. Staff of the affiliate company accessed the back-office system in order to assist an incoming Approved Person to transfer confidential client information to it. **Wealthsimple paid a fine of \$100,000 and costs of \$20,000.**

**TeamMax Investment Corporation**, after a contested hearing, for failing to adequately supervise an Approved Person in response to concerns they were not accurately recording client KYC information, failing to take adequate steps to ensure its compliance with the terms of a previous Hearing Panel order that limited its ability to open leveraged accounts, failing to implement an adequate branch review program, and failing to adequately detect and query KYC uniformity.

The branch review and KYC uniformity contraventions were the subject of a 2017 settlement with TeamMax. After the hearing, TeamMax resigned as a Dealer Member, ceased operations and transferred its accounts to another Dealer Member. **The Hearing Panel imposed a fine of \$60,000 and costs of \$10,000.**

**Queen Financial Group Inc.**, in a settlement, the Dealer Member admitted that it approved and allowed the sale of seven exempt products without using adequate due diligence to understand the material attributes, features and risks of the products and ensuring the products were suitable for clients. Queen Financial's failure to meet its Know-Your-Product obligation limited its ability to provide the necessary direction and supervision to Approved Persons to ensure that it was fulfilling its suitability obligations with respect to the exempt products that it approved for sale to clients. Queen Financial subsequently gathered additional information from the product issuers necessary to fulfill its Know-Your-Product obligation and reviewed each exempt product sale to ensure it was suitable. Queen Financial also hired additional staff to address the issue and a new compliance officer who has experience with exempt products to assist with its new product approval process. **Queen Financial paid a fine of \$30,000 and costs of \$7,500.**

**Funds Direct Canada Inc.**, in a settlement, the Dealer Member admitted it failed to conduct or maintain evidence of tier-one (branch level) trade supervision, and failed to ensure that tier-one trade supervision was conducted on a timely basis. As a result, Funds Direct failed to ensure that each order accepted and each recommendation made for client accounts was suitable for the clients. Funds Direct also contravened its supervisory obligations by failing to adequately resolve supervisory queries, and resolve queries on a timely basis.

Funds Direct subsequently trained and appointed a new branch manager to conduct tier-one supervision. Funds Direct has also implemented changes to its trade and account supervision practices to ensure compliance with the rules. **Fund Direct paid a fine of \$30,000 and costs of \$5,000.**

## Appeals

A respondent or Enforcement Staff may seek a hearing and review or appeal of a hearing panel's decision to the relevant securities commission or applicable reviewing body. After a hearing and review or appeal, a further appeal may be brought to a court in the applicable jurisdiction.

The following hearing and reviews and appeals were commenced, ongoing, or concluded during FY23:

**Joseph Debus** (Ontario) – the hearing and review commenced by the respondent on April 16, 2019 was dismissed by the Ontario Securities Commission in a decision released August 31, 2021; the respondent commenced an appeal to Ontario Divisional Court in September 29, 2021, which was dismissed in a decision released November 14, 2022.

**Shirley Locke** (Nova Scotia) – the hearing and review commenced by the respondent on June 26, 2020, was dismissed in part by the Nova Scotia Securities Commission in a decision released June 24, 2021; an appeal to the Nova Scotia Court of Appeal was commenced by the respondent on August 5, 2021, which was dismissed in a decision released April 12, 2022.

**Douglas John Eley** (Ontario) – the hearing and review commenced by the respondent on October 7, 2020, was dismissed by the Ontario Securities Commission in a decision released on March 5, 2021; an appeal to Ontario Divisional Court was commenced by the respondent on August 24, 2021, which was dismissed in a decision released April 6, 2023.

**Alvin Rupert Jones** (Ontario) – the respondent commenced a hearing and review on February 2, 2021. On June 29, 2022, Jones withdrew his application for a hearing and review.

**Philippe Bélisle** (Quebec) – On November 11, 2021, the respondent filed an application with the Tribunal administratif des marchés financiers (TMF) for review of the penalty decision made on October 12, 2021 by an IIROC hearing panel. The TMF released its decision on December 22, allowing Bélisle's application for hearing and review. The TMF upheld the hearing panel decision on liability but overturned the sanctions decision. The TMF ordered that Bélisle be suspended for a period of 10 years minus 14 months, that he be subject to strict supervision upon reapproval, pay a fine of \$12,6000 and costs of \$10,000.

**Mark Odorico** (Ontario) – On August 15, 2022, the Respondent filed an application for a hearing and review to the Ontario Securities Commission (OSC), seeking a review of IIROC hearing panel decisions dated April 7, 2022 and August 15, 2022. The hearing and review has not yet been decided.

**Amin Mohammad Ali** (Ontario) – on March 14, 2022 (while the disciplinary proceeding was ongoing), the respondent applied for a hearing and review; on June 30, 2023, the Ontario Securities Commission dismissed a motion by the respondent to stay the hearing panel's misconduct and sanction decisions, and to have all aspects of the proceeding be confidential; the hearing and review is scheduled to be heard on September 26, 27 and 29, 2023.

**Paul Dwyer** (Alberta) – on May 11, 2022, the respondent appealed the misconduct and sanction decisions of a MFDA hearing panel; in a decision dated April 11, 2023, the Alberta Securities Commission dismissed the appeal.

**Lucillia Sok Cheng Tan** (British Columbia) – on November 2, 2021, the respondent applied for a hearing and review of the misconduct and sanction decision; on July 5, 2022, the respondent withdrew the application.

# Enforcement Statistics

## Investment Dealer Division

### Complaints

Sources of Complaints					
Source	FY23	FY22	FY21	FY20	FY19
Public	155	114	238	194	164
ComSet	1306	885	1110	1036	881
Internal (from other CIRO departments)	38	26	24	22	36
Other SROs and Commissions	50	20	15	19	20
Other (media, Dealer Members and whistleblowers)	14	8	9	12	8
<b>TOTAL</b>	<b>1563</b>	<b>1053</b>	<b>1396</b>	<b>1283</b>	<b>1109</b>

Top Complaints Reviewed by Case Assessment					
Allegation	FY23	FY22	FY21	FY20	FY19
Unsuitable Investments	26%	20%	30%	29%	24%
Unauthorized and discretionary trading	19%	27%	19%	16%	22%
Misrepresentation	14%	12%	13%	8%	3%
Supervision	18%	9%	13%	7%	7%

## Investigations

Investigations Completed					
	FY23	FY22	FY21	FY20	FY19
Number of Investigations completed	91	76	113	112	127
Percentage of files referred to Prosecutions	41%	41%	25%	35%	38%

Investigations Completed – by Province		
Province	FY23	FY22
Alberta	13	7
British Columbia	15	17
Manitoba	0	0
New Brunswick	0	1
Newfoundland & Labrador	0	0
Nova Scotia	0	1
Ontario	49	40
Quebec	10	9
Saskatchewan	4	1
<b>Total</b>	<b>91</b>	<b>76</b>

Investigations Completed – by Source (% breakdown)				
Source	FY23	# out of 91	FY21	# out of 76
ComSet	16.4%	15	11.8%	9
Enforcement	6.6%	6	9.2%	7
Public	17.6%	16	19.7%	15
CIRO Compliance Depts	11%	10	14.5%	11
Registration	14.3%	13	3.9%	3
Trade Review and Analysis	2.2%	2	1.3%	1
Securities Commissions	5.5%	5	10.5%	8
Surveillance (Debt & Equity, Gatekeeper)	18.7%	17	19.7%	15
Other	7.7%	7	9.2%	7

## Enforcement Proceedings

A proceeding is concluded when a CIRO hearing panel, securities commission or court has made a final decision that includes the imposition of sanctions. Decisions under review by a securities commission or court are not included.

