

Re DEEB AND HAMPTON SECURITIES

IN THE MATTER OF:

**The Investment Dealer and Partially Consolidated Rules and the Dealer
Member Rules**

and

Peter Michael Deeb and Hampton Securities Limited

2025 CIRO 18

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: September 30, October 2, 3, 4, 7 – 11, 18, November 6, 14, 15, 2024 and January 7, 2025, in Toronto,
Ontario

Decision and Reasons: April 14, 2025

Hearing Panel:

Christopher Bredt, Chair

William Donegan, Industry Representative

Zahra Bhutani, Industry Representative

Appearances:

Sylvia Samuel, Senior Enforcement Counsel

Michael A. M. Mantle, Enforcement Counsel

Kevin Richard and Cheyenne Parsons, for Peter Michael Deeb and Hampton Securities Limited

REASONS FOR DECISION ON LIABILITY

INTRODUCTION

[1] The trustworthiness and integrity of registered securities professionals and firms are central to the public interest in the effective regulation of securities markets and the confidence of investors in the markets' fairness and efficiency. Accordingly, Canadian Investment Regulatory Organization (**CIRO**) Dealer Member firms and their executives, Ultimate Designated Persons (**UDP**) and Registered Representatives (**RR**) have responsibilities to comply with firm policies and securities laws, including CIRO's rules. Effective regulation requires that regulated persons in the transaction of business observe high standards of ethics and conduct and do not engage in conduct that is unbecoming or detrimental to the public interest. Dealer Member firms are required to comply with CIRO requirements, which include maintaining a proper system of books and records. The maintenance and preservation of accurate books and records are essential for establishing Dealer Members' compliance with regulatory requirements and ensuring proper oversight of Dealer Members. This proceeding addresses those responsibilities.

[2] The Notice of Hearing and Statement of Allegations in this proceeding allege the following contraventions:

- i. Contravention #1 - Between January 2020 and April 2020, Peter Deeb engaged in a trading practice in client and firm inventory accounts that is contrary to Investment Dealer and Partially Consolidated (**IDPC**) Rule 1400.
- ii. Contravention #2 - Between January 2020 and April 2020, Hampton Securities Limited

(Hampton) failed to keep and maintain a proper system of books and records and provide records of trading activity contrary to Dealer Member Rules 17.2 and 200.

- iii. Contravention #3 - Between January 2020 and September 2020, Peter Deeb failed to promote compliance by Hampton with regulatory requirements contrary to Dealer Member Rule 38.5.

[3] For the reasons that follow, we find that CIRO Enforcement has established all of the contraventions alleged. As described in more detail in these reasons, Mr. Deeb's trading activities in Hampton's average price accounts and other firm inventory accounts constitute a serious violation of CIRO's rules and do not meet the high standard of ethics and conduct required of a regulated person. Hampton's record keeping was clearly inadequate. As the UDP of Hampton, Mr. Deeb failed to promote Hampton's compliance with regulatory requirements contrary to Dealer Member Rule 38.5. His conduct is not acceptable conduct for a UDP who has the obligation to promote a culture of compliance at his firm and is expected to set the tone from the top.

BACKGROUND

(i) The Respondents

[4] Hampton is a Dealer Member operating as a Type 2 introducing broker and an indirect subsidiary of Hampton Financial Corporation (**HFC**).

[5] Peter Deeb (**Mr. Deeb**) is an experienced RR, having been in the securities industry since 1991. He testified that he has been Hampton's UDP since the firm's inception in 1996. He has voting control of HFC. Mr. Deeb is also a member of the board of directors of HFC and, between March 2020 and September 2020, was Hampton's Acting Chief Compliance Officer (**CCO**).

[6] During the relevant time, there was considerable turnover in the senior staff at Hampton. The then President and Chief Operating Officer (**COO**) left the firm in October 2019, and was replaced by Sharon Castelino (**Ms. Castelino**), who in turn left in June 2020. The Chief Financial Officer (**CFO**) also left in October 2019 and was replaced by Patrick Michaud (**Mr. Michaud**) that same month but left in June 2020. The CCO left in September 2019 and was replaced by Patrick Mills (**Mr. Mills**), who was hired in July 2019, originally as VP Compliance. Mr. Mills left in March 2020, and was replaced by Mr. Deeb on an interim basis until September 2020, when a new CCO was hired. This individual in turn left in February 2021 and was followed by another replacement.

(ii) National Bank Independent Network

[7] National Bank Independent Network, a division of National Bank Financial Inc. (**NBIN**), was, at all material times, Hampton's carrying broker. As the carrying broker in a Type 2 carrying broker relationship, NBIN (not Hampton) was responsible for reporting client balances and providing margin out of NBIN's capital. NBIN assumed initial capital responsibility for client and firm accounts that were under margined or had overdue debits. Accordingly, the initial risk was borne by NBIN if a customer failed to meet margin requirements.

[8] In March 2019, NBIN restricted Mr. Deeb's trading in his personal accounts because of an unsecured debit of approximately \$2,691,758 related to his personal accounts at Hampton. To deal with Mr. Deeb's debit, Mr. Deeb and Hampton entered into a Repayment Agreement with NBIN dated April 26, 2019 (the **Repayment Agreement**), which called for monthly payments funded from the comfort deposit that Hampton had provided to NBIN.

[9] On October 15, 2019, NBIN advised that it would be terminating the carrying broker agreement with Hampton, effective December 16, 2019, due to a failure to pay installments due under the Repayment Agreement. However, as events unfolded, despite efforts by Hampton to find a new carrying broker, NBIN remained the carrying broker for Hampton for many months after December 2019.

(iii) Credit Suisse

[10] Hampton does not have any U.S. exchange memberships; in order to trade in U.S. securities, Hampton had to use a U.S. dealer as their executing broker. Credit Suisse Securities (USA) LLC (**Credit Suisse**) was the registered U.S. dealer that executed most of Hampton's U.S. trades. On a daily basis, Credit Suisse would report Hampton's trades to NBIN, Hampton's clearing broker. As the clearing broker responsible for settlement,

NBIN would settle those trades in Hampton's accounts, and each morning would then provide Hampton with an inventory report setting out the trades from the previous day.

[11] There was no "straight-through processing" from U.S. dealers into Hampton's Canadian client accounts, meaning that U.S. trades executed by Credit Suisse could not simply be settled in the individual Canadian client accounts. Instead, Hampton used its U.S. average price account (the **VY Account**) as the omnibus point of settlement for all trades done through U.S. dealers. Once the trades were booked into the VY account, Hampton could then allocate them out to the underlying Canadian client account.

[12] In order to manage this flow of information for U.S. trades, Hampton used RealTick, a software execution management system. The system for U.S. trades worked as follows: Hampton would put an order into the RealTick system, Credit Suisse would receive these instructions from RealTick and execute the order, and once the order was filled, Credit Suisse would report back to Hampton, through the RealTick system. At the same time, Credit Suisse would report Hampton's trades to NBIN, Hampton's clearing broker. As the clearing broker responsible for settlement, NBIN would then deliver those trades into the VY Account, and each morning, it would provide Hampton with an inventory report setting out the trades from the previous day. RealTick did not allow Hampton to identify the underlying client for whom the trades were made when the trades were entered in the system. Instead, Hampton would be identified as the client to RealTick, and the trades would be settled in Hampton's average price account before being allocated to the underlying client.

[13] Position Watch was another tool that was used by Hampton in this process, primarily to communicate through the ISM system in Canada with NBIN's back office. At the end of each trading day, Position Watch would receive an upload of trading data from Credit Suisse. This allowed Hampton to pull account numbers and commissions and allocate all the transactions in the average price accounts to the client.

ISSUES AND ANALYSIS

[14] Our analysis is organized as follows:

- (i) Standard of Proof, Inferences and Credibility
- (ii) Analysis of Contravention #1
- (iii) Analysis of Contravention #2
- (iv) Analysis of Contravention #3

(i) Standard of Proof, Inferences and Credibility

[15] The Supreme Court of Canada has confirmed that, in civil cases, there is only one standard of proof and that is proof on a balance of probabilities. In all civil cases, the trial judge must scrutinize the relevant evidence with care to determine whether it is more likely than not that an alleged event occurred.¹ This standard applies to these proceedings.

