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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
MATTHEW PHILIP EWING**

NOTICE OF HEARING

An initial appearance will be held before a hearing panel of the Canadian Investment Regulatory Organization (“CIRO”)¹ pursuant to Rule 8200 of the Investment Dealer and Partially Consolidated Rules (the “Investment Dealer Rules”) to schedule a hearing in the matter of Matthew Philip Ewing (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 Thursday, September 26, 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:
 - (a) \$5,000,000 for each contravention, and
 - (b) 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,

¹ 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 September 9, 2024, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1

Between June 2021 and August 2022, the Respondent falsified the portfolio overview documents of two related clients, contrary to Investment Dealer Rule 1400.

Contravention 2

Between September 2019 and November 2022, the Respondent engaged in personal financial dealings with six of his clients including loans and compensation for losses and commissions, contrary to Dealer Member Rule 42 (prior to January 1, 2022) and Investment Dealer Rule 3100 (after January 1, 2022).

Contravention 3

Between April 2021 and November 2021, the Respondent engaged in discretionary trading in several client accounts, contrary to Dealer Member Rule 1300.4.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. The Respondent engaged in conduct that puts the reputation of the securities industry into disrepute. The Respondent's conduct involved numerous clients and occurred over a lengthy period of time.
2. The Respondent repeatedly altered client portfolio overviews to show inflated values which exceeded \$1.5 million so that the related clients would be unaware of losses in their account. The Respondent also sent the altered portfolio overview to the clients' lender when they were arranging financing to purchase a house.
3. The Respondent falsified the client's portfolios by sending the true account statements to his personal email, changing the account values and returning them to his work email address. He then forwarded the falsified portfolio overviews to his clients.
4. The Respondent engaged in repeated personal financial dealings with numerous clients. The Respondent personally compensated his clients approximately \$2.2 million for their losses in their accounts without advising his Dealer Member. The Respondent also borrowed approximately \$900,000 from a client and used another one of his client accounts as collateral for the loan.
5. The Respondent communicated with clients via his personal email address to avoid his repayments to and loans from clients being detected by compliance.
6. The Respondent engaged in frequent discretionary trading in client accounts that were not approved as discretionary accounts by the Dealer Member.

Background

7. The Respondent began working in the industry in May 2011 as a Registered Representative (“RR”) at BMO Nesbitt Burns (“BMONB”). The Respondent was a RR at RBC Dominion Securities Inc (“RBCDS”) from May 2018 to March 2021. The Respondent was a RR at National Bank Financial (“NBF”) from March 2021 until he was terminated in November 2022. The Respondent has remained out of the industry since then.

The Respondent Falsified Client Portfolio Summaries for Clients JP and DP at NBF

8. The Respondent’s Clients JP and DP were a married couple. The Respondent had arranged that Clients JP and DP could not receive their true account statements but instead he sent falsified account statements by email. As such, Clients JP and DP were unaware that the true value of their accounts had decreased in value from approximately \$1.9 million in July 2021 to approximately \$1.14 million in August 2022.
9. In August 2022, Clients JP and DP were purchasing a house. Their NBF accounts with the Respondent were pledged to National Bank of Canada (“NBC”) as security against their line of credit (“LOC”) for the home purchase.
10. On August 2, 2022, Client DP emailed the Respondent asking to confirm that approximately \$2.2 million was available for the following week. A representative for NBC followed up with the Respondent on the request.
11. On August 7, the Respondent extracted the Client DP and JP’s portfolio overview from the NBF system and sent the document from his NBF email address to his personal gmail address. The true portfolio value was approximately \$1.14 million.
12. On August 8, 2022, the Respondent sent a falsified version of the portfolio overview from his personal gmail address to his NBF email address. The falsified version reflected an artificial portfolio value of approximately \$2.71 million for the same

accounts, inflating the true value of the accounts by approximately \$1.57 million. The account values reflected in the respective portfolio overview and altered portfolio overview were as follows:

Client	Account	True Portfolio Amount	Falsified Portfolio Amount	Effect of Respondent's Falsification
JP	RSP	CAD \$21,470.46	CAD \$ 1 21,470.46	Added CAD \$100,000
JP and DP	Margin Long	USD \$(8.47)	USD \$943,552.28	Added USD \$943,560.75
JP and DP	Escrow	CAD \$115,255.01	CAD \$115,255.01	No change
JP and DP	Escrow	USD \$779,716.35	USD \$ 9 79,716.35	Added USD \$200,000
TOTAL			CAD \$ <u>1,140,466.82</u>	CAD \$ <u>2,712,606.89</u> ¹

13. Also on August 8, 2022, the Respondent emailed the altered version of the portfolio overview to the NBC employee.
14. The NBC employee contacted the Respondent to send funds from Client JP and DP's NBF accounts for the house closing, however sufficient funds were not available. The Respondent sent some of the funds but not the amount required by NBC.
15. On August 10, 2022, the Respondent directed his lawyer to send a \$894,000 wire transfer of his personal funds to Client JP and DP's NBC bank account. NBC continued to make inquiries regarding the status of the remaining anticipated fund transfers to close on the house and pay the LOC.
16. On August 16, 2022, the Respondent directed his lawyer to send a \$680,000 wire transfer to Client JP and DP's NBC bank account. In order to make this payment, the Respondent had a \$560,000 charge lodged against a property for which his mother had added him to the title a few months earlier.