Commenced by Type					
	FY23	FY22	FY21	FY20	FY19
Notice of Hearing (Disciplinary Hearing)	5	10	11	14	10
Settlement Hearing	13	14	15	21	26
Protective Order or Temporary Order	5	2	2	2	3
<b>Total</b>	<b>23</b>	<b>26</b>	<b>28</b>	<b>37</b>	<b>39</b>

Concluded Proceedings by Province					
	FY23	FY22	FY21	FY20	FY19
Alberta	4	3	3	1	3
British Columbia	6	8	4	3	10
Manitoba	0	0	0	3	1
Ontario	14	14	14	24	22
New Brunswick	1	0	1	0	0
Newfoundland	1	1	0	0	0
Nova Scotia	1	0	0	0	0
Prince Edward Island	0	0	0	0	0
Quebec	2	4	7	6	7
Saskatchewan	2	1	0	0	3
<b>Total</b>	<b>31</b>	<b>31</b>	<b>29</b>	<b>37</b>	<b>46</b>

Concluded Proceedings by Respondent Type					
	FY23	FY22	FY21	FY20	FY19
Individuals	20	23	21	27	36
Firms	11	8	8	10	10
<b>Total</b>	<b>31</b>	<b>31</b>	<b>29</b>	<b>37</b>	<b>46</b>

Concluded Proceedings by Hearing Type					
	FY23	FY22	FY21	FY20	FY19
Settlement	17	22	21	31	36
Disciplinary (including Protective or Temporary order)	14	9	8	6	10
<b>Total</b>	<b>31</b>	<b>31</b>	<b>29</b>	<b>37</b>	<b>46</b>

Completed Proceedings – by Regulatory Violation					
Individuals	FY23	FY22	FY21	FY20	FY19
Complaint Handling	0	1	1	1	0
Discretionary trading	3	4	5	3	5
Fail to Cooperate	2	5	0	1	3
Forgery	0	2	0	1	0
Fraud	1	0	0	0	0
Gatekeeper	2	1	2	2	0
Inappropriate personal financial dealings	3	5	3	2	10
Inadequate books and records	0	0	0	0	1
Misappropriation	3	1	0	0	0
Misrepresentation	1	1	1	2	1
Manipulative & deceptive trading	0	1	1	1	2
Off-book transactions	2	2	0	0	1
Outside business activities	3	4	2	0	3
Suitability/Due diligence/Handling of client accounts	4	10	8	11	14
Supervision	0	0	2	2	3
Trading conflict of interest	0	1	0	0	0
Trading without appropriate registration	0	0	0	1	1
Unauthorized trading	3	0	1	3	3
Undisclosed conflict of interest	0	2	0	0	2
Other	5	2	2	5	3
Firms	FY23	FY22	FY21	FY20	FY19
Capital deficiency	0	1	0	1	0
Failure to handle client accounts	0	1	0	1	0
Inadequate books and records	0	1	0	1	1
Internal controls	4	4	1	1	2
Protective order/Termination	4	1	2	1	2
Supervision	3	5	5	2	7
Other	1	0	0	4	1

Sanctions Imposed					
Firms	FY23	FY22	FY21	FY20	FY19
<b>Decisions</b>	<b>11</b>	<b>8</b>	<b>8</b>	<b>10</b>	<b>10</b>
Fines	\$924,000	\$1,370,500	\$1,110,000	\$5,875,000	\$860,000
Costs	\$117,500	\$170,000	\$105,000	\$93,497	\$55,500
Disgorgement	-	\$0	\$0	\$16,242	\$0
<b>Total</b>	<b>\$1,041,500</b>	<b>\$1,540,500</b>	<b>\$1,215,000</b>	<b>\$5,984,739</b>	<b>\$915,500</b>
Permanent Suspension	0	1	1	1	0
Termination	4	1	2	1	2
Individuals	FY23	FY22	FY21	FY20	FY19
<b>Decisions</b>	<b>20</b>	<b>23</b>	<b>21</b>	<b>27</b>	<b>36</b>
Fines	\$9,175,224	\$2,119,77	\$766,500	\$937,500	\$2,207,500
Costs	\$518,000	\$499,022	\$121,500	\$127,000	\$359,000
Disgorgement	\$4,992,246	\$211,736.87	\$88,851	\$31,423	\$237,360
<b>Total</b>	<b>\$14,685,470</b>	<b>\$2,830,530</b>	<b>\$976,851</b>	<b>\$1,095,923</b>	<b>\$2,803,860</b>
Suspension	11	12	13	13	17
Permanent bar	3	4	2	3	3
Conditions	11	9	12	19	23

Collection Rate					
	FY23	FY22	FY21	FY20	FY19
Individuals	4%*	29%	62%	79%	41%
Firms	100%	100%	100%	100%	100%

\* In three cases concluded in FY23, fines, disgorgement, and costs totaling over \$13 million were imposed that are unlikely to be collected and significantly impacted the collection rate for FY23 (see cases regarding Gary Ng, Marc St. Pierre, and Jeffrey Rutledge in Appendix A).

The percentage rates represent the monetary sanctions collected to date for that fiscal year. The rate does not include monetary sanctions imposed for cases that are under appeal. The rate for a given year may increase over time as CIRO continues to collect monetary sanctions after the year in which the sanctions were imposed.

CIRO typically collects 100% of the amounts imposed on firms; there are circumstances where firms may not pay, such as insolvency issues or where a suspension is imposed. Firms that do not pay are no longer members of CIRO in good standing.

## Mutual Fund Dealers Division

### Complaints

Sources of Complaints					
Source	FY23	FY22	FY21	FY20	FY19
Public	150	99	136	120	136
METS	2382	1497	1506	1363	1582
Internal (from other CIRO departments)	2	3	10	0	14
Other SROs and Commissions	3	5	32	6	10
Other (media, Dealer Members and whistleblowers)	4	31	18	23	15
<b>TOTAL</b>	<b>2541</b>	<b>1635</b>	<b>1702</b>	<b>1512</b>	<b>1757</b>

Top Complaints Reviewed by Case Assessment					
Allegation	FY23	FY22	FY21	FY20	FY19
Suitability – Investments	31%	15%	14%	7%	10%
Business Standards	16%	21%	19%	10%	9%
Unauthorized/Discretionary Trading	8%	7%	8%	6%	4%
Transfer of Accounts	8%	6%	8%	3%	3%

### Investigations

Investigations Completed					
	FY23	FY22	FY21	FY20	FY19
Number of Investigations completed	96	133	151	144	162
Percentage of files referred to Prosecutions	46%	53%	65%	60%	57%

Investigations Completed – by Province		
Province	FY23	FY22
Alberta	14	16
British Columbia	12	19
Manitoba	2	9
New Brunswick	1	3
Newfoundland & Labrador	1	0
Nova Scotia	5	3
Ontario	57	81
Quebec	0	0
Saskatchewan	4	1
Yukon	0	1
<b>Total</b>	<b>96</b>	<b>133</b>

Investigations Completed – by Source (% breakdown)				
Source	FY23	# out of 96	FY22	# out of 133
METS	79%	76	73%	97
Public	8%	7	8%	10
CIRO Compliance Depts	4%	4	5%	7
Securities Commissions	3%	3	5%	7
Other	6%	6	9%	12



## Enforcement Proceedings

A proceeding is concluded when a CIRO hearing panel, securities commission or court has made a final decision that includes the imposition of sanctions. Decisions under review by a securities commission or court are not included.

