



**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES
AND
RONALD ALERI SCOTT**

NOTICE OF HEARING

A first appearance will be held before a Hearing Panel of the Canadian Investment Regulatory Organization (“CIRO”)¹ pursuant to Mutual Fund Dealer Rule 7.3 to schedule a hearing in the matter of Ronald Aleri Scott (the “Respondent”). The first appearance and the hearing will be subject to Mutual Fund Dealer Rule 7, and the Mutual Fund Dealer Rules of Procedure (“Rules of Procedure”), as further referenced below, that govern the conduct of enforcement proceedings.

The first appearance will be held by way of videoconference on Monday, June 16, 2025 at 10:00 a.m. MT

The purpose of the hearing will be to determine whether the Respondent has contravened CIRO requirements. A summary of the facts alleged and intended to be relied upon by CIRO, the conclusions drawn by CIRO based on the alleged facts, and alleged contraventions are contained in the Statement of Allegations attached to this Notice of Hearing.

If the Hearing Panel finds that the Respondent has contravened CIRO requirements as alleged in the Statement of Allegations, the Hearing Panel may impose one or more of the following sanctions pursuant to Mutual Fund Dealer Rule 7.4.1.1:

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
 - (i) \$5,000,000 for each offence, and
 - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- (c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- (d) revocation of the authority of such person to conduct securities related business;

- (e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time; and
- (f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel.

In addition, pursuant to Mutual Fund Dealer Rule 7.4.2, a Hearing Panel may require the Respondent to pay any costs incurred by or on behalf of CIRO in connection with the proceeding and any investigation related to the proceeding.

The Respondent must serve on Enforcement Staff a Reply to this Notice of Hearing in accordance with Rule of Procedure 8 and Mutual Fund Dealer Rule 7.3.2 within 20 days from the effective date of service of this Notice of Hearing. The Respondent must also file the Reply at the Hearing Office in accordance with Rule of Procedure 4.6.

The Reply may either:

- (a) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by CIRO in the Statement of Allegations; or
- (b) admit the facts alleged and conclusions drawn by CIRO in the Statement of Allegations and plead circumstances in mitigation of any penalty to be assessed.

Pursuant to Mutual Fund Dealer Rule 7.3.3 and Rule of Procedure 8.3, the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by CIRO in the Statement of Allegations that the Respondent does not specifically deny in the Reply.

Pursuant to Mutual Fund Dealer Rule 7.3.4 and Rules of Procedure 7.3 and 8.4, if the Respondent fails to:

- (a) serve and file a Reply; or
- (b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a Reply may have been served,

the Hearing Panel may, among other things, proceed with the hearing on the date and at the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without further notice to and in the absence of the Respondent, and the Hearing Panel may accept as proven the facts, conclusions, and contraventions alleged in the Statement of Allegations, and may impose sanctions and costs.

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, to present evidence, and to make submissions to the Hearing Panel at the hearing.

DATED March 27, 2025.

“National Hearing Officer”

NATIONAL HEARING OFFICER
Canadian Investment Regulatory Organization
40 Temperance Street, Suite 2600
Toronto, Ontario, M5H 0B4

¹ Where the rules, by-laws, and policies of the Mutual Fund Dealers Association of Canada (the “MFDA”) that were in force immediately prior to amalgamation of the Investment Industry Regulatory Organization of Canada and the MFDA have been incorporated into the Mutual Fund Dealer Rules, Enforcement Staff have referenced the relevant section of the Mutual Fund Dealer Rules.



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STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated March 27, 2025, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1

Between October 2021 and July 10, 2023, the Respondent borrowed monies from clients giving rise to material conflicts of interest, which the Respondent failed to identify, report to the Dealer Member, or address in the best interest of the clients, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rules 2.1.4(2), 2.1.1, and 1.1.2 (as it relates to Rule 2.5.1).

Contravention 2

Between April 2, 2015 and July 10, 2023, the Respondent engaged in an unapproved outside activity, contrary to MFDA Rule 1.2.1(c).¹

¹ On March 17, 2016, amendments to MFDA Rule 1.2.1(c) came into effect and the Rule was amended and renumbered as MFDA Rule 1.3. As the conduct addressed in this proceeding occurred before and after the amendments to MFDA Rule 1.2.1(c), the version of MFDA Rule 1.2.1(c) that was in effect between December 3, 2010 and March 17, 2016, and the version of MFDA Rule 1.3.2 that was in effect after March 17, 2016 apply to this proceeding. On January 1, 2023, MFDA Rule 1.3 was incorporated into Mutual Fund Dealer Rule 1.3. The version of Mutual Fund Dealer Rule 1.3 in effect between January 1, 2023 and July 10, 2023 is also applicable to the conduct addressed in this proceeding.

PART II – RELEVANT FACTS AND CONCLUSIONS

Registration History

1. Between May 2007 and October 4, 2019, the Respondent was registered in Alberta as a Dealing Representative with IPC Investment Corporation (IPC). Between October 4, 2019 and July 10, 2023, the Respondent was registered with Hub Capital Inc (“Hub”).
2. Effective July 10, 2023, the Respondent resigned from Hub and is not currently registered in the securities industry in any capacity.
3. At all material times, the Respondent conducted business in the Calgary, Alberta area.