[16] In *Hutchinson (Re)*, the Ontario Securities Commission made clear that elements of certain offences may be proved by circumstantial evidence rather than direct evidence because the only persons who have direct knowledge of relevant communications are the wrongdoers themselves. As such, circumstantial evidence can "fill an evidentiary gap" created by the absence of direct evidence.² In *Finkelstein v. Ontario (Securities Commission)*, the Ontario Divisional Court held that inferences must be "reasonably and logically drawn from a fact or group of facts established by the evidence." The Court also held that it is not necessary for the inference to be "easily drawn" but simply "reasonably and logically drawn."³

[17] Where there is contradictory evidence offered by witnesses at the hearing, issues of credibility must be assessed. In *Faryna v. Chorny*,⁴ the British Columbia Court of Appeal summarized the factors to be taken into account with respect to assessing the credibility of witnesses:

¹ *F.H. v. McDougall*, [2008] S.C.J. No. 54 at para 49

² *Hutchinson (Re)*, 2019 ONSEC 36 at paras 60-62

³ *Finkelstein v. Ontario (Securities Commission)*, 2016 ONSC 7508 at paras 17-20, aff'd 2018 ONCA 61

⁴ [1951] B.C.J. No. 152 at para 11

The test [for determining credibility] must reasonably subject [the witness'] story to an examination of its consistency with the probabilities that surround the currently existing conditions. In short, the real test of the truth of the story of a witness in such a case must be its harmony with the preponderance of the probabilities which a practical and informed person would readily recognize as reasonable in that place and in those conditions.

(ii) Analysis of Contravention #1

Overview

[18] Contravention #1 alleges that between January 2020 and April 2020, Mr. Deeb engaged in a trading practice in client and firm inventory accounts that is contrary to IDPC Rule 1400.

[19] CIRO Staff allege that Mr. Deeb and Hampton engaged in a trading practice that improperly obtained access to credit for the account of a non-arm's length client (the **CD Account**). The trading practice involved the use of Hampton's average price inventory accounts and the CD Account. Securities transactions were not ticketed or allocated in a timely manner to the CD Account and in circumstances where the client would not have otherwise had enough available margin to engage in the transactions. In addition, Mr. Deeb improperly obtained access to credit from NBIN when he could not or would not identify the client(s) for whom certain trading in Hampton's average price inventory account was executed. Mr. Deeb failed or refused to allocate securities transactions and realized losses to a client or clients' accounts on a timely basis or at all. By leaving transactions unallocated in the average price inventory account, Mr. Deeb allowed losses to increase to amounts that at times exceeded Hampton's entire risk adjusted capital (**RAC**). Further, Mr. Deeb engaged in proprietary inventory trading that could not have been undertaken if Hampton had adjusted its RAC for the unallocated transactions and losses in the average price inventory account.

The CD Account

[20] In 2019 and 2020, Mr. Deeb was the Registered Representative of record and the one trading in the CD Account, a non-arm's length client account. The CD Account had, until July 2019, an approximate net worth of \$1,000,000. In July 2019, the market value of a significant holding in the CD Account, a private business corporation known as "Rift Energy", was changed on the client statement and reflected as "N/A" (non-determinable price). Rift Energy had no market value and was not publicly traded and, as such, was not eligible for margin. As a result, it could no longer be included in calculating the margin available to the CD Account. This materially reduced the margin available in the CD Account.

[21] From July 2019 to February 2020, the market value of the margin eligible nonregistered holdings in the CD Account never exceeded \$400,000 and ranged from approximately \$271,136.25 (July 2019) to \$362,294.34 (February 2020). At the end of December 2019, the margin available in the CD Account was approximately \$95,347, meaning the maximum purchase possible was approximately \$317,825. In January 2020, the margin available in the CD Account was \$81,730, resulting in a maximum purchase price of \$272,435.23 (assuming securities eligible for reduced margin at 30%). In February 2020, the margin available was \$154,846, resulting in a maximum purchase price of \$516,154.47.

[22] As described in greater detail below, Mr. Deeb traded extensively for the CD Account in ProShares UltraPro S&P500 (**UPRO**), a leveraged ETF that seeks daily results (before fees and expenses) corresponding to three times the daily performance of the S&P 500. The UPRO Fact Sheet makes clear that UPRO is high-risk and not intended as a buy-and-hold product. Mr. Deeb also traded in certain new issues in the CD Account.

[23] Mr. Deeb gave evidence that he had had discussions with CD about the UPRO trading strategy and the risks and benefits. However, Mr. Deeb did not produce documentary evidence of discussions with CD regarding UPRO trade instructions, and CD was not called as a witness to give evidence about the instructions she provided to Mr. Deeb with respect to the trades that were taking place in her account or about her knowledge of the issues concerning the UPRO trading that arose with Credit Suisse.

Hampton's Average Price Accounts

[24] Hampton has two average price accounts - the VY Account and the VX Account. The VY Account was

used for US dollar denominated trading. The VX Account was used for Canadian dollar denominated trading.

[25] Average price accounts are used to facilitate larger trades that have to be accumulated over time or trades for multiple clients in the same security on the same day. They are accumulated in the average price account and then allocated to the client or clients at the average price of the accumulated trades. Average price accounts are often used for illiquid securities. They can also result in lower fees because of the reduced number of transactions to the client account. The expectation is that when the order is completed, it gets “ticketed” from the average price account to the client account.

[26] Hampton's Policies and Procedures Manual (**Hampton's P&Ps**) provided that average price accounts were to be used so that traders can ticket out in one trade confirmation instead of issuing multiple trade confirmations. Hampton's P&P provided:

8.17 Other Disclosures:

Confirmation Disclosures and Average Price Inventory Policies

The Average Price Inventory is used when an order must be accumulated over more than one day so HSL traders can ticket the trade in one trade confirmation instead of issuing multiple trade confirmations; these are usually larger orders or orders that need special handling rather than being entered via the Advisor's or Assistant's computer order entry system. Average Price Inventories should be used only when necessary; if a trade is completed in one day it must be booked directly to the client account(s) and not run through the average price. [...]

All Trades are Booked to the Client

All buys and sells are booked to the client account separately; the buys and sells should not be 'netted' out to book the net long/short position to the client's account. For example, if a client wishes to end up long 1,000 shares and they buy 1,500 and sell 500 for net total of 1,000 long, the 1,500 buy and 500 sell are booked to the account, not 1,000 long at the net price. Note that for this example the trade tickets should reflect the client buy of 1,500, sell of 500, and be CFO'd as necessary (i.e. buy 1,000, CFO'd to + 500). [...]

Capital Requirements

Average Price Inventories used to accumulate clients' orders are included, for inventory margin (risk adjusted capital) purposes, in the accounts of the Carrying Broker (NBIN).

[27] As noted above, Hampton used the VY Account as the omnibus point of settlement for all trades done through U.S. dealers. Once the trades were booked in the VY Account, Hampton could then allocate them out to the underlying Canadian client account.

Staff Obtain Data from NBIN and Credit Suisse

[28] As will be reviewed in more detail in our analysis of Contravention #2, CIRO's Enforcement Staff made several requests for information about the trading in UPRO to Hampton and Mr. Deeb. These requests included basic documents like order tickets and trade blotters. When this information was not forthcoming from Hampton and Mr. Deeb, Staff obtained the information from NBIN and Credit Suisse (through requests to FINRA, the U.S. self-regulatory organization for broker dealers).

[29] Staff obtained, from NBIN, daily inventory reports (**Inventory Reports**) of the trading in Hampton's inventory and average price accounts, which include information about price, margin required, and profit or loss (realized and unrealized). The Inventory Reports provide a daily snapshot of positions held in Hampton's inventory and average price accounts, including the VY Account, VX Account, and YZ Account (a Hampton Inventory Account). They show the end-of-day positions of securities held and were made available to Hampton online on the morning following a business day.

[30] Staff obtained the UPRO Transaction History reports for January to December 2019 and for January to June 2020 from NBIN, which show the settlement of UPRO trades and the value of UPRO positions on a daily basis. The UPRO Transaction History reports show all Hampton accounts (client and non-client) trading UPRO during the period of January to June 2020 and shows the aggregate buys and sells on any given date. In

addition, it provides the allocations on a given day (not aggregated). It provides details, including account number, trade date, settlement date, processing date, transaction type (buy or sell), price per security and total amount, and account name.

[31] UPRO Transaction History reports do not provide specific information regarding the UPRO trading orders from Hampton to Credit Suisse, including order size, time, terms and other order entry details or details of how or when those orders were filled. Accordingly, Staff requested from Credit Suisse data regarding the UPRO orders entered by Hampton (Mr. Deeb) and executed by Credit Suisse for Hampton (the **Credit Suisse Data**). The Credit Suisse Data contains details of orders and fills that were not provided by Hampton and were not available on the Inventory Reports. The Credit Suisse Data included details of order entry including the time (to a fraction of a second) of an order, including details of the order, and of fill, including partial fills, the exchange on which the order was filled, and whether the order was a “parent” order or “child” order.

Deeb’s Trading in UPRO in the VY Account for the CD Account

[32] Using the information provided by NBIN and Credit Suisse, Staff were able to prepare detailed analyses of Mr. Deeb’s Trading in UPRO in the VY Account for the CD Account.