Commenced by Type					
	FY23	FY22	FY21	FY20	FY19
Notice of Hearing (Disciplinary Hearing)	31	47	35	32	49
Settlement Hearing	37	40	44	37	71
<b>Total</b>	<b>68</b>	<b>87</b>	<b>79</b>	<b>69</b>	<b>120</b>

Concluded Proceedings by Province					
	FY23	FY22	FY21	FY20	FY19
Alberta	2	9	10	10	17
British Columbia	14	15	7	17	14
Manitoba	9	5	2	3	3
Ontario	47	40	52	46	100
New Brunswick	1	2	2	0	1
Newfoundland	0	1	1	2	1
Nova Scotia	1	4	3	3	1
Prince Edward Island	0	0	0	1	2
Quebec	0	0	1	0	0
Saskatchewan	3	2	0	1	5
<b>Total</b>	<b>77</b>	<b>78</b>	<b>78</b>	<b>83</b>	<b>144</b>

Concluded Proceedings by Respondent Type					
	FY23	FY22	FY21	FY20	FY19
Individuals	71	75	74	81	134
Firms	6	3	4	2	10
<b>Total</b>	<b>77</b>	<b>78</b>	<b>78</b>	<b>83</b>	<b>144</b>

Concluded Proceedings by Hearing Type					
	FY23	FY22	FY21	FY20	FY19
Settlement	42	49	57	63	114
Disciplinary	35	29	21	20	30
<b>Total</b>	<b>77</b>	<b>78</b>	<b>78</b>	<b>83</b>	<b>144</b>

Completed Proceedings – by Regulatory Violation					
Individuals	FY23	FY22	FY21	FY20	FY19
Business Standards	6	0	0	1	1
Falsification / Misrepresentation	1	1	1	2	1
Failure to Cooperate	4	4	2	4	5
Conflict of Interest	4	2	2	0	5
Active Signature Falsification	11	12	11	9	22
Active Outside Registration Status	2	2	2	1	4
Pre-Signed Forms	18	25	30	36	46
Personal Financial Dealings	6	7	6	8	6
Suitability - Leveraging	2	0	0	1	0
Forgery / Fraud / Theft / Misappropriation / Misapplication	6	5	6	6	8
Unauthorized / Discretionary Trading	3	4	3	3	13
Stealth Advising	1	4	1	0	1
KYC Documentation Deficiency	1	1	0	0	1
Supervision	3	2	2	1	4
Confidentiality / Privacy	1	1	1	0	0
Referral Arrangements	1	0	0	0	4
Know Your Product	1	0	0	0	0
Outside Activity	0	2	4	1	6
Suitability - Investments	0	3	2	2	5
Handling of Funds	0	0	1	0	0
Policies and Procedures	0	0	0	4	0
Conduct Unbecoming	0	0	0	2	1
Sales Communication	0	0	0	0	1
Firms	FY23	FY22	FY21	FY20	FY19
Supervision	4	0	2	2	10
Financial Requirements	0	1	1	0	0
Complaint Procedure	0	0	1	0	0
Conflict of Interest	0	2	0	0	0
Know Your Product	1	0	0	0	0
Confidentiality / Privacy	1	0	0	0	0

Sanctions Imposed					
Firms	FY23	FY22	FY21	FY20	FY19
Decisions	6	3	4	2	10
Fines	\$1,240,000	\$890,000	\$220,000	\$400,000	\$490,000
Costs	\$122,500	\$50,000	\$35,000	\$65,000	\$87,500
<b>Total</b>	<b>\$1,362,500</b>	<b>\$940,000</b>	<b>\$255,000</b>	<b>\$465,000</b>	<b>\$577,500</b>
Suspension	0	0	0	0	1
Permanent ban	0	0	0	0	0
Terms and Conditions	0	1	0	0	0
Individuals	FY23	FY22	FY21	FY20	FY19
Decisions	71	75	74	81	134
Fines	\$7,391,210	\$10,732,977	\$3,231,022	\$9,430,444	\$8,198,292
Costs	\$659,663	\$987,826	\$318,963	\$838,051	\$578,375
<b>Total</b>	<b>\$8,050,873</b>	<b>\$11,720,803</b>	<b>\$3,549,985</b>	<b>\$10,268,495</b>	<b>\$8,776,667</b>
Suspension	29	31	22	28	50
Permanent ban	14	16	10	15	40
Terms and Conditions	17	12	1	4	7

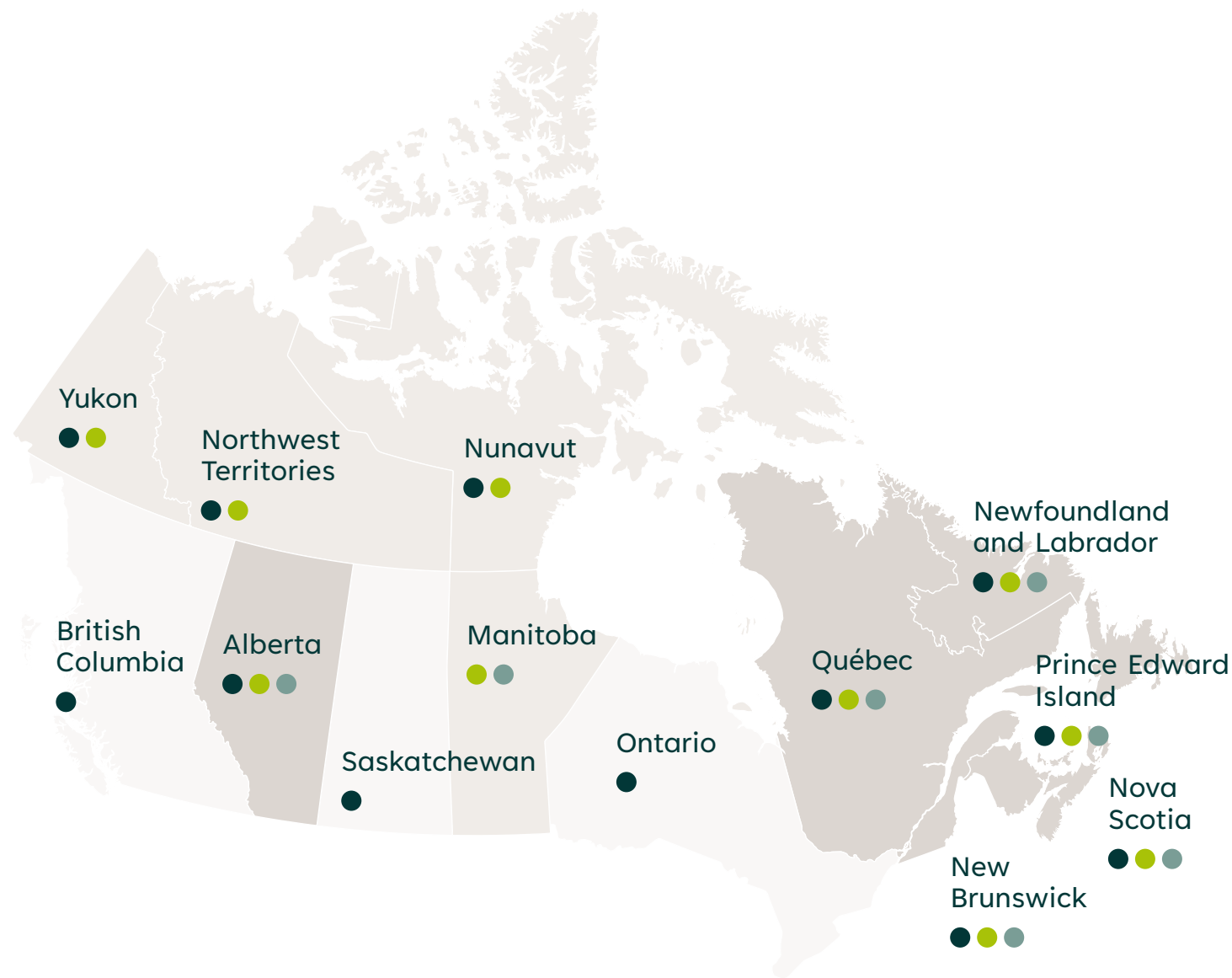
Collection Rate					
	FY23	FY22	FY21	FY20	FY19
Individuals	21%	37%	29%	20%	25%
Firms	100%	100%	100%	100%	100%