Contravention 1 – Conflicts of Interest with Clients

4. At all material times, the policies and procedures of Hub prohibited its Approved Persons from borrowing monies from clients, stating that this raises a significant and direct conflict that in almost all cases will be impossible to resolve in favor of the client.
5. In addition, Hub’s policies and procedures stated that where an Approved Person becomes aware of any conflict or potential conflict of interest, the Approved Person should immediately disclose it to Hub’s compliance department.
6. In 1998, the Respondent incorporated Ron Scott Financial Consulting Inc. (“RSFC”). At all material times, the Respondent was the sole director and voting shareholder of the company.
7. Since 1999, the Respondent was licensed to sell insurance, which he offered through RSFC. When the Respondent was registered with IPC, it approved the Respondent to use RSFC for the purposes of offering insurance products and services to clients.

8. On or about April 2, 2015, the Respondent, through RSFC, signed a demand loan agreement with Company 1 which provided that RSFC would lend Company 1 \$2,000,000. The Respondent advanced \$2,000,000 to Company 1 pursuant to the demand loan agreement.
9. On or about March 14, 2019, the Respondent, through RSFC, entered into two promissory note agreements (the "Promissory Notes") with Company 1 and Company 2, respectively, to replace the existing demand loan agreement described above.
10. The Promissory Notes provided that Company 1 would pay interest to RSFC on the principal sum of \$766,484 and that Company 2 would pay interest to RSFC on the principal sum of \$1,238,222, both at an interest rate equal to the 30-day bankers acceptance rate plus 1.1 percent.
11. In or about October 2019, Hub approved the Respondent to use RSFC for the purposes of offering insurance products and services to clients.
12. While Hub approved the Respondent to offer insurance products and services through RSFC, the Respondent engaged in the lending activities through RSFC described above without disclosing his activities to or obtaining approval from IPC or Hub.
13. In or about November 2019, clients LG and TG became clients of Hub whose accounts were serviced by the Respondent.
14. In October 2021, the Respondent offered to sell clients TG and LG the Promissory Notes for \$2,000,000. On or about October 1, 2021, the Respondent, on behalf RSFC, entered into a written sale agreement (the "Sale Agreement") with clients TG and LG for the sale of RFSC's rights in the Promissory Notes.
15. To facilitate the sale of the Promissory Notes to clients TG and LG and to provide some form of a guarantee for the monies they provided to the Respondent, clients

LG and TG required that, in addition to the Sale Agreement, they and the Respondent enter into a loan agreement.

16. On October 1, 2021, the Respondent and his company, RS0206 Holdings Ltd. (“RS0206”) entered into a loan agreement for \$2,000,000 with clients LG and TG. The loan agreement included the following:
 - a. a repayment schedule stipulating that the Respondent and RS0206 would repay the principal amount to clients LG and TG within 6 years;
 - b. an interest rate equal to the 30 day Banker’s Acceptance Rate plus 1.1 percent per annum, both before and after the Maturity Date or judgment;
 - c. that a parcel of land owned by the Respondent be put up as collateral for the monies advanced; and
 - d. RS020 invest \$1,500,000 of monies provided by clients LG and TG into segregated funds and shall irrevocably name clients LG and TG as the sole beneficiaries.
17. The Respondent used a portion of the proceeds of the loan he received from clients LG and TG to pay down various of the Respondent’s debts and tax obligations.
18. RFSC continued to receive interest payments from Companies 1 and 2 pursuant to the Promissory Notes, which the Respondent paid to clients LG and TG.
19. In or about October 2021, an account was opened in the name of RS0206², and a segregated fund purchase totaling \$1,500,000 was processed.
20. After approximately one year, the Respondent transitioned the segregated funds to mutual funds in an account at Hub in the name of RS0206.

² The system in place at the insurance company where the segregated fund was purchased would not permit individuals to be named as beneficiaries on a corporate account as provided in the loan agreement described above.

21. The Respondent obtained trailers totaling approximately \$1,897 on the mutual fund purchases.

22. On May 9, 2022, the Respondent issued two cheques as follows:

Amount	Payable to	Memo Line
\$14,000	client LG	"interest"
\$146,712	clients TG and LG	"first instalment loan"

23. In 2022, the Respondent completed annual attestations to Hub in which he responded "no" to the question "Do you now, or have you in the past, had any personal financial dealings or other dealings with clients that could give rise to a conflict of interest?" The Respondent's answer was false or misleading since, as described above, the Respondent had entered into a loan agreement with clients LG and TG on or about October 1, 2021.

24. By accepting the loan from clients TG and LG described above, the Respondent engaged in conduct which gave rise to material conflicts of interest which the Respondent failed to identify, report to Hub, or address in the best interest of the clients.

25. By virtue of the foregoing, the Respondent engaged in conduct that was contrary to Hub's policies and procedures and Mutual Fund Dealer Rules 2.1.4(2), 2.1.1, and 1.1.2 (as it relates to Rule 2.5.1).

Contravention 2 – Unapproved Outside Activity

26. As described above, IPC and Hub approved the Respondent to offer insurance products and services through RFSC. At no time did they approve the Respondent to engage in lending or any other outside business activity.

27. As described above, starting in 2015, the Respondent engaged in lending activities through RSFC without disclosing his activities to IPC or Hub or obtaining their approval.

28. By virtue of the foregoing, the Respondent engaged in an unapproved outside activity contrary to MFDA Rule 1.2.1(c).

DATED at Toronto , Ontario this 8th day of April, 2025.