[33] Starting in June 2019, trades in UPRO were put through the VY Account but not ticketed out to the CD Account or not ticketed in full on the day of the trade. There were periodic allocations of UPRO to the CD Account from July 2019 to January 2020 (on July 23, 2019, August 8, 9, 2019, September 13, 19, 25, 26, 27, 30, 2019, October 1, 2, 3, 4, 7, 8, 2019, November 12, 18, 2019, December 16, 2019, and January 30, 2020), but significant amounts remained unallocated in the VY Account until February 24, 2020.

[34] As noted above, on December 31, 2019, the margin available in the CD Account was approximately \$95,347, meaning the maximum purchase possible was approximately \$317,825. The minimum margin required for UPRO shares held in a client account, such as the CD Account, was 30%, while it was 25% for UPRO shares held in a dealer account, such as the VY Account. The unallocated UPRO position in the VY Account on December 31, 2019 was a loss of \$410,089 well in excess of what the CD Account could carry. In January 2020, the margin available in the CD Account was \$81,730, resulting in a maximum purchase price of \$272,435.23. On January 31, 2020, the unallocated UPRO position in the VY Account was a loss of \$338,286 again well in excess of what the CD Account could carry. On February 6, 18, and 19, 2020, the accumulated UPRO position in the VY Account exceeded US\$4,000,000, requiring margin (US\$1,057,827, US\$1,003,087, and US\$1,519,651 respectively), far in excess of what the CD Account could carry. The unallocated UPRO position was also material when compared to Hampton’s reported month-end RAC (\$1,298,000 in January 2020 and \$1,471,000 in February 2020).

[35] On February 24, 2020, the price of UPRO decreased, and the position, then a short position, was flattened, resulting in a net gain of US\$37,431. On February 25, 2020, approximately US\$104,000,000 of UPRO buys and US\$104,000,000 of UPRO sells were allocated out of the VY Account to the CD Account⁵ but not as a single buy or a single sell. Instead, the CD Account was ticketed as follows:

- a) 744 buys of 2,000 UPRO at an average price of \$70.379;
- b) 400 sells of 2,000 UPRO at an average price of \$70.4 plus another 344 sells of 2,000 UPRO at an average price of \$70.414; and
- c) 1 buy of 2,784 UPRO at an average price of \$70.379 and 1 sell of 2,784 UPRO at the price of \$70.414.

[36] At approximately \$25 - \$29 per ticket, the cost to the CD Account was approximately \$39,430 in commissions for a net gain of US\$37,431 in the CD Account.

[37] The allocations to the CD Account were not consistent with the Credit Suisse Records. The Credit Suisse Records show that the UPRO trades from January 2020 to March 2020 occurred in lots of varying sizes. A significant number of UPRO buys were in lots of 5,000 or larger. There is only one buy less than 5,000 (buy of 63), and approximately 80 of buy lots of 10,000 or larger. Similarly, a significant number of UPRO sells were in

⁵ Some allocations to the CD Account reflect a processed date of February 26, 2020.

lots of 5,000 or larger. Only four sells were in lots of 2,000 or less, and approximately 80 of sells in lots of 10,000 or larger.

[38] Although the evidence is not entirely clear about whether there remained a discrepancy following the allocations on February 24, 2020, what is clear about Mr. Deeb's trading of UPRO in the CD Account up to February 24, 2020, is the following:

- the failure to allocate trades in UPRO on a daily basis and the failure to allocate trades in UPRO on a basis consistent with the actual trades was in breach of Hampton's policies; and
- for much of the period from December 31, 2019, to February 24, 2020, the CD Account did not have sufficient margin to support the trading in UPRO that took place. As the carrying broker, NBIN was bearing the credit risk for trading in the VY Account. Mr. Deeb's trading and failure to ensure that UPRO trades were allocated daily resulted in improper access to credit⁶.

Deeb's Trading in UPRO in the VY Account after February 24, 2020

[39] Mr. Deeb continued to trade UPRO in the VY Account following the allocations to the CD Account that took place on February 24-25, 2020. However, none of the other trades were allocated by Hampton to a Hampton client or dealer account. On April 24, 2020, on its own initiative, NBIN allocated the UPRO position in the VY Account to Hampton's dealer error account. Mr. Deeb eventually accepted personal responsibility for the significant loss that occurred.

[40] On February 25, 2020, Mr. Deeb entered further trades for UPRO in the VY Account, with the accumulation of a net 55,000 UPRO position on February 25, 2020 (90,000 buys, 35,000 sells) and further trades on February 26, 27, and 28, 2020, resulting in a 40,000 UPRO position as of February 28, 2020. The intraday UPRO position on February 25, 26, and 28, 2020 also required significant margin (ranging from approximately \$1,037,475 to \$1,580,123 (at 25% applicable to a Hampton inventory account)).

[41] The arrival of the COVID-19 pandemic resulted in significant market losses in early March 2020. Given the high-risk leveraged nature of UPRO, this resulted in a large decline in the UPRO price. Over the weekend following March 6, 2020, the UPRO price dropped by \$11.54. By the end of trading on March 9, 2020, 60,000 UPRO had been accumulated in the VY Account, resulting in a loss of over CDN\$ 1.9 million.

[42] Given the magnitude of the loss, NBIN, which was bearing the credit risk for the VY Account, began making inquiries of Hampton. On March 9, 2020, NBIN noted that the UPRO position in the VY Account had not been ticketed to client accounts. NBIN repeatedly requested that the UPRO shares in the VY Account be allocated to clients. In an email dated March 18, 2020, Patrick Primerano, President of NBIN ("Primerano"), wrote: "If they are client trades, move them to client accounts. If they are your trades, move them to your accounts. If they are Hampton trades, move them to Hampton accounts." Also, on March 18, NBIN was in communication with CIRO about the loss and was advised by Dennis Dirksen (FinOps Manager at Investment Industry Regulatory Organization of Canada (IIROC), predecessor to CIRO) as follows:

Peter indicated that the underlying client is an Abu Dabi [sic] client and has the ability to cover the loss. He indicated the client would be transferring funds and would confirm with me tomorrow when this will be done. I told him that to the extent the account is unsecured, it would wipe out the positive RAC in the firm. I'll follow up again tomorrow to see the status.

[43] In an email sent from Mr. Primerano to Mr. Deeb on March 19, 2020, Mr. Primerano repeated NBIN's request for Hampton to allocate the positions in the average price account. He wrote:

Since March 9th, 2020, Hampton has represented that the negative equity in the inventory account would be covered through the allocation of the securities in the inventory accounts to its clients and that Hampton was in the process of communicating with its clients to that effect. We understand from our call that the option of allocating the securities to its clients is no longer considered by Hampton.

[44] Mr. Primerano continued to express his concerns about the large loss in the average price account

⁶ Our detailed analysis of why this was improper access to credit begins at para 76 below.

through March and April 2020. He testified that IIROC would not permit NBIN to liquidate the position as it would put Hampton in a negative RAC. At the time, it appeared that Canaccord Genuity Corp. (**Canaccord**) was going to replace NBIN as Hampton's Carrying Broker on April 24, 2020, and Canaccord was going to take the loss onto its books. However, on April 23, 2020, Canaccord advised that they would not take on Hampton as their client. NBIN immediately liquidated the UPRO position in the VY Account, resulting in a loss of US\$1,419,046 and a significant debit position on the books of Hampton.

[45] Mr. Deeb provided various explanations as to the identity of the supposed client directing UPRO trading after February 24, 2020, in the VY Account, and what arrangements would be made to address the debit in the VY Account that was related to the UPRO position. Initially, he had advised CIRO that the underlying client was "an Abu Dabi [sic] client". Later, in a memo dated April 24, 2020, that Mr. Deeb emailed to CIRO on April 29, 2020, it was suggested that the UPRO orders had been entered for a client that was a "Sovereign Wealth Fund." However, despite Mr. Deeb's assurances to CIRO that there was an underlying client available to absorb the losses, no specific client was ever identified. Ultimately, Mr. Deeb accepted personal responsibility for the loss.

[46] A Monthly Financial Report (**MFR**) is a condensed version of the annual audited Form 1 that firms must file. It contains a Balance Sheet, Income Statement and Statement B, which is a calculation of RAC. As a Type 2 introducing broker, Hampton is required to maintain at all times a minimum capital of \$250,000 for the purpose of calculating the RAC. Line 22 of Statement B is for the inclusion of unreconciled amounts. If a firm has an inventory position but cannot reconcile it with a third party, then that would be an unresolved difference and that should appear on line 22. As UDP, Mr. Deeb reviewed and signed off on Hampton's MFRs. Hampton's month-end RAC as reported on its MFR was as follows: January 2020: \$1,298,000, February 2020: \$1,471,000, and March 2020: \$1,439,000.

[47] Hampton's February and March 2020 MFRs did not include the calculation of a margin on the UPRO position in the VY Account or account for the losses on those positions:

- a) On February 28, 2020, there was a US\$782,584 realized loss and a US\$55,802 unrealized profit (US\$726,781 total loss) on UPRO in the VY Account, which required a margin of US\$530,900, none of which was accounted for in the margin calculation on Hampton's February 2020 MFR.
- b) On March 31, 2020, there was a US\$1,202,941 realized loss and a US\$656,160 unrealized loss (US\$1,859,101 total loss) on UPRO in the VY Account, which required a margin of US\$414,750, none of which was accounted for in the margin calculation on Hampton's March 2020 MFR.