The percentage rates represent the monetary sanctions collected to date for that fiscal year. The rate does not include monetary sanctions imposed for cases that are under appeal. The rate for a given year may increase over time as CIRO continues to collect monetary sanctions after the year in which the sanctions were imposed.

CIRO typically collects 100% of the amounts imposed on firms; there are circumstances where firms may not pay, such as insolvency issues or where a suspension is imposed. Firms that do not pay are no longer members of CIRO in good standing.

# Legal Authority Map

Since 2017, every province and territory has taken action to enhance CIRO's enforcement powers. CIRO now has fine collection authority across the country.



- Authority to collect fines
- Collect and present evidence
- Statutory immunity for CIRO

## Yukon



**November 2018:** collect fines and collect/present evidence

## Northwest Territories



**November 2018:** collect fines and collect/present evidence

## Nunavut



**November 2018:** collect fines and collect/present evidence

## British Columbia



**May 2018:** collect fines

## Alberta



**June 2000:** collect fines

**June 2017:** collect/present evidence and statutory immunity

## Saskatchewan



**May 2019:** collect fines

## Manitoba



**June 2018:** collect fines and statutory immunity

## Ontario



**May 2017:** collect fines

## Québec



**June 2013:** collect fines

**June 2018:** collect/present evidence and statutory immunity

## New Brunswick



**December 2019:** collect fines, collect/present evidence and statutory immunity

## Nova Scotia



**October 2018:** collect fines, collect/present evidence and statutory immunity

## Prince Edward Island



**January 2017:** collect fines

**December 2018:** collect/present evidence and statutory immunity

## Newfoundland and Labrador



**November 2021:** collect fines, collect/present evidence and statutory immunity

# Appendices

## Appendix A: Proceedings

April 1, 2022 to March 31, 2023

### Investment Dealer Division Enforcement Proceedings

Individuals				
Case Name (Province)	Type of Proceeding	Commenced	Contraventions	Sanctions Imposed
<b>Lyle Langlois</b> British Columbia	Settlement	April 6, 2022	Accepted payments from a person other than Dealer Member	\$10,000 fine \$32,785.72 disgorgement \$2,500 costs
<b>James Brown</b> British Columbia	Settlement	April 6, 2022	Accepted payments from a person other than Dealer Member	\$10,000 fine \$32,785.72 disgorgement \$2,500 costs
<b>Bardya Ziaian</b> Ontario	Settlement	May 20, 2022	Failure to make bona fide offering of news issues to public investors	Fine \$150,000 Costs \$35,000 costs 18 month supervisory suspension
<b>Daniel George Gordon</b> Ontario	Settlement	August 25, 2021	Outside business activity Personal financial dealings	\$80,000 fine \$20,000 costs 3 month suspension
<b>Gary Man Kin Ng</b> British Columbia	Discipline	November 2, 2020	Standards of conduct Failure to cooperate	\$5,000,000 fine \$194,000 costs permanent bar
<b>Albert Ying Yuen Wong</b> Alberta	Settlement	May 20, 2022	Discretionary trading	\$10,000 fine \$1,000 costs 2 month suspension terms and conditions

<b>Jeffrey Callaway</b> Alberta	Settlement	November 10, 2021	Personal financial dealings	\$20,000 fine \$3,000 costs 3 month suspension terms and conditions
<b>Shirley Locke</b> Nova Scotia	Appeal	July 3, 2019	Failure to know client Suitability Unauthorized trading	\$58,750 fine \$25,000 costs 6 month suspension terms and conditions
<b>Alvin Jones</b> Ontario	Appeal	June 17, 2019	Outside business activity	\$17,500 fine \$500 disgorgement \$5,000 costs 2 month suspension terms and conditions
<b>Nancy Fairclough (Woods)</b> Ontario	Settlement	June 20, 2022	Personal financial dealings	\$17,500 fine \$5,000 costs
<b>Tiffany Sweeney</b> British Columbia	Settlement	August 18, 2022	Standards of Conduct	\$50,000 fine \$28,806 disgorgement \$15,000 costs 1 month suspension
<b>Neil DiCostanzo</b> Ontario	Discipline	December 11, 2020	Outside business activity	\$17,500 fine \$17,500 disgorgement \$15,000 costs terms and conditions
<b>Gregory Paul Bealer</b> Alberta	Settlement	September 15, 2022	Standards of conduct Personal financial dealings	\$50,000 fine \$17,269 disgorgement \$5,000 costs 5 month suspension terms and conditions

<b>Joseph Debus</b> Ontario	Appeal	July 1, 2017	Standards of conduct Unauthorized and discretionary trading Suitability	\$65,000 fine \$10,000 disgorgement 9 month suspension \$35,000 costs terms and conditions
<b>Marc Leon St. Pierre</b> Alberta	Discipline	September 14, 2022	Standards of conduct	\$1,000,000 fine \$4,840,000 disgorgement \$100,000 costs permanent bar
<b>Marni Gay Harvey</b> Saskatchewan	Settlement	November 17, 2022	Standards of conduct	\$50,000 fine \$5,000 costs
<b>Krystal Dawn Morrison</b> Saskatchewan	Settlement	November 10, 2022	Standards of conduct	\$40,000 fine \$5,000 costs
<b>Jeffrey Rutledge</b> British Columbia	Discipline	March 15, 2022	Standards of conduct	\$2,468,974 fine \$10,000 costs permanent bar terms and conditions
<b>Philippe Bélisle</b> Quebec	Appeal	December 14, 2020	Standards of conduct Unauthorized trading	\$12,600 disgorgement \$10,000 costs 8 yr and 10 month suspension terms and conditions
<b>Paul Maurice</b> New Brunswick	Discipline	October 22, 2021	Discretionary trading Standards of conduct	\$60,000 fine \$25,000 costs 10 month suspension terms and conditions

