



**CIRO · OCRI**

Canadian Investment  
Regulatory  
Organization

Organisme canadien  
de réglementation  
des investissements

**IN THE MATTER OF  
THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES  
AND THE DEALER MEMBER RULES  
AND  
JOSEPH DEBUS**

**NOTICE OF HEARING**

An initial appearance will be held before a hearing panel of the Canadian Investment Regulatory Organization (“CIRO”)<sup>1</sup> pursuant to Rule 8200 of the Investment Dealer and Partially Consolidated Rules (the “Investment Dealer Rules”) to schedule a hearing in the matter of Joseph Debus (the “Respondent”). The initial appearance and the hearing will be subject to Investment Dealer Rule 8400, as further referenced below, that governs the conduct of enforcement proceedings.

The initial appearance will be held by way of videoconference on Monday, March 04, 2024 at 10:00 a.m. ET

The purpose of the hearing will be to determine whether the Respondent has contravened CIRO requirements. The alleged contraventions are contained in the attached Statement of Allegations.

If the hearing panel finds that the Respondent contravened CIRO requirements alleged in the Statement of Allegations, the hearing panel may impose one or more of the following sanctions pursuant to section 8210 of the Investment Dealer Rules:

- (i) a reprimand,
- (ii) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention,
- (iii) a fine not exceeding the greater of:
  - (i) \$5,000,000 for each contravention, and
  - (ii) an amount equal to three times the profit made or loss avoided by the person, directly or indirectly, as a result of the contravention.
- (iv) suspension of the person’s approval or any right or privilege associated with such approval, including access to a Marketplace, for any period of time and on any terms and conditions,
- (v) imposition of any terms or conditions on the person’s continued approval or continued access to a Marketplace,

- (vi) prohibition of approval in any capacity, for any period of time, including access to a Marketplace,
- (vii) revocation of approval,
- (viii) a permanent bar to approval in any capacity or to access to a Marketplace,
- (ix) permanent bar to employment in any capacity by a Regulated Person
- (x) any other sanction determined to be appropriate under the circumstances.

In addition, pursuant to section 8214 of the Investment Dealer Rules, a hearing panel may order the Respondent to pay any costs incurred by or on behalf of CIRO in connection with the hearing and any investigation related to the hearing.

The Respondent must serve a response to this Notice of Hearing in accordance with section 8415 within 30 days from the effective date of service of this Notice of Hearing. If the Respondent does not file a response in accordance with subsection 8415(1), the hearing panel may proceed with the hearing on its merits on the date of the initial appearance, without further notice to and in the absence of the Respondent, and the hearing panel may accept as proven the facts and contraventions alleged in the Statement of Allegations and may impose sanctions and costs.

If the Respondent files a response in accordance with subsection 8415(1), the initial appearance will be immediately followed by an initial prehearing conference, for which a prehearing conference form must be filed in accordance with subsection 8416(5).

The Respondent is entitled to attend the hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, and to make submissions to the hearing panel at the hearing.

**DATED** December 18, 2023.

“National Hearing Officer”  
NATIONAL HEARING OFFICER  
Canadian Investment Regulatory Organization  
Suite 2000, 121 King Street West  
Toronto, Ontario, M5H 3T9

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<sup>1</sup>The Canadian Investment Regulatory Organization (“CIRO”) has adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the “Interim Rules”). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and the rules and certain by-laws and policies of the MFDA that were in force immediately prior to amalgamation. Where the rules of IIROC and the rules and by-laws and policies of the MFDA that were in force immediately prior to amalgamation have been incorporated into the Interim Rules, Enforcement Staff have referenced the relevant section of the Interim Rules.

Section 1105 (Transitional provision) of the Investment Dealer and Partially Consolidated Rules sets out CIRO’s continuing jurisdiction, including that CIRO shall continue the regulation of any person subject to the jurisdiction of the Investment Industry Regulatory Organization of Canada that was formerly conducted by the Investment Industry Regulatory Organization of Canada.



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**STATEMENT OF ALLEGATIONS**

Further to a Notice of Hearing dated December 18, 2023, Enforcement Staff make the following allegations:

**PART I – REQUIREMENTS CONTRAVENED**

**Contravention 1:** Between March 2019 and September 2021, the Respondent failed to identify and address a material conflict of interest between himself and his clients contrary to Dealer Member Rule 42.

**Contravention 2:** Between May 2020 and September 2021, the Respondent violated the terms of his strict supervision by not bringing transactions to his Dealer Member for approval, contrary to Investment Dealer and Partially Consolidated Rule 1400.

**Contravention 3:** Between December 2019 and March 2020, the Respondent facilitated off-book transactions without the knowledge or approval of his Dealer Member, contrary to Investment Dealer and Partially Consolidated Rule 1400.

**PART II – RELEVANT FACTS AND CONCLUSIONS**

**Overview**

1. At all material times the Respondent was under close supervision or strict supervision.

2. Close supervision requires the Respondent's Dealer Member to file monthly reports with CIRO regarding the Respondent's trading activity.
3. Strict supervision requires the Dealer Member to pre-approve any of the Respondent's orders.
4. Despite being under close or strict supervision, the Respondent engaged in off-book transactions, thereby circumventing the close and strict supervision terms.
5. In addition, the Respondent arranged for his wife to enter into a consulting agreement with an issuer to promote the issuer's stock in exchange for shares. The Respondent sold shares of the issuer in his wife's accounts while simultaneously purchasing the shares in his client's accounts, creating a personal conflict of interest with his clients.
6. The Respondent also sold shares of the issuer off-book without the knowledge of his Dealer Member.