[48] A review of the losses on the UPRO position in the VY Account, starting February 25, 2020, and the margin required on those positions compared to Hampton's RAC indicates that, on February 25, 2020, and most days thereafter, including at February and March month ends, Hampton would have been RAC-negative. There was no note on Hampton's February 2020 or March 2020 MFRs to indicate an unreconciled balance relating to the UPRO position in the VY Account.

[49] Mr. Deeb submitted that Hampton's February and March 2020 MFRs, both of which reported that Hampton was not RAC-negative, were approved and accepted by CIRO for filing and did not include positions held in the VY Account at that time. Instead, these amounts were properly recorded on the books and records of NBIN, not Hampton. We do not accept this submission. As we find below, Mr. Deeb was aware of these losses and took no steps to ensure that the MFRs accurately reflected Hampton's financial position. Ultimately, Mr. Deeb accepted personal responsibility for the UPRO losses. Mr. Deeb's personal losses should be recorded in the books and records of Hampton, not in the books and records of NBIN.

[50] We review below Mr. Deeb's evidence about his UPRO trading in the VY Account, but what is clear about Mr. Deeb's trading of UPRO in the VY Account after February 24, 2020, is the following:

- The failure to allocate trades on a daily basis is in breach of Hampton's policies.
- Although Mr. Deeb originally led CIRO to believe that there was a Middle Eastern client behind the trades, no client was ever identified for the UPRO trading after February 24, 2020. We find that Mr. Deeb was dishonest and misled CIRO as to whether the UPRO trading in the VY Account was for an actual client. As Mr. Deeb personally took responsibility for the loss, the trading was either personal

or proprietary. In either case, there was insufficient margin to support the trading that took place. As the carrying broker, NBIN was bearing the credit risk for trading in the VY Account. Mr. Deeb's trading resulted in improper access to credit.

- The failure to account for the UPRO trades in Hampton's MFRs resulted in inaccurate MFRs. Had the MFRs been correctly stated, Hampton would have been RAC-deficient for much of February and March 2020.

Deeb's Evidence about the UPRO Trading

[51] Mr. Deeb gave evidence about his trading in UPRO for the CD Account. The strategy was to buy and sell shares in small increments to lock in a spread. The purpose of the trading was to take advantage of the volatility in the marketplace and the liquidity of the security in order to make a profit for the client, while mitigating the volatility in other investments. The general goal with this trading strategy was to be in a flat position. In order to leverage the movement in the market, this type of day-trading was fast-paced and occurred throughout the course of the trading day, sometimes involving buys or sells as often as every five minutes. The trades were executed using an algorithm, such that pairs of transactions, a buy and sell, would be continuously executed throughout the day. This allowed large volumes of trading to occur.

[52] Mr. Deeb testified that beginning in 2019, Hampton began experiencing issues with the reporting that it was receiving from Credit Suisse with respect to U.S. trades, which in turn caused issues with Hampton and NBIN's abilities to settle and then allocate these trades. These issues gradually became more frequent and culminated in February and March of 2020. In particular, Hampton was receiving reporting on its trade positions from Credit Suisse which differed from the reporting on the same trades from NBIN (which NBIN ultimately derived from Credit Suisse's reporting). On some occasions, Credit Suisse would fail to report the transactions taking place on a particular date, then subsequently add the missing transactions to the daily totals taking place later, without notifying Hampton or NBIN that they had done this. Thus, in some instances, Credit Suisse was reporting two different things to NBIN and Hampton.

[53] Mr. Deeb testified that on several occasions, Credit Suisse "lost" trades, in that they would report to Hampton through RealTick that certain trades had been executed, and then several days later Hampton would hear from Credit Suisse or NBIN that Credit Suisse had no knowledge of those very trades that they had reported as executed. Hampton also ran into situations where the closing position on one day would be significantly different from the opening position the following morning, despite the fact that no trading had occurred overnight.

[54] Mr. Deeb's evidence was that due to the conflicting reports Hampton was receiving from Credit Suisse and NBIN, it was at times difficult for Hampton to know what the true client position in UPRO was, and until it did, it could not allocate trades to the CD Account. These issues increased from December 2019 through to March 2020. As the inaccuracies and discrepancies in Credit Suisse's reporting continued, Hampton was having a difficult time assessing what were legitimate trades that belonged to the client that should be allocated out, and what were errors on the part of Credit Suisse that needed to be rectified.

[55] Mr. Deeb testified that during this time, Credit Suisse was of little help in assisting Hampton and NBIN to reconcile the disputed trades and the discrepancies in their reporting. Hampton did not have a dedicated representative to deal with at Credit Suisse. Often, when Hampton representatives would call Credit Suisse, they would be told that Credit Suisse would open a ticket to deal with the issue and that someone would get back to them. Hampton would then have to pursue the settlements department to try and sort the issue out. Eventually, in April of 2020, Credit Suisse just stopped responding to Hampton altogether and many of the disputed trades were left unresolved.

[56] According to Mr. Deeb, on February 24, 2020, Hampton was finally able to reconcile some of the trades and was able to flatten the UPRO position on that day. Hampton then allocated those trades to the CD Account. However, there were still outstanding disputed trades going back many weeks and more than a month in some cases, and those trades remained in the VY Account. Hampton continued to try to reconcile the trades in late February and into March 2020.

[57] In particular, on December 24, 2019, there was an entry of a 12,339 share buy of UPRO in NBIN's

records, which did not have a corresponding entry in Credit Suisse's records or have any indication in the NBIN report as to where this entry came from. This resulted in a short position in UPRO of 12,339, which was identified in an email from Position Watch that was sent to Mr. Deeb on February 25, 2020.

[58] Mr. Deeb's position was that the large loss that occurred in early March 2020 was a result of the errors in reporting from Credit Suisse. In his evidence, he stated that from March 2 to March 6, 2020, he conducted some limited trading in UPRO for CD. He was confident that these trades were accurate, and accurately reported, such that the trades were allocated out to the CD Account. However, despite that Hampton had been able to allocate a large number of trades in the VY Account, there were still outstanding trades going back many weeks and more than a month in some cases, resulting in a position in the VY Account that was the subject of dispute, and could not be allocated to CD. These were trades that were, from what Hampton could tell, either errors on the part of Credit Suisse or were done to rectify incorrect short or long positions reported by Credit Suisse.

[59] We accept that there were discrepancies in the reporting that Hampton and NBIN were receiving from Credit Suisse. There are a number of emails in evidence that confirm instances of the discrepancies that are relied upon by Mr. Deeb. However, we do not accept that these discrepancies are an adequate explanation for the conduct of Mr. Deeb and Hampton that is impugned in the proceeding. We find that it is a reasonable inference on the evidence before us that Mr. Deeb was using the VY Account to improperly trade without an adequate margin, and to shield this trading from compliance review at Hampton by allocating the trades at a low value that would not attract supervisory review. As NBIN bore the credit risk for the average price accounts, Mr. Deeb was obtaining access to credit improperly.

[60] We make these findings for a number of reasons:

- Mr. Deeb provided no explanation as to why he did not allocate trades on a daily basis when there were no discrepancies in the daily trading and instead allowed positions to accumulate over time. Neither did he provide an adequate explanation of why and when discrepancies arose, they were not moved to an error account until resolved. The failure to allocate on a daily basis increased following the reduction in the CD Account's available margin in July 2019, and there was no independent evidence of issues with Credit Suisse reporting prior to October 2019.
- Mr. Deeb did not explain why he continued to pursue the trading strategy when the issues with the Credit Suisse reporting became material and put the client at risk. Further, when the \$1.9 million loss occurred on March 9, 2020, Mr. Deeb's initial response was to advise NBIN and CIRO that there was a client from the Middle East who would cover the loss. He did not provide the detailed explanation of the Credit Suisse discrepancies that he now relies upon. Mr. Deeb never told NBIN that the loss related to technical issues with Credit Suisse. We do not accept Mr. Deeb's evidence that he never told NBIN and CIRO that there was a client from the Middle East. CIRO's email of March 18, 2020, documents what Mr. Deeb told CIRO, and Hampton's own memo of April 24, 2024, references the client as a "Sovereign Wealth Fund." In addition, Patrick Michaud, Hampton's CFO at the time, gave evidence that when the loss was discovered on March 9, 2020, he had been told by Mr. Deeb that it was due to some clients in the Middle East. If, in fact, the cause of the \$1.9 million loss was because of the Credit Suisse discrepancies, one would have expected Hampton to follow up immediately with Credit Suisse after March 9, 2020, to sort the issues out. The documentary evidence provided to us by Hampton relating to contact with Credit Suisse to resolve discrepancies all occurred prior to March 2020.
- One of the key discrepancies identified was a short position on February 25, 2020, in UPRO of 12,339. Mr. Deeb provided no explanation of how a short position of that amount translated into a loss of \$1.9 million when the market fell, and the loss related to a holding of 60,000 UPRO shares.
- There was no reasonable explanation of why the allocations on February 24, 2020, were done on the basis of small lots that were entirely inconsistent with the actual trades. We do not accept Mr. Deeb's evidence that this is the approach that NBIN had advised him to adopt. It is a reasonable inference that that the small allocations were done to avoid compliance review at Hampton. Further, Mr. Michaud gave evidence that he was told by Mr. Deeb when he started in October 2019, that he