¹ The \$USD amounts were converted to CAD at \$1.287330 in both versions to roll into total portfolio value.

17. NBC personnel were not aware that the funds were coming from a third party and not the Clients JP and DP NBF accounts.
18. The Respondent did not discuss the wire transfers with anyone at NBF.
19. An internal investigation at NBF found that the Respondent had sent falsified portfolio overviews regarding the Client JP and DP accounts via email on earlier occasions. The Respondent used the same process whereby he: (1) sent an email from his NBF email address to his personal gmail email address which attached the original portfolio overview; (2) sent an email from his personal gmail email address to his NBF email address with the falsified portfolio overview; and (3) emailed the falsified portfolio overview from his NBF email address to Client JP and/or NBC.
20. Specific examples of additional altered portfolio overviews are as follows:
 - a. In September 2021, the Respondent falsified Client JP and DP's portfolio overview from \$1,806,075.90 to \$2,247,658.90 and sent it to them by email; and
 - b. In June 2022, the Respondent falsified Client JP and DP's portfolio overview from \$1,097,581.55 to \$1,609,274.22 and sent it to NBC by email.
21. The NBF internal investigation concluded that a similar pattern of account value falsification had occurred in five additional client accounts between April 2021 and November 2022.

Personal Financial Dealings with Clients While at RBCDS

- a. The Respondent Set Up BMO Account with Common Law Spouse EL**
22. The Respondent held a personal bank account at BMO jointly with his common law spouse EL (the "BMO Account"). The Respondent had arranged for EL to open an account at Canaccord Genuity Corp ("Canaccord") (the "Canaccord Account") with

Robert Crocker (“Crocker”) as the Registered Representative. The address on record for the Canaccord account was the Respondent’s personal address.

b. The Respondent and EL received a total of \$320,000 from Clients

23. The Respondent and EL received a total of \$320,000 from three of his clients into the BMO Account as outlined below.

i. \$280,000 from Client JM

24. The Respondent had a Client JM. On November 13, 2020, the Respondent wrote an Associate Advisor via Webex: “[Client JM] needs 80k EFT’d to that BMO account”. A withdrawal of \$80,000 was made from Client JM’s RBCDS account. On November 16, 2020, a deposit of \$80,000 was made into the BMO Account indicating it was from Client JM. That same day, \$80,000 was withdrawn from the BMO Account and sent to the Canaccord Account. The Respondent sent an email from his personal gmail account to Crocker, the RR at Canaccord, to confirm the \$80,000 deposit writing: “Attached below is the proof of the funds being send [sic]”.

25. On December 2, 2020, the Respondent wrote an Associate Advisor via Webex: “need to EFT [Client JM] 200k lol [...] the man spends”. That same day, a withdrawal of \$200,000 was made from Client JM’s RBCDS account. On December 4, 2020, there was a deposit of \$200,000 into the BMO Account. On December 9, 2020, the Respondent sent an email to Crocker with the subject line “funds” which read “Still held- should be released tomorrow”. On December 10, 2020, the Respondent sent an email to Crocker attaching a bank draft for \$200,000. The \$200,000 bank draft was sent from the BMO Account to the Canaccord Account.

ii. \$10,000 from Client DA

26. The Respondent had a Client DA. On July 2, 2020, the Respondent's common law spouse EL sent an email to DA asking for a \$10,000 wire transfer for a private placement to be sent to the BMO Accounts. The Respondent followed up that same day with an associate at RBCDS asking why the transfer had not gone through yet. The \$10,000 wire transfer ultimately went through on that same day to the BMO Accounts.
27. The Respondent advised Staff that he did not find out about this \$10,000 wire transfer until January 2021 when RBCDS conducted an internal investigation. However, the documentary evidence of the Respondent's July 2, 2020 email contradicts his statement.

iii. \$30,000 from Client KO

28. The Respondent had a Client KO. On July 15, 2020, the Respondent wrote to an RBCDS associate via Webex chat asking if she was able to "set up [Client KO] for the wire today". The RBCDS associate replied "[Client KO] and I have connected" and asked the Respondent for the wire recipient's residential address. The Respondent provided his own address. On July 16, 2020, a deposit of \$30,000 was made into the BMO Accounts.
29. The Respondent advised Staff that the \$30,000 deposit was for money owed to EL because she worked for Client KO at his restaurant.