## **Background**

7. The Respondent was a Registered Representative at Echelon Wealth Partners Inc. ("Echelon") from October 28, 2016 until he was terminated on January 24, 2022 for unrelated reasons.
8. The Respondent was under close supervision at Echelon from October 2017 until November 3, 2019.
9. The Respondent was under strict supervision at Echelon from November 4, 2019 until his termination in February 2022.

10. The Respondent is not currently employed in the industry.

#### **Respondent's Wife is Consultant for Zoompass**

11. The Respondent's wife has a numbered Ontario corporation for which she is the only shareholder, director and officer ("287 Ontario Inc.").

12. 287 Ontario Inc. entered into an Investor Relations Agreement with Zoompass Holdings Inc ("Zoompass") (the "Zoompass Agreement") on September 20, 2018. The Zoompass Agreement states that the Respondent's wife would act as a consultant for Zoompass whereby she "shall introduce investors and/or entities to the Company for the purpose of purchasing the Company's publicly available shares". Per the Zoompass Agreement, the Respondent's wife would receive 2,500,000 Zoompass shares in four phases.

13. The Respondent facilitated the Zoompass Agreement. He advised Staff that he brought it home and asked his wife to sign it without explanation. His wife was employed part-time as a nurse and did not have investor relations experience. The Respondent's wife did not perform the investor relations duties outlined in the Zoompass Agreement.

14. The Respondent did not advise Echelon about the Zoompass Agreement.

15. As of March 23, 2020, 287 Ontario Inc. owned 4,335,612 shares of Zoompass, representing 5.9% of the total shares.

#### **Respondent Sells Wife's Zoompass Shares at Echelon While Selling Shares to Clients**

16. The Respondent's wife was a client of his at Echelon and held a corporate and personal trading account.

17. Between March 2019 and August 2019, the Respondent's wife sold all 683,333 Zoompass shares from her Echelon account for \$68,904.09. In that same time period, 39 of the Respondent's clients bought approximately 704,718 Zoompass shares in their Echelon accounts for a total of \$72,637.54.

18. The Respondent did not take any steps to avoid this conflict of interest.

19. There were instances where on the same day, the Respondent's wife sold Zoompass shares and his clients purchased Zoompass shares as follows:

<b>Date</b>	<b># of Zoompass Shares Respondent's Wife Sells</b>	<b>Proceeds of Zoompass Shares Respondent's Wife Sells</b>	<b>Name of Respondent's Client Purchasing Zoompass Shares</b>	<b># of Zoompass Shares Respondent's Client Purchases</b>	<b>Cost of Zoompass Shares Respondent's Client Purchases</b>
June 20, 2019	15,000	\$1,624.97	MM	15,000	\$1,675.00
June 20, 2019			MM	5,000	\$575.00
June 20, 2019			MM	5,000	\$575.00
June 21, 2019	15,000	\$1,474.97	CP	15,000	\$1,525.00
July 5, 2019	25,000	\$2,474.95	CC	25,000	\$2,500.00
July 5, 2019	50,000	\$4,974.90	CC	50,000	\$5,000.00
July 30, 2019	10,700	\$937.98	KM	10,700	\$988.00
July 30, 2019			TS	25,000	\$2,512.50
July 30, 2019			TS	5,000	\$522.50
July 30, 2019			MM	5,000	\$522.50

### **Respondent Sells Wife’s Zoompass Shares at Mackie While Selling Shares to Clients**

20. The Respondent’s wife also held Zoompass shares at an account at [Mackie Research Capital Corporation](#) (“Mackie”). The Respondent did not advise Echelon that he held trading authority over this account. This account received Zoompass shares from unknown sources as displayed in the chart below:

<b>Date</b>	<b>Number of Zoompass Shares received into Respondent’s account at Mackie</b>
March 29, 2019	500,000
March 2, 2020	250,000
June 11, 2020	900,000

21. Between May 2020 and September 2021, the Respondent sold 1,428,601 Zoompass shares from his wife’s Mackie account. During this same period, the Respondent’s Echelon clients bought 1,623,447 Zoompass shares for approximately \$500,000.

### **The Respondent Sells Zoompass Securities Off-Book**

22. The Respondent facilitated several private Stock Purchase Agreements whereby 287 Ontario Inc. sold Zoompass shares to third parties. The Stock Purchase Agreements were prepared on Echelon stationary. The Respondent signed the Stock Purchase Agreements on behalf of 287 Ontario Inc.
23. The Respondent did not advise Echelon about these off-book transactions.

24. The off-book sales are outlined in the chart below, mostly priced at CAD \$0.10 per share:

<b>Date</b>	<b>Purchaser</b>	<b>Zoompass shares</b>	<b>Cost</b>
December 17, 2019	DLH Inc	750,000	\$75,000
January 30, 2020	VB	220,000	\$22,000
January 30, 2020	PS	250,000	\$25,000
January 30, 2020	MV	50,000	\$5,000
January 30, 2020	# Inc	1,200,000	\$120,000
March 12, 2020	AC	77,000	\$10,000 *greater price per share

25. While 287 was selling shares in private transactions at CAD \$0.10, Zoompass was issuing private placement shares at USD \$0.05. 287 Ontario Inc. paid \$200,000 for 3,030,000 Zoompass shares and received \$257,000 for 2,547,000 Zoompass shares sold to third parties.

**DATED** at Toronto, Ontario this December 18, 2023.