was not to focus on the average price accounts as “they were not his area”. He was told that the average price accounts were Mr. Deeb’s “business” and Mr. Deeb and Compliance were watching that activity. It was the evidence of the firm’s CCO, Patrick Mills that compliance did not review activity in the firm average price account and that it was the responsibility of the CFO and the operations group. It is a reasonable inference that Mr. Deeb wanted to avoid scrutiny of the trading that was going through the VY Account. In addition, it is notable that the UPRO positions held in the VY Account for the CD Account showed substantial losses throughout the month of February of between \$250,000 and \$500,000 and it was only on February 24, 2020, that a small profit of \$49,000 was realized. It is a reasonable inference that this was a factor in the decision to flatten the position at that time.

Proprietary Trading in the YZ Account in March 2020

[61] On March 9, 2020, Mr. Deeb knew and understood that there was a loss of \$1.9 million sitting in the VY Account, and that this loss had come to the attention of NBIN who were making inquiries of who the client was, and when the loss was to be allocated to a client account. Mr. Deeb then began day-trading in U.S. securities in the YZ Account, a Hampton \$U.S. inventory account (**YZ Account**). On March 10, 18 and 25, 2020, Mr. Deeb traded shares of UPRO, Amazon.com Inc. (**AMZN**) and JP Morgan Chase & Co. (**JPM**) in the YZ Account as described below.

[62] On March 10, 2020, Mr. Deeb purchased AMZN shares in the YZ Account. At one point on March 10, 2020, there were 2,000 AMZN shares in the YZ Account, which required approximately \$1,251,210 of margin. On the same day, Mr. Deeb purchased UPRO in the YZ Account. At one point on March 10, 2020, there was a total of 45,000 UPRO in the YZ Account, which required approximately \$655,681 of margin. Between 11:33:36 and 11:41:06 on March 10, 2020, the YZ Account held 45,000 UPRO and 2,000 AMZN, at the same time, which collectively required approximately \$1,906,891 of margin.

[63] On March 18, 2020, Mr. Deeb purchased UPRO in the YZ Account. At one point on March 18, 2020, the UPRO position in the YZ Account was 190,000, which cost approximately \$5,731,573 and required approximately \$1,432,893 of margin. On March 18, 2020, Mr. Deeb also purchased AMZN shares. At one point on March 18, 2020, there were 3,000 AMZN shares in the YZ Account, which cost approximately \$7,721,001 and required approximately \$1,930,250 of margin. On March 18, 2020, Mr. Deeb also purchased JPM shares. At one point on March 18, 2020, there were 4,000 JPM shares in the YZ Account, which cost approximately \$480,316 and required \$120,079 of margin. At approximately 15:31:47 on March 18, 2020, the YZ Account held 190,000 UPRO, 3,000 AMZN, and 4,000 JPM all at the same time, for a total margin requirement of \$3,483,222.

[64] On March 25, 2020, Mr. Deeb purchased 2,500 AMZN shares. At one point on March 25, 2020, the AMZN shares in the YZ Account totaled 2,500, which cost approximately \$6,811,105 and required approximately \$1,702,776 of margin. Also on March 25, 2020, Mr. Deeb purchased shares of JPM, which at one point on March 25, 2020, totaled 15,000, at a cost of approximately \$1,850,053 and required approximately \$462,513 of margin. At approximately 11:08:33 on March 25, 2020, the YZ Account held 2,500 AMZN and 15,000 JPM at the same time for a total margin requirement of \$2,312,566.

[65] As set out above, the trading in UPRO, AMZN, and JPM in the YZ Account between March 10 and March 25, 2020 required significant margin, particularly in comparison to Hampton’s month end RAC. Further, when the margin requirements for the AMZN, JPM, and UPRO trading in the YZ Account are considered in conjunction with the existing UPRO position in the VY Account and margin required for the UPRO position, the positions taken together would have exceeded Hampton’s RAC from March 9, 2020, through to March 30, 2020. There was insufficient margin to support the trading that took place. Mr. Deeb’s trading resulted in improper access to credit.

Trading in the VX Account for the CD Account

[66] During the month of February 2020, Mr. Deeb traded in two new issue offerings (Brompton Split Banc and Telus) for the CD Account in the Hampton Canadian dollar average price account (**VX Account**). In both cases, Mr. Deeb also engaged in short selling these securities in advance of the new issue closing. However, the CD Account did not have sufficient margin for the short sales and could not buy the new issues without the

proceeds from the short selling.

[67] On February 3, 2020, Brompton Split Banc announced an overnight offering (**Brompton Split Banc New Issue**) of preferred shares (**SBC.PR.A**) and Class A shares (**SBC**) closing on February 13, 2020. As of February 3, 2020, when the Brompton Split Banc New Issue was announced, there was a realized loss of US\$216,820 associated with the UPRO position in the VY Account, which required US\$271,883 of margin. If allocated to the CD Account, the realized loss (US\$212,343 when netted with the unrealized profit of US\$4,476) and required margin would have been greater than the value of the CD Account. The CD Account was not in a position to participate in the Brompton Split Banc New Issue given the UPRO losses then in the VY Account and the margin required for that UPRO position.

[68] On February 4, 2020, Mr. Deeb started short selling SBC.PR.A and SBC in the VX Account, and by February 10, 2020, Mr. Deeb had sold short 200,000 SBC.PR.A and 200,000 SBC in the VX Account for the CD Account. The CD Account did not have sufficient margin for the short sales. Between February 4 and 13, 2020, Mr. Deeb purchased 200,000 SBC.PR.A and 200,000 SBC at a total cost of \$4,591,600 (200,000 SBC.PR.A at \$10.25 + 200,000 SBC at \$12.708), funded by the proceeds of the short selling. The CD Account did not have sufficient capital to participate in the Brompton Split Banc New Issue without the proceeds of the short sales of SBC.PR.A and SBC. The trading activity in SBC.PR.A and SBC resulted in nominal losses of approximately \$2,282 for the CD Account.

[69] On February 19, 2020, when Telus Corporation (**Telus**) announced a new issue offering (the **Telus New Issue**), there was a realized loss of US\$351,818 and an unrealized loss of US\$64,547 (US\$416,366 total) associated with a short position in UPRO in the VY Account, which required approximately US\$1,519,651 of margin. Given the UPRO losses then in the VY Account and the margin required for that position, the CD Account was not in a position to participate in the Telus New Issue if the UPRO position in the VY Account had been allocated to the CD Account on February 19, 2020.

[70] Starting February 20, 2020, Mr. Deeb sold short a total of 200,000 Telus shares in the VX Account for the CD Account. However, the CD Account did not have sufficient margin to fund the short sales. Between February 20 and 25, 2020, Mr. Deeb purchased a total of 200,000 Telus New Issues at a cost of \$10.4 million for the CD Account, but the purchases were funded by the proceeds of the Telus short sales. The CD Account did not have sufficient capital to participate in the Telus New Issue without the proceeds from the short sales. The trading in Telus resulted in a profit of approximately \$64,010 for the CD Account on February 26, 2020.

[71] Given the existing UPRO position in the VY Account, including the losses and margin required, the Brompton and Telus trading, though profitable, required margin greater than was available in the CD Account. Thus, Deeb's trading resulted in improper access to credit.

Trading in March 2020 for the CD Account

[72] From March 2 to March 6, 2020, Mr. Deeb purchased and sold additional UPRO for the CD Account. These trades were not put through the VY Account but were instead ticketed to the CD Account on the dates of the trades and resulted in a total profit of approximately US\$171,000. However, the records of Credit Suisse show that these UPRO positions required greater margin intraday than was available to the CD Account. In particular, on March 2, 2020, the margin required exceeded the margin available in the CD Account by \$375,855 at one time and \$272,599 at another time; on March 3, 2020, the margin required exceeded the margin available in the CD Account by \$406,144; on March 4, 2020, the margin required exceeded the margin available in the CD Account by \$198,375; on March 5, 2020, the margin required exceeded the margin available in the CD Account by \$181,295; on March 6, 2020, the margin required exceeded the margin available in the CD Account by \$296,552. Again, Mr. Deeb's trading resulted in improper access to credit.