Firms				
Case Name (Province)	Type of Proceeding	Commenced	Contraventions	Sanctions Imposed
<b>Regent Capital Partners Inc.</b> Ontario	Discipline	May 17, 2022	No longer doing business	termination
<b>RBC Dominion Securities Inc.</b> Ontario	Settlement	June 23, 2022	Failure to include proper order designations on IIROC-regulated marketplaces	\$140,000 fine \$22,500 costs
<b>MF Global Canada Co.</b> Ontario	Discipline	June 24, 2022	No longer doing business	termination
<b>MD Management Limited</b> Newfoundland and Labrador	Settlement	July 28, 2022	Inadequate internal controls	\$200,000 fine \$25,000 costs
<b>First Leaside Securities Inc.</b> Ontario	Discipline	August 24, 2022	No longer doing business	termination

<b>BMO Nesbitt Burns Inc.</b> British Columbia	Settlement	September 12, 2022	Failure to supervise	\$125,000 fine \$15,000 costs
<b>National Bank Financial Inc.</b> Quebec	Settlement	August 22, 2022	Inadequate internal controls	\$250,000 fine \$40,000 costs
<b>Fortrade Canada Limited</b> Ontario	Discipline	November 4, 2022		Temporary Order granted
<b>R. J. O'Brien &amp; Associates Canada Inc.</b> Ontario	Settlement	November 22, 2022	Failure to supervise	\$90,000 fine \$10,000 costs
<b>CIBC World Markets Inc.</b> Ontario	Settlement	November 29, 2022	Inadequate internal controls	\$119,000 fine \$5,000 costs terms and conditions
<b>Brant Securities Limited</b> Ontario	Discipline	February 10, 2023	No longer doing business	termination



## Mutual Fund Dealers Enforcement Proceedings

Individuals				
Case Name (Province)	Type of Proceeding	Commenced	Contraventions	Sanctions Imposed
<b>Kenneth Russell</b> Ontario	Settlement	March 9, 2022	Know Your Product Complaint Procedure Personal Financial Dealings Policy & Procedures Suitability - Investments	\$26,000 fine \$5,000 costs Educational Course Requirement
<b>Kane Kachur</b> Saskatchewan	Settlement	January 11, 2022	Pre-Signed Forms	\$18,000 fine \$5,000 costs
<b>David Nichol</b> Manitoba	Settlement	June 25, 2021	Pre-Signed Forms Personal Financial Dealings	\$25,000 fine \$5,000 costs 1 month Suspension
<b>Liliana Marin</b> Ontario	Settlement	March 17, 2021	Personal Financial Dealings Conflict of Interest Policy & Procedures	\$10,000 fine \$7,500 costs 1 year Prohibition
<b>Yeram Kwak</b> British Columbia	Settlement	January 18, 2022	Active Signature Falsification Policy Procedures	\$11,000 fine \$2,500 costs
<b>Xiao Feng Xin</b> British Columbia	Settlement	December 15, 2021	Active Signature Falsification Conflict of Interest Policy & Procedures Unauthorized/Discretionary Trading	\$10,000 fine \$5,000 costs 12 month Prohibition

<b>Antony Chau</b> Ontario	Settlement	July 8, 2021	Supervision Securities Regulator's Order	\$20,000 fine \$7,500 costs 5 year Supervisory Suspension
<b>Alex Eng</b> Quebec	Settlement	February 1, 2022	Conflict of Interest Policies & Procedures	\$12,500 fine \$5,000 costs
<b>Rakesh Garg</b> Ontario	Settlement	December 10, 2021	Active Signature Falsification Pre-Signed Forms	\$25,000 fine \$2,500 costs
<b>Adele Hamer</b> Alberta	Settlement	February 25, 2022	Active Signature Falsification Policy & Procedures	\$12,500 fine \$2,500 costs Educational Course Requirement Permanent Supervisory Prohibition 1 month Prohibition
<b>Anthony Chiaravalloti</b> Ontario	Settlement	September 22, 2021	Referral Arrangements Conduct Unbecoming Falsification/Misrepresentation Outside Activity Policy & Procedures	\$15,000 fine \$5,000 costs 3 year Prohibition
<b>Hon Ting (Patrick) Yung</b> Ontario	Contested	November 24, 2021	Forgery/Fraud/Theft/ Misappropriation/ Misapplication Failure to Cooperate	\$300,000 fine \$10,000 costs Permanent Prohibition

<b>Paul Bannab</b> Ontario	Settlement	March 21, 2022	Supervision	\$5,000 fine \$5,000 costs Permanent Supervisory Prohibition
<b>Pieter Lindhout</b> Ontario	Settlement	March 14, 2022	Active Signature Falsification Pre-Signed Forms	\$30,000 fine \$5,000 costs Educational Course Requirement
<b>Geng (Marshal) Liu</b> British Columbia	Settlement	April 13, 2022	Pre-Signed Forms	\$20,000 fine \$5,000 costs
<b>Xinyi (Millie) Pu</b> Ontario	Settlement	April 20, 2022	Confidentiality/Privacy Business Standards Policy & Procedures	\$5,000 fine \$2,500 costs Educational Course Requirement
<b>Chanrith Vin</b> Ontario	Contested	December 21, 2021	Forgery/Fraud/Theft/ Misappropriation/ Misapplication Acting Outside Registration Status Failure to Cooperate Falsification/Misrepresentation Outside Activity Personal Financial Dealings	\$1,724,210 fine \$30,000 costs Permanent Prohibition
<b>Maurice Gary Mailloux</b> Ontario	Settlement	April 29, 2022	Pre-Signed Forms	\$15,000 fine \$5,000 costs

<b>Christine Levesque</b> Ontario	Contested	March 25, 2021	Forgery/Fraud/Theft/ Misappropriation/ Misapplication Failure to Cooperate	\$300,000 fine \$20,000 costs Permanent Prohibition
<b>Jeong Shin</b> Ontario	Settlement	May 25, 2022	Forgery/Fraud/Theft/ Misappropriation/ Misapplication Business Standards Conflict of Interest Personal Financial Dealings Policy & Procedures Unauthorized/Discretionary Trading	\$50,000 fine \$5,000 costs Permanent Prohibition
<b>Sergio Salina</b> British Columbia	Settlement	December 20, 2021	Conflict of Interest Policy & Procedures Pre-Signed Forms	\$30,000 fine \$5,000 costs
<b>Nhat Trieu</b> Ontario	Contested	March 14, 2022	Failure to Cooperate	\$40,000 fine \$7,500 costs Permanent Prohibition
<b>Marja Grobbink Harmer</b> Saskatchewan	Contested	December 14, 2020	Failure to Cooperate Acting Outside Registration Status Outside Activity Personal Financial Dealings	\$525,000 fine \$20,000 costs Permanent Prohibition
<b>Erich Juillet</b> Ontario	Settlement	September 23, 2021	Active Signature Falsification Business Standards Policies & Procedures	\$5,000 fine \$2,500 costs Educational Course Requirement 6 month Prohibition