Other Instances of the Respondent receiving client funds at RBCDS

30. The Respondent engaged in 8 other instances of personal financial dealings whereby 4 clients sent a total of \$105,300 to the Respondent's personal bank account at RBC. The Respondent advised Staff that two of the instances involved the sale of speakers and cognac and the other six instances involved joint purchases in a fine wine auction.

The Respondent Personally Compensated Client JK for Losses while at RBCDS

31. Between 2020 and 2022, the Respondent made approximately 53 e-transfers of his personal funds to his Client JK, totaling approximately \$94,650. The e-transfers were made to compensate Client JK for losses in his RBCDS account. The Respondent did not inform or obtain approval from RBCDS or NBF for the compensation.

The Respondent engaged in Personal Financial Dealings with JF Clients while at NBF

a. The Respondent Personally Compensated \$600,000 to JF Clients for Losses

32. The Respondent had a Client JF who also had related accounts (collectively, the “JF Accounts” or the “JF Clients”). As of December 2021, the JF Accounts incurred significant losses and the Respondent asked Client JF via his personal gmail address to discuss compensation for the losses. In January 2022, the Respondent signed a letter agreeing to compensate the JF Clients to the amounts initially invested. The Respondent’s compensation for the losses was to be made by April 7, 2022.
33. The Respondent admitted to Staff that he compensated the JF Clients a total of \$600,000.
34. NBF did not have knowledge of the settlement or compensation.

b. The Respondent Borrowed \$900,000 from JF Clients

35. As set out in paragraph 16, on August 16, 2022, the Respondent had sent \$680,000 to Clients JP and DP.
36. The next day, on August 17, 2022, the Respondent asked Client JF if he could borrow money from him. Respondent and Client JF signed a promissory note for a \$500,000 loan whereby the Respondent pledged to repay the loan and advised Client JF that he was using his own personal NBF account as security for the loan. Unbeknownst to Client JF, the Respondent actually pledged Client JP’s account as security for the

\$500,000 loan and misrepresented that Client JP's account was his own. The Respondent's NBF accounts at the time did not have assets to secure the loan.

37. In September 2022, the Respondent asked Client JF for a further \$400,000 loan. The Respondent signed a promissory note and again pledged Client JP's NBF account as security for the loan. The Respondent again represented that the Client JP's account was his own. The Respondent initially instructed the Client JF to wire the funds to a third party. When Client JF expressed concern, the Respondent then instructed him to obtain a bank draft payable to his lawyer in trust.
38. The Respondent initially avoided detection by NBF by using his personal gmail address and having different third parties receive the loans.
39. In October 2022, the \$400,000 loan was overdue per the terms of the promissory note. NBF Compliance noticed the loans and began asking Client JF about them. The Respondent repaid the \$400,000 loan but not the \$500,000 loan.

c. The Respondent Personally Compensated \$109,000 to JF Clients for Commission

40. For reasons unrelated to the facts set out in paragraphs 32 to 39, October 2022, NBF Compliance contacted Client JF regarding one of the JF Accounts incurring \$109,566 in commissions in the 3 months immediately following conversion from a fee-based to a commission-based account structure. Client JF complained to the Respondent. The Respondent personally compensated Client JF \$109,000 in cash for the commission fees. NBF did not have knowledge of the compensation.

Personal Financial Dealings with Clients JP and DP while at NBF

41. As previously set out at paragraphs 15-16, the Respondent admitted to Staff that in August 2022, he directed his personal lawyer to send a total of \$1,574,000 of his personal funds to Clients JP and DP. The Respondent advised Staff that the funds were to compensate for their account value and to close on their house.

The Respondent engaged in Discretionary Trading

42. The Respondent was not qualified as a portfolio manager. None of the client accounts for which he was RR of record were approved as discretionary accounts by NBF.
43. The Respondent and his associate executed an extremely high volume of trades. Examples include the following:
 - a. In April 2021, the Respondent and his associate executed 5887 trades. There were 9 different days in April 2021 when the Respondent and his associate executed over 300 trades in a day. There were 6 different days in April 2021 when the Respondent and his associate executed over 500 trades in a day. There was one day in April 2021 when the Respondent and his associate executed over 700 trades.
 - b. Between May 2021 and December 2021, there were 8 different days when the Respondent and his associate executed over 200 trades in a day.
 - c. In November 2021, there were two different days when the Respondent and his associate executed trades for approximately 50 client accounts.
44. Based on the sheer volume of trades in a given day, the Respondent could not have obtained the necessary instructions from clients.
45. The Respondent's notes to record client instructions were not sufficient or non-existent. Often, the Respondent's notes referred to a portfolio model and not to any specific security, quantity, price or time.
46. The Respondent's notes often did not demonstrate that he was confirming all the necessary trade details to clients.

DATED at Toronto, Ontario, this September 9, 2024.