[73] On March 20, 2020, Mr. Deeb purchased AMZN, which was allocated to the CD Account from the VY Account in 93 lots of buys and 93 lots of sells, each with a lot size of 100 and further allocations of one buy of 113 shares and one sell of 113 shares. The trades were indicated as at an average price. However, the Credit Suisse records for March 20, 2020 show no record of sell orders for 100 shares, or buy orders for 100 shares, or a sell order for 113 shares, or a buy order for 113 shares. Instead, the buy and sell orders were for larger lot sizes. The smallest buy or sell order was at 500 shares of AMZN, the largest buy order was for 1,913 shares of AMZN, and largest sell order was for 2,000 shares of AMZN. These AMZN positions that were traded for the CD

Account on March 20, 2020 reached upwards of 1,500, 2,000, 3,000, and even 5,413 AMZN shares at different points during the day, which required margin ranging from \$1,188,657 to \$4,289,466, far in excess of that available to the CD Account in March 2020.

[74] Here again, Mr. Deeb's trading resulted in improper access to credit. Further, the failure to allocate trades on a basis consistent with the actual trades is in breach of Hampton's policies. It is a reasonable inference that the small allocations were done to avoid compliance review at Hampton.

Additional Trading in the VY Account - Virgin Galactic Holdings Inc.

[75] On February 20, 24 and 27, 2020, Mr. Deeb purchased shares of Virgin Galactic Holdings Inc. (SPCE), totaling 12,000 in the VY Account as follows: on February 20, 2020, 5,000 shares of SPCE; on February 24, 2020, 3,000 SPCE shares; on February 27, 2020, 15,000 SPCE shares and 11,000 SPCE shares sold. Mr. Deeb did not allocate any of the SPCE trades to a client account, and as of February 28, 2020, there was a realized loss of US\$34,524 and an unrealized loss of US\$34,285 on the SPCE position in the VY Account. The SPCE position remained in the VY Account through to March 6, 2020, when the SPCE trades in the VY Account were cancelled as of the original trade dates and booked to the YZ Account before being liquidated. Mr. Deeb did not explain why the SPCE trades were not allocated to a client account on a daily basis, contrary to Hampton's policies.

Analysis

[76] Contravention #1 alleges that between January 2020 and April 2020, Mr. Deeb engaged in a trading practice in client and firm inventory accounts that is contrary to IDPC Rule 1400.

[77] IDPC Rule 1400 sets out the general standards of conduct that apply to Regulated Persons. IDPC Rule 1402 states as follows:

(1) A Regulated Person:

- (i) in the transaction of business must observe high standards of ethics and conduct and must act openly and fairly and in accordance with just and equitable principles of trade, and
- (ii) must not engage in any business conduct that is unbecoming or detrimental to the public interest.

(2) Without limiting the generality of the foregoing, any business conduct that:

- (i) is negligent,
- (ii) fails to comply with a legal, regulatory, contractual or other obligation, including the rules, requirements, and policies of a Regulated Person,
- (iii) displays an unreasonable departure from standards that are expected to be observed by a Regulated Person, or
- (iv) is likely to diminish investor confidence in the integrity of securities, futures or derivatives markets, may be conduct that contravenes one or more of the standards set forth in subsection 1402(1).

[78] IDPC Rule 1402 is often characterized as targeting "conduct unbecoming". In *Deeb (Re)*⁷, it was held that each case is fact dependant. The panel there held that there must be some element of wrongdoing or falling below the standard of conduct reasonably expected in the securities industry to maintain the public trust in the members to handle the public's money. This is so whether the conduct is characterized as bad faith, dishonest intent, improper purpose, quasi-criminal, unethical or other similar language.

[79] In *Little (Re)*, the hearing panel stated:

It is our view that transgressions must be looked at in the light of the reputation which the investment industry must maintain in the eyes of the public and the effect which the transgression could have on that reputation. The public interest demands that the Members of the industry, and

⁷ *Deeb (Re)*, 2013 IIROC 8

their employees, be held to a very high standard of financial probity. They must be trusted because they handle other people's money. They must be seen to be trustworthy. If conduct could even appear to cast doubt upon that probity, then it could be detrimental to the public interest and constitute conduct unbecoming.⁸

[80] There are a number of similarities between the facts of this case and the decision in *Northern Securities (Re)*⁹. One of the key issues in *Northern Securities* was the use of an average price account to trade in circumstances where the underlying client account did not have the margin required to conduct the trades, and thereby improperly obtained access to credit.

[81] In *Northern Securities*, the individual respondent, Mr. Alboini, was a Registered Representative (**RR**), CEO, and UDP of Northern Securities Inc. (**NSI**). NSI was a type-2 introducing broker and Penson Financial Services Canada Inc. (**Penson**) was its carrying broker. Northern Financial Corporation (**NFC**) was the owner of NSI. NFC and Mr. Alboini were shareholders of Jaguar Financial Corporation (**Jaguar**), and Mr. Alboini served as its President and CEO. In July 2008, Jaguar's only account at NSI was restricted by Penson due to lack of sufficient margin. To circumvent the limitations on the Jaguar account, Mr. Alboini opened and held several accounts for Jaguar. Mr. Alboini was the RR for all of those accounts. Mr. Alboini then used NSI's average price account (the **TA Account**) to purchase securities, which would later be "ticketed out" to one of the newly created Jaguar accounts. The hearing panel determined that as a result of Mr. Alboini's trading practice, Jaguar had received access to credit and thus enabled it to purchase securities which it could not otherwise acquire. The hearing panel determined that Jaguar's access to credit was improper.

[82] In reaching the conclusion that the access to credit was improper, the hearing panel stated:

Knowing the creditworthiness of a client before executing trades on its behalf and only executing trades for creditworthy clients is a basic obligation of registered securities dealers and in particular is an obligation of the client's RR. [...] If the dealer and the RR allowed non-creditworthy clients to purchase securities, the inability of the client to pay for the securities would materially increase the risk to the broker and its carrying broker, one or both of whom would have to pay for the securities. [...] It is particularly important to note in this case that the creditworthiness must exist before the trade is executed for the client [...] his [Mr. Alboini's] personal view as to the creditworthiness of Jaguar cannot override the standards applied by the industry, which as RR and UDP, he is obliged to follow.¹⁰

[83] The hearing panel also found that Mr. Alboini's use of the average price account was improper:

The NSI manual states that the TA Account must be used for "accumulations...where clients do not wish small fills for large orders." The reasons for such an approach, which is in keeping with industry practice in the Panel's opinion, are to avoid putting one large order into the market which could influence upward the price the buyer might have to pay, to avoid the inconvenience and excessive paperwork which would be required for multiple small orders rather than a single ticket and to facilitate average price fills when an institutional order is to be prorated amongst the clients internal accounts. By its own terms the TA Account was never intended as a source of financing to purchase shares in situations where funds were not available on a T+3 basis. It was IIROC's position that the orders placed by Alboini in the TA Account on behalf of Jaguar were not "large orders" that were worked by the trade desk over an extended period of time, but rather were day orders that were filled seriatim and simply aggregated and assigned an average price for ticketing purposes usually at month end. [...]

The Panel agrees with IIROC's position that the orders in the TA Account were not large orders, but were day orders that were accumulated and assigned an average price for ticketing purposes. It is the Panel's conclusion that this trading activity in the TA Account was not in accordance with accepted industry practice regarding the use of client average price accumulation accounts, nor with NSI's manual and was nothing more than Jaguar free-riding on Penson's capital. This was an

⁸ *Little (Re)*, [2007] I.D.A.C.D. No. 24

⁹ *Northern Securities (Re)*, 2012 IIROC 63

¹⁰ *Ibid.* at para 47

improper use of the TA Account. [...]

[...] It is industry practice to ticket out when a trade has concluded and to collect funds at that point. If the account is being used for a true accumulation, payment might be delayed until the accumulation has been completed if the creditworthiness of the client is not in question, but it should never be delayed beyond completion of the accumulation. It is industry practice to get paid for an order on as timely a basis as possible. Indeed a member should not even take an order unless it has good reason to believe it will be paid for on a timely basis. Delaying the ticketing out until month end could only benefit Jaguar, could not be in the best interests of NSI (or Penson) and is an inappropriate use of the TA Account.¹¹

[84] The hearing panel's conclusion in *Northern Securities* is consistent with our conclusions that Mr. Deeb's use of Hampton's average price and inventory accounts in circumstances where there was inadequate margin constitutes improper use of credit and is conduct unbecoming.

[85] In his Responding Submissions, Mr. Deeb argues that NBIN was aware of the trading at issue, was aware of the positions held in the average price account and was aware of the reporting problems from Credit Suisse. NBIN provided credit pursuant to the terms of its carrying broker agreement and charged interest for doing so. It was reasonable for Hampton and Mr. Deeb to rely upon the fact that this type of trading had been done many times in the past. NBIN was fully aware of it, and NBIN never raised any concerns.