<b>William Craven</b> Ontario	Settlement	July 20, 2022	Pre-Signed Forms	\$20,000 fine \$2,500 costs Educational Course Requirement 30 day Suspension
<b>Jerry Song</b> British Columbia	Settlement	April 28, 2022	Supervision	\$9,000 fine \$5,000 costs Educational Course Requirement 4 month Supervisory Suspension
<b>William McTavish</b> Ontario	Settlement	July 22, 2022	Pre-Signed Forms	\$22,000 fine \$2,500 costs
<b>Christopher Roberts</b> British Columbia	Settlement	July 4, 2022	Active Signature Falsification Policy & Procedures	\$10,000 fine \$2,500 costs
<b>Hui Chuan Hsu</b> British Columbia	Settlement	July 15, 2022	Personal Financial Dealings	\$20,000 fine \$5,000 costs 5 year Prohibition

<b>Joyce Elaine Ross</b> British Columbia	Settlement	June 21, 2022	Pre-Signed Forms	\$20,000 fine \$2,500 costs 2 month Supervisory Suspension
<b>Amin Ali</b> Ontario	Contested	June 4, 2020	Failure to Cooperate Business Standards Outside Activity	\$50,000 fine \$10,000 costs Permanent Prohibition
<b>Fahad Izhar</b> Ontario	Settlement	May 12, 2022	Active Signature Falsification Policy & Procedures	\$16,000 fine \$5,000 costs
<b>Sandra Rizovska- Spasik</b> Ontario	Settlement	September 1, 2022	Active Signature Falsification Policy & Procedures	\$13,000 fine \$2,500 costs
<b>Dessislava Hristova</b> Ontario	Settlement	July 29, 2022	Unauthorized/Discretionary Trading KYC Documentation Deficiency Policy & Procedures	\$10,000 fine \$5,000 costs
<b>MD Sabab Alam</b> Ontario	Settlement	July 27, 2022	Unauthorized/Discretionary Trading Policy & Procedures	\$9,000 fine \$5,000 costs

<b>Everest D'Souza</b> Ontario	Contested	December 16, 2021	Acting Outside Registration Status Policy & Procedures	\$30,000 fine \$2,500 costs
<b>Helen Collymore</b> Ontario	Settlement	April 4, 2022	KYC Documentation Deficiency Business Standards Policy & Procedures	\$7,500 fine \$5,000 costs
<b>Timothy Laskey</b> Ontario	Settlement	September 6, 2022	Active Signature Falsification Pre-Signed Forms	\$28,000 fine \$2,500 costs Educational Course Requirement 18 month Supervisory Suspension
<b>James Lewis</b> Ontario	Settlement	October 20, 2021	Stealth Advising Business Standards KYC Documentation	\$20,000 fine \$5,000 costs 30 month Prohibition
<b>Roger Gebhardt</b> Ontario	Settlement	October 7, 2021	Conflict of Interest Business Standards Policy & Procedures	\$70,000 fine \$7,500 costs 8 year Prohibition

<b>Robert Colvin</b> Manitoba	Settlement	August 15, 2022	Pre-Signed Forms Policy & Procedures	\$25,000 fine \$5,000 costs Educational Course Requirement
<b>Andrey Belskiy</b> Manitoba	Contested	August 2, 2022	Pre-Signed Forms	\$5,000 fine \$2,500 costs 9 month Prohibition
<b>Muhamad Sadiq</b> Ontario	Contested	September 14, 2021	Suitability – Leveraging Falsification/Misrepresentation Suitability – Investments Forgery/Fraud/Theft/ Misappropriation/ Misapplication KYC Documentation Deficiency Personal Financial Dealings Stealth Advising	\$750,000 fine \$49,663 costs Permanent Prohibition
<b>Margaret Cheng</b> Ontario	Settlement	September 20, 2022	Pre-Signed Forms	\$12,500 fine \$2,500 costs Educational Course Requirement 6 month Supervisory Suspension

<b>Azhar Batla</b> Ontario	Contested	February 10, 2022	Forgery/Fraud/Theft/ Misappropriation/ Misapplication Falsification/Misrepresentation	\$145,000 fine \$15,000 costs Permanent Prohibition
<b>Majid Hassanshahi</b> British Columbia	Settlement	September 12, 2022	Unauthorized/Discretionary Trading Falsification/Misrepresentation Policy & Procedures	\$10,000 fine \$5,000 costs
<b>Dennis Duclos</b> Ontario	Settlement	March 23, 2022	Unauthorized/Discretionary Trading Books/Records/Client Reporting Complaint Procedure Pre-Signed Forms	\$25,000 fine \$2,500 costs
<b>Laura Kowall</b> Manitoba	Settlement	October 6, 2021	Pre-Signed Forms	\$17,500 fine \$2,500 costs
<b>Robert Watts</b> Manitoba	Settlement	October 6, 2021	Pre-Signed Forms	\$20,000 fine \$2,500 costs

<b>Ken Derksen</b> British Columbia	Contested	May 6, 2022	Forgery/Fraud/Theft/ Misappropriation/ Misapplication Business Standards Failure to Cooperate Personal Financial Dealings Policy & Procedures	\$315,000 fine \$10,000 costs Permanent Prohibition
<b>Zhi Cheng (Charles) Jiang</b> Ontario	Settlement	December 19, 2022	Pre-Signed Forms	\$25,000 fine \$5,000 costs Educational Course Requirement
<b>Joel Attis</b> New Brunswick	Contested	December 18, 2019	Unauthorized/Discretionary Trading Policy & Procedures Books/Records/Client Reporting	\$50,000 fine \$15,000 costs 2 year Prohibition
<b>Nazim Mohammed</b> Ontario	Settlement	October 7, 2022	Suitability – Leveraging Commissions and Fees	\$15,000 fine \$5,000 costs 2 year Prohibition
<b>Christian Perrault</b> Ontario	Settlement	November 22, 2022	Pre-Signed Forms	\$22,000 fine \$2,500 costs

<b>Zinan Liu</b> British Columbia	Contested	December 22, 2021	Personal Financial Dealings Outside Activity Conduct Unbecoming	\$15,000 fine \$5,000 costs 2 year Prohibition
<b>Tyler Comrie</b> Ontario	Settlement	November 29, 2022	Active Signature Falsification	\$10,000 fine \$2,500 costs
<b>Stephen Smockum</b> Ontario	Contested	September 20, 2021	Personal Financial Dealings Falsification/Misrepresentation Business Standards Outside Activity	\$275,000 fine \$10,000 costs Permanent Prohibition
<b>Gilbert VanAmburg</b> Nova Scotia	Settlement	December 13, 2022	Pre-Signed Forms	\$17,500 fine \$2,500 costs
<b>Jingshan (Sarah) He</b> British Columbia	Settlement	December 22, 2021	Personal Financial Dealings Falsification/Misrepresentation Outside Activity	\$20,000 fine \$5,000 costs 2 year Prohibition
<b>Albert Routhier</b> Ontario	Settlement	December 19, 2022	Pre-Signed Forms	\$25,000 fine \$2,500 costs
<b>Ryan Small</b> Ontario	Settlement	December 7, 2022	Acting Outside Registration Status Outside Activity Business Standards Conflict of Interest Policy & Procedures	\$20,000 fine \$5,000 costs 5 year Prohibition