[86] We do not accept this submission. While NBIN had access to the information in Hampton's inventory accounts, that does not mean that they became "aware" that trading was being done for clients with inadequate margin. The appearance of a \$1.9 million loss in the VY Account in March 2020 did trigger an escalation from the NBIN credit department, and at that point, NBIN senior management became "aware" of the use that Mr. Deeb was making of the average price account. We do not accept Mr. Deeb's evidence that NBIN was aware of and condoned this type of trading in the past.

[87] Further, and in any event, we do not accept the submission that it is reasonable for Hampton and Mr. Deeb to rely on the fact that this type of trading was done in the past. The fact that these trading practices were used previously does not by itself make the practice appropriate¹². It is clearly not appropriate in the circumstances of this case.

Conclusion

[88] We find that CIRO Enforcement has established that between January 2020 and April 2020, Mr. Deeb engaged in a trading practice in client and firm inventory accounts that is contrary to IDPC Rule 1400. We find that Mr. Deeb engaged in conduct unbecoming by:

- trading in Hampton's average price and inventory accounts in circumstances where there was inadequate margin to support the trading, and thereby improperly obtaining the use of credit;
- failing to allocate trades in the average price accounts on a daily basis, in breach of Hampton's policies;
- failing to account for the UPRO trades in Hampton's MFRs, which resulted in inaccurate MFRs;
- failing to allocate trades on a basis consistent with the actual trades, in breach of Hampton's policies; and
- misleading CIRO by falsely advising that there was an Abu Dhabi or Sovereign Wealth Fund client behind the UPRO position in the VY Account after the large loss was incurred in early March 2020.

(iii) Analysis of Contravention #2

Overview

[89] Contravention #2 alleges that between January and April 2020, Hampton failed to keep and maintain a

¹¹ *Ibid.* at paras 60, 61, 63

¹² *Ibid.* at para 59

proper system of books and records and provide records of trading activity contrary to Dealer Member Rules 17.2 and 200.

[90] CIRO Enforcement Staff allege that despite repeated requests for documentation related to the trading described above, Hampton failed to provide required documentation which ought to have been readily available. Enforcement Staff had to expend extensive time and resources to gather a portion of the necessary audit trail records through NBIN and Credit Suisse.

Factual Background

[91] As noted above, IIROC was first alerted to the issue of the \$1.9 million loss in the VY Account in or around March 18, 2020, when it was brought to Enforcement Staff's attention. At that time, Mr. Dirksen was advised that the trading was on behalf of an Abu Dhabi client.

[92] Starting April 23, 2020, Mr. Dirksen repeatedly requested that Mr. Deeb provide details related to the client identity, client account, trade blotters, and why the UPRO position in the VY Account had not been allocated to a client.

[93] On April 23, 2020, Mr. Dirksen wrote to Mr. Deeb requesting key information regarding the UPRO trading in the VY Account after February 24, 2020, including:

- The securities and marketplaces involved, and the dates of these trades (i.e., audit trail of trades that led to the losses);
- Please confirm if the trades were for a client;
- The client account(s) name(s), account number(s) behind these trades;
- Who at Hampton directed and placed these trades (in the average price accounts);
- Who (e.g., client, trading authority) gave authorization for these trades, the dates when authorization was given, and how client authorization was taken/recorded;
- If the clients involved have been notified of these losses, including when they occurred and the amounts involved;
- Which supervisory or compliance staff have been involved in overseeing such trade/loss allocations;
- Daily trade blotters evidencing these trades;
- Daily blotter showing any non-trade activity regarding these positions;
- The name and account number of where the trades now reside or if Mr. Deeb absorbed the loss personally, what was the reasoning.

[94] On the same day, Mr. Deeb responded to Mr. Dirksen by advising that "we have been gathering and reviewing this data ourselves as we have serious issues with NBIN's involvement in the process and are considering our legal options. Throughout the month of March we were receiving incorrect settlement and position reports from NBIN, as well as from Credit Suisse and likely Position Watch that certainly played a role in the problem". It is notable that there is no evidence that by April 23, 2020, Mr. Deeb and Hampton had raised these issues with NBIN and Credit Suisse or that there were any issues with NBIN and Credit Suisse reports in March 2020, as opposed to the earlier issues. Although Mr. Deeb advised that he needed to obtain data from NBIN and Credit Suisse, there is no evidence that he made any effort to obtain the data in March, April or May 2020.

[95] In a memo dated April 24, 2020, that Mr. Deeb emailed to Mr. Dirksen on April 29, 2020, Mr. Deeb suggested that the "problems began to occur early March, when orders were entered through the algorithm for the firm's own accounts and a Sovereign Wealth Fund who are an existing account." We note that this is not consistent with Mr. Deeb's evidence before us that the problem with Credit Suisse began in 2019.

[96] Mr. Dirksen responded on May 1, 2020 asking: "In addition to the information outstanding (records that you've indicated will need to come from service providers – e.g. trade blotters evidencing these trades, daily

blotter showing any non-trade activity regarding these positions), please respond to these questions previously asked ...". On May 8, 2020, Mr. Dirksen again wrote to Mr. Deeb advising "Peter, as discussed yesterday, you indicated that you requested the info from Credit Suisse to provide an audit trail of the \$2 million loss in the average price account but would look at the other queries in the interim. Please respond to the other queries and we'll deal with the audit trail when you have the info." There is no evidence that Mr. Deeb or Hampton had actually requested the information from Credit Suisse prior to May 8, 2020.

[97] As of June 12, 2020, a number of the queries originally put to Mr. Deeb by Mr. Dirksen in April 2020 were still outstanding. Basic information that a dealer is required to maintain, such as the client account name(s), account number(s) behind the UPRO trades, and daily trade blotters evidencing the trades had not been provided.

[98] In addition, as we set out above, a review of the losses on the UPRO position in the VY Account starting February 25, 2020, and the margin required on those positions compared to Hampton's RAC indicates that, on February 25, 2020, and most days thereafter including at February and March month ends, Hampton was RAC-negative. There was no note on Hampton's February 2020 or March 2020 MFRs to indicate an unreconciled balance relating to the UPRO position in the VY Account. Mr. Deeb was aware of these losses and took no steps to ensure that the MFRs accurately reflected Hampton's financial position.

[99] Subsequently, IIROC began an investigation of Hampton. Typically, an initial step in an investigation is to make a request for documents and information from the subject of the investigation. The request is known as a "Request for Information" (RFI). On December 18, 2020, IIROC sent a RFI to Hampton. The request included:

- details of all average price accounts and proprietary trading/ inventory accounts;
- with respect to UPRO trading, copies of tickets and electronic trading blotters, and settlement and position reports from NBIN and Credit Suisse;
- email and correspondence with the "Abu Dhabi and/or any sovereign wealth clients";
- account documents for all client accounts that participated in UPRO trading during the first half of 2020;
- with respect to "sovereign wealth" accounts, the name of the person providing instructions, a history of the relationship, explanation of how client authorization was taken and recorded for UPRO orders, and notes of conversations; and
- copies of all supervision inquiries regarding UPRO trading.

[100] Hampton replied to RFI on January 26, 2021. The reply did not provide any of the requested documentation regarding UPRO trading. No information was provided to substantiate the "Abu Dhabi" client or the "Sovereign Wealth Fund" client. The response to the inquiries regarding the "Sovereign Wealth Fund" accounts was "Not applicable as no such fund executed trades".

[101] On April 14, 2021, IIROC wrote a follow-up letter to Hampton, requesting production of all outstanding items from the original RFI.

[102] On May 28, 2021, Hampton responded to IIROC, and specifically advised that UPRO trading tickets and blotters respecting UPRO trading could not be produced as they "had been purged by NBIN". They also advised that no records existed with regard to any "Abu Dhabi" clients or "Sovereign Wealth Fund" clients. They also advised that:

"[...] the previous assertion that a "sovereign wealth fund was a participating client" appears to have been in error; this party never became a client".

[103] Hampton never fully responded to the RFI with respect to UPRO trading, in that copies of order tickets and electronic trading blotters were never produced to IIROC. As a result, IIROC was unable to construct an audit trail for Hampton's trading in UPRO during the first half of 2020, and IIROC then had to go to NBIN and Credit Suisse to obtain the records necessary for IIROC to conduct an investigation into Hampton's UPRO trading activity.

[104] On April 13, 2022, IIROC issued to Hampton a Business Conduct Compliance Examination Report (**2021 BCC Examination Report**). The review period for the report was May to July 2020. In their report, IIROC noted that it had “concerns with Hampton’s lack of record keeping” and that Hampton “had difficulty finding and providing evidence of key corporate documents including supervisory oversight records and corporate governance materials. The lack of complete records caused the firm’s failure to demonstrate the degree and extent of its oversight, if any.”

Analysis

[105] Dealer Member Rule 17.2 provides that "Every Dealer Member shall keep and maintain at all times a proper system of books and records."

[106] Dealer Member Rule 200.2 particularizes the obligation under Dealer Member Rule 17.2 as follows:

As required under Rule 17.2, every Dealer Member shall make and keep current books and records necessary to record properly its business transactions and financial charts including, without limitation:

a) Trade blotters

Blotters (or other records of original entry) containing an itemized daily record of all purchases and sales of securities, all receipts and deliveries of securities (including certificate numbers), all trades in commodity futures contracts and commodity futures contract options, all receipts and disbursements of cash and all other debits and credits. Such records shall show the account for which each such transaction was effected, the trade dates and

(i) In the case of trades in securities:

(A) The name, class and designation of securities;

(B) The number, value or amount of securities and the unit and aggregate purchase or sale price (if any); and

(C) The name or other designation of the person from whom the securities were purchased or received or to whom they were sold or delivered.

[107] Hampton submits that the Notice of Hearing and Statement of Allegations in a CIRO proceeding define the Panel’s jurisdiction¹³, and accordingly, CIRO Enforcement Staff is limited to what they alleged in the Statement of Allegations. It is further submitted that CIRO Enforcement Staff alleged for the first time in their closing submissions that one of the books and records’ breaches by Hampton is that the MFRs were inaccurate. CIRO’s failure to make this allegation in the Statement of Allegations means that the Panel has no jurisdiction to determine whether it could form part of the alleged books and records’ breach.

[108] We agree that the Notice of Hearing and Statement of Allegations in a CIRO proceeding define the Panel’s jurisdiction. However, the Ontario Divisional Court has made clear that charges brought against a professional person by their governing body should not be approached as though they were counts in an indictment and “should not be approached in an overly technical manner”¹⁴. The key issue remains whether the Respondents had adequate notice of the case that had to be met and have been provided with a fair opportunity to respond.

[109] The Notice of Hearing and Statement of Allegations did provide adequate notice to the Respondents of the allegations that the MFRs were inaccurate. Paragraph 10 provides: “The lack of records and audit trail impacts the ability of supervisors and compliance personnel to perform their functions and also resulted in the inaccurate filings of Hampton’s Monthly Financial Reports. Paragraph 73 provides: “In addition, the inaccurate recording and allocating of trading activity resulted in inaccurate filings of Hampton’s MFRs for February 2020 and March 2020.” We do not agree that there is any procedural unfairness, or that we lack jurisdiction over this issue.

¹³ *Englesby and Nishimura (Re)*, 2024 CIRO 63 at para 173

¹⁴ *Stevens and Law Society of Upper Canada (Re)*, 1979 CanLII 1749 (ON SC); *Deeb v. Real Estate Council of Ontario*, 2025 ONSC 1100 (CanLII)

[110] Hampton further submits that its compliance department provided all of the records that it had in response to CIRO's requests. Hampton also relied on its carrying and executing brokers to maintain and provide access to certain records relating to their trading, including U.S. trade blotters and inventory reports. These documents are Credit Suisse and NBIN documents, respectively. Hampton tried to request these records from both NBIN and Credit Suisse, but they did not cooperate. There was little else that Hampton could do; it had terminated its relationship with both Credit Suisse and NBIN before the requests were made, and it no longer had live access to the records that CIRO was seeking.

[111] We do not accept this submission for several reasons. First, Mr. Michaud gave evidence that when he learned of the significant loss in March 2020, he conducted an investigation and obtained the month-end balances and month-end margin requirements against those balances for the average price accounts. This evidence was confirmed by Ms. Castelino, the COO at the time. Mr. Mills, the CCO at the time, testified that the daily blotters were received from NBIN and reviewed by compliance staff at Hampton. The daily blotter was printed, and the review was "paper based". After the daily review was completed, the paper blotters would be boxed and saved in a room on the floor above Hampton's office. The storage space was described as disorganized. Clearly, Hampton had these records available in March 2020. Further, neither Credit Suisse nor NBIN were terminated at the time CIRO was making the request for documents, and there is no evidence that Mr. Deeb or Hampton had actually requested the information from either NBIN or Credit Suisse prior to May 8, 2020.

Conclusion

[112] We find that CIRO has established that between January 2020 and April 2020, Hampton failed to keep and maintain a proper system of books and records and provide records of trading activity contrary to Dealer Member Rules 17.2 and 200.

[113] In particular, Hampton did not maintain and provide the records requested regarding the UPRO trading requested by CIRO, and the MFRs of Hampton for February 2020 or March 2020 did not accurately reflect Hampton's financial position as a result of the failure to promptly and accurately account for the losses on the UPRO position in the VY Account.

(iv) Analysis of Contravention #3

Overview

[114] Contravention #3 alleges that between January and September 2020, Mr. Deeb failed to promote compliance by Hampton with regulatory requirements contrary to Dealer Member Rule 38.5.

[115] CIRO Enforcement Staff allege that Mr. Deeb failed to meet his obligations as the UDP for Hampton. The breach of Rule 38.5 is based on a report prepared by CIRO's Business Conduct Compliance (**BCC**) department. That report identified a large number of deficiencies, including a number of significant and repeat significant deficiencies that existed from prior examinations. Enforcement Staff also rely on the IDPC Rule 1400 conduct unbecoming allegations in Contravention #1 and the Rules 17.2 and 200 failures to maintain proper books and records allegations in Contravention #2.

Factual Background

[116] As discussed above, BCC conducted an examination of Hampton, which resulted in the 2021 BCC Examination Report. That 2021 BCC Examination Report identified a number of deficiencies in Hampton's compliance from January 2020 onwards. The BCC approach to the examination was influenced by two factors: (1) previously identified failures to resolve compliance issues from previous BCC reports (2019) and (2) the firm was dealing with a carrying broker change.

[117] Noel Sequeria, a manager in CIRO's BCC department was involved in the examination that led to the 2021 BCC Examination Report, which provided evidence about the examination process. BCC examinations take place generally in three phases - planning, field work, which involves conducting an assessment of the effectiveness of the Dealer Member's controls and finally producing the report. At the final stage, an exit meeting is conducted with the Dealer Member. The CCO and UDP are invited to be part of the exit meeting as

well as key supervisory staff.

[118] Mr. Deeb was involved in the BCC examination process. He was involved early in the planning stage and requested that the examination be deferred due to the change of the carrying broker. The examination was, in fact, deferred until after March 2021, when the carrying broker conversion occurred. Mr. Deeb was also present for the exit meeting.

[119] The Executive Summary of the 2021 BCC Examination Report concluded:

We identified fifteen deficiencies, five of which were repeat significant and eight of which were significant. The firm continues to experience significant examination deficiencies. As noted in the cover letter, IIROC has fundamental concerns regarding Hampton's ability to establish an adequate compliance system to supervise the activities of the firm and ensure compliance with securities legislation by the firm and the individuals acting on its behalf. Further, IIROC has concerns with Hampton's lack of record keeping. The firm had difficulty finding and providing evidence of key corporate documents including supervisory oversight records and corporate governance materials. The lack of complete records caused the firm's failure to demonstrate the degree and extent of its oversight, if any. BCC referred this report, in its entirety, to IIROC's Enforcement Department.

The firm is reminded that it must establish a compliance system for monitoring compliance with IIROC rules and securities laws. Record keeping is a key component for demonstrating the firm's establishment of a sound corporate governance framework that complies with regulatory requirements.

[120] One of the significant deficiencies found related to Mr. Deeb's role as UDP. The 2021 BCC Examination Report concluded:

6. Inadequate Compliance Systems and Ultimate Designated Person Not Adequately Performing Responsibilities

Hampton's Ultimate Designated Person (UDP) had not adequately performed his responsibilities under securities law, as evidenced by the significant and repeat deficiencies specifically set out in this report. Peter Deeb, in his capacity as UDP, in addition to his role as Acting Chief Compliance Officer (CCO) during March 2020 to September 2020, did not meet his responsibilities to establish an adequate compliance system to supervise the activities of the firm and ensure compliance with securities legislation by the firm and the individuals acting on its behalf.

The Dealer continued to experience an increase in the number and severity of regulatory deficiencies from BCEs conducted in 2016 and 2019 and was again unable to locate and provide critical supervisory records when requested. BCC identified the following deficiencies, among others, which collectively indicate an inadequate compliance system:

Deficiency #1 - Fee-Based (Non-Managed) Accounts

Deficiency #2 - Daily and Monthly Supervision of Accounts

Deficiency #3 - Discretionary Accounts

Deficiency #4 - Supervision of Managed Accounts

Deficiency #5 - Advertising, Websites and Social Media

Deficiency #7 - Board of Directors

Deficiency #8 - Anti-Money Laundering (AML) Compliance Program

Deficiency #9 - Managed Account Committee

Deficiency #10 - Outside Business Activities

Deficiency #11 - Employee Accounts Held at Other Dealer Members

Deficiency #