<b>Poorvika Kandiah</b> Ontario	Settlement	January 31, 2023	Business Standards Conflict of Interest	\$7,500 fine \$5,000 costs Educational Course Requirement 2 month Supervisory Suspension
<b>Robert Fulton</b> Ontario	Settlement	December 14, 2022	Active Signature Falsification Pre-Signed Forms	\$19,000 fine \$5,000 costs
<b>Maria Santos</b> Manitoba	Settlement	December 5, 2022	Business Standards Conflict of Interest	\$16,000 fine \$5,000 costs Educational Course Requirement 12 month Supervisory Suspension
<b>Susan Cheung</b> Ontario	Settlement	February 1, 2023	Conflict of Interest Business Standards	\$10,000 fine \$5,000 costs Educational Course Requirement 3 month Supervisory Suspension
<b>Sungsoo Lee</b> British Columbia	Contested	December 22, 2021	Failure to Cooperate	\$35,000 fine \$5,000 costs Permanent Prohibition



<b>Matthew Ewonus</b> British Columbia	Contested	September 9, 2022	Falsification/Misrepresentation Policy & Procedures Reporting Violations	\$30,000 fine \$5,000 costs 6 month Suspension
<b>Megan Stokes</b> Ontario	Settlement	February 1, 2023	Business Standards	\$7,500 fine \$5,000 costs Educational Course Requirement 2 month Supervisory Suspension
<b>Bernard Phanthavong</b> Manitoba	Settlement	February 1, 2023	Business Standards	\$7,500 fine \$5,000 costs Educational Course Requirement 2 month Supervisory Suspension
<b>Charlene Waldmo</b> Manitoba	Settlement	February 1, 2023	Business Standards	\$7,500 fine \$5,000 costs Educational Course Requirement 2 month Supervisory Suspension
<b>Megha Arora</b> Alberta	Settlement	December 5, 2022	Business Standards Conflict of Interest	\$5,000 fine \$5,000 costs 18 month Prohibition

Firms				
Case Name (Province)	Type of Proceeding	Commenced	Contraventions	Sanctions Imposed
<b>TeamMax Investment Corp.</b> Ontario	Contested	November 11, 2021	Supervision Securities Regulator's Order	\$60,000 fine \$10,000 costs
<b>Wealthsimple Advisor Services Inc.</b> Ontario	Settlement	September 6, 2022	Confidentiality/Privacy Supervision	\$100,000 fine \$20,000 costs
<b>Queen Financial Group Inc.</b> Ontario	Settlement	December 13, 2022	Know Your Product	\$30,000 fine \$7,500 costs
<b>Funds Direct Canada Inc.</b> Saskatchewan	Settlement	November 17, 2022	Supervision	\$30,000 fine \$5,000 costs
<b>Scotia Securities Inc.</b> Ontario	Settlement	December 19, 2022	Supervision	\$1,000,000 fine \$75,000 costs
<b>GP Wealth Management Corporation</b> Ontario	Settlement	December 22, 2022	Suitability – Leveraging Supervision	\$20,000 fine \$5,000 costs

# Appendix B: Enforcement Process



## ● Internal Sources

- Registration Department
- Compliance Departments [Business Conduct Compliance (BCC), Financial & Operations Compliance (FinOps), and Trading Conduct Compliance (TCC)]
- Trading Review & Analysis (TR&A)/ Market Surveillance
- [Business Conduct Compliance (BCC), Financial & Operations Compliance (FinOps), and Trading Conduct Compliance (TCC)]
- Complaints & Inquiries

*For more information, go to Appendix C*

## ● External Sources

- Public Complaints & ComSet and METS Reports
- Referrals from Outside Agencies
- (Securities Commissions, other SROs, police and other agencies)
- CIRO's Whistleblower Service

*For more information, go to Appendix C*

## ● Close

With no action or issue a Cautionary Letter

## ● Referrals

To provincial securities commissions, other domestic or foreign regulators/agencies, police if there is evidence of criminal activity.

## ● Use of Fines and Cost Awards

All fines collected can only be used for certain purposes as designated in the Canadian Securities Administrators' Recognition Orders of CIRO. This includes education or research projects that are in the public interest, the administration of disciplinary panels and/or the development of programs or systems to address emerging regulatory issues that relate to investor protection or the integrity of the capital markets. See Fine Collection Rates on page 25.

Pursuant to CIRO Rules, CIRO cost awards are used to pay for any costs incurred by CIRO in relation to its investigations and hearings.

## ● Firms

- A reprimand
- Fines, up to a maximum of \$5 million per contravention or an amount equal to three times the profit made, or loss avoided
- Imposition of conditions on membership
- A period of suspension
- Expulsion

## ● Individuals

- A reprimand
- Fines, up to a maximum of \$5 million per contravention or an amount equal to three times the profit made, or loss avoided
- Imposition of terms and conditions
- A period of suspension
- A permanent ban

## Appendix C: Information Sources

Enforcement cases are based on information drawn from a variety of internal and external sources.

### Internal Sources



#### Registration Department

On occasion, the circumstances surrounding the termination of an individual registrant requires further investigation.



#### Compliance Departments [Business Conduct Compliance (BCC), Financial Operations Compliance (FinOps), and Trading Conduct and Compliance (TCC)]

Issues and deficiencies noted in compliance examination reports sometimes form the basis for some of Enforcement's most significant disciplinary cases.



#### Trading Review & Analysis (TR&A)/ Market Surveillance

The TR&A and Market Surveillance Departments oversee all equity and debt trading on Canadian marketplaces and serve as Enforcement's primary source of market-related information and enforcement referrals.



#### Complaints & Inquiries

Where alleged regulatory violations are suspected, C&I refers the majority of the complaints it receives to Enforcement for further assessment.

### External Sources



#### ComSet and METS Reports

CIRO rules require Dealer Members to inform CIRO when certain events occur using CIRO's complaint reporting systems (ComSet is for ID firms and METS is for MFD firms).



#### Outside Agencies

Enforcement receives referrals from Canadian provincial securities regulators, international securities regulatory bodies and other public agencies, including law enforcement officials.



#### Whistleblower Service

CIRO operates a Whistleblower Service designed to receive, evaluate and take prompt and effective action on information based on first-hand knowledge or tangible evidence of potential systemic wrongdoing, securities fraud and/or unethical behaviour by CIRO-regulated individuals or firms.

# Glossary

## Active Signature Falsification

Refers to instances in which an Approved Person or other individual signs the client's signature or initials on a document in an effort to make it appear the client actually signed the document.

## Approved Person

Refers to an individual who is a partner, director, officer, compliance officer, branch manager, or alternate branch manager, employee or agent of a Member who (i) is registered or permitted, where required by applicable securities legislation, by the securities commission having jurisdiction, or (ii) submits to the jurisdiction of CIRO.

## Business Standards

Refers to a breach of the high business standards required by MFDA Rule 2.1.1(b) or Investment Dealer Rule 1400.

## Canadian Securities Administrators ("CSA")

The CSA is the council of 10 provincial and three territorial securities regulators in Canada. The mission of the CSA is to facilitate Canada's securities regulatory system by protecting investors from unfair fraudulent practices and by promoting fair, efficient and transparent markets through the development of harmonized securities regulations, policies and practices.

## Commissions and Fees

Refers to allegations involving practices such as disclosure of commission structure and cost, and other issues such as where an Approved Person recommends a trade or multiple trades in a client's account for the purpose of generating sales commissions or otherwise creating a benefit for the Approved Person where there is little or no rationale for the trade.

## Complaint Procedures

Refers to allegations involving the requirement that every Member shall establish written policies and procedures for dealing with client complaints that ensure that such complaints are dealt with promptly and fairly.

## Complaints and Settlement Reporting System ("COMSET")

CIRO requires registered investment dealer firms to report certain matters, including client complaints and settlements, disciplinary actions, internal investigations, denial of registration, and civil, criminal or regulatory actions against the firm or its registered employees. This information is reported through CIRO's computerized Complaints and Settlement Reporting System.

## Conduct and Practices Handbook Course ("CPH")

This is a course offered by the Canadian Securities Institute. Individuals seeking to become an investment advisor or investment representative with CIRO must pass this course in order to meet CIRO's proficiency requirements. The course covers the rules, policies and by-laws of the securities commissions and SROs, in addition to the standards of conduct and practices when dealing with client accounts, special transactions and products.

## Discretionary Trading

Refers to a situation whereby a Member or Approved Person is granted authority by the client to make a trade without obtaining specific instructions from the client prior to the execution of the trade concerning one or more elements of the trade: selection of the security to be purchased or sold, the amount of the security to be purchased or sold, and the timing of the trade. CIRO Members and Approved Persons are not permitted to engage in discretionary trading.

## Falsification

Refers to the false making or alteration of a document by which the rights or obligations of another person are affected but where a person is not deprived of a property or a right.

## Forgery

Refers to the creation of a false document with the intent that it be acted upon as the original or genuine document, and where the victim is deprived of property or rights.

## Fraud

Refers to an act of dishonest deception, misrepresentation, or an intentional distortion of truth in order to induce another to part with something of value or to surrender a legal right.

## Handling of Funds

Refers to the failure to properly handle client funds in accordance with CIRO requirements.

## Know-Your-Client (“KYC”)

This is a standard form in the investment industry that ensures investment advisors know detailed information about their clients’ risk tolerance, investment knowledge and financial position. KYC forms protect both clients and investment advisors. Clients are protected by having their investment advisor know what investments best suit their personal situations. Investment advisors are protected by knowing what they can and cannot include in their client’s portfolio.

## Leveraging

Refers to the practice of using borrowed money for the purpose of investing.

## Member Event Tracking System (“METS”)

CIRO requires registered mutual fund dealer firms to report certain matters, including client complaints and settlements, contraventions of regulatory requirements, disciplinary actions, denial of registration, and civil, criminal or regulatory actions against the firm or its registered employees. This information is reported through CIRO’s computerized Member Event Tracking System.

## Misapplication of Funds

Refers to situations where funds in the rightful possession of an Approved Person or Member are put to an improper purpose for the benefit of a third party.

## Misappropriation

Refers to situations where a person has a right to be in possession of property but puts it to his or her own benefit.

## Misrepresentation

Refers to a misstatement or omission of a material fact with the intent to deceive.

## Outside Activities (“OA”)

Refers to any activity conducted by an Approved Person outside of the Member: (a) for which direct or indirect payment, compensation, consideration or other benefit is received or expected; (b) involving any officer or director position and any other equivalent positions; or (c) involving any position of influence.

## Personal Financial Dealings (“PFD”)

Refers to situations in which an Approved Person or Member engages in financial activity with a client. A concern arising from this type of conduct is that conflicts of interest arise in connection with such activity. PFD can include borrowing from clients, lending to clients, and engaging in private investment schemes with clients.

## Policies and Procedures

Refers to the requirement on Members to establish and maintain written policies and procedures (that have been approved by senior management) for dealing with clients and ensuring compliance with the Rules, By-laws and Policies of CIRO, and applicable securities legislation.

## Pre-Signed Form

Refers to forms that have been signed by a client when they were blank or only partially completed.

## Provincial Securities Legislation

Refers to the violation of provincial securities legislation and requirements for which there is no comparable CIRO requirement.

## Referral Arrangements

Refers to an arrangement whereby a Member is paid, or pays a fee for the referral of a client to, or from, another person. All referrals must go through a Member.

## Sales Communications

Refers to the requirement that advertisements and sales communications must be approved by a designated partner, director, officer, compliance officer or branch manager before being issued. The rationale for this is to ensure that no misleading, inaccurate or otherwise prohibited information is provided to a client who may act upon such information in making investment decisions.

## Self-Regulatory Organization (“SRO”)

A Self-Regulatory Organization (“SRO”) is an entity that is organized for the purpose of regulating the operations and the standards of practice and business conduct of its members and their representatives with a view to promoting the protection of investors and the public interest.

## Signature Falsification

Refers to the creation, possession, or use of documents which have been pre-signed or on which client signatures have been falsified through other means. Examples include cutting and pasting a previous signature, signing a client's name to a document, having a client sign multiple forms for use in future trading, and using liquid paper to white out old instructions and write in new ones on a signed client form.

## Suitability

Refers to the requirement that recommendations made by an advisor be suitable in relation to a client's investment objectives, risk tolerance and other personal circumstances.

## Supervision

Refers to CIRO's investigation of whether a supervisory failure may have contributed to situations where an Approved Person engaged in misconduct. Supervisory failures may include inadequacy in the procedures for supervision or in the actual supervision of others.

## Transfer of Accounts

Refers to the transfer of an account without proper client consent or a delay in the transfer of the account.

## Vulnerable Person

Refers to investors particularly at risk due to circumstances such as language barriers, limited literacy, disability issues, or very limited financial resources.

## Universal Market Integrity Rules (“UMIR”)

The rules setting out the requirements applicable to CIRO Dealer Members, Access Persons and Marketplaces for securities related trading activities on CIRO-Regulated marketplaces.

## Unauthorized Trading

Refers to the practice of a Member or Approved Person making trades without the client's knowledge or approval.

# Locations

## Vancouver

Royal Centre  
1055 West Georgia Street, Suite 2800  
P.O. Box 11164  
Vancouver, British Columbia V6E 3R5

## Calgary

Bow Valley Square 3  
255-5<sup>th</sup> Avenue S.W., Suite 800  
Calgary, Alberta T2P 3G6

800-6th Avenue S.W., Suite 850  
Calgary, Alberta T2P 3G3

## Toronto

121 King Street West, Suite 2000  
Toronto, Ontario M5H 3T9

121 King Street West, Suite 1000  
Toronto, Ontario M5H 3T9

## Montréal

525 Viger Avenue West, Suite 601  
Montréal, Québec H2Z 0B2

# Contact Us

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Canadian Investment  
Regulatory  
Organization

Organisme canadien  
de réglementation  
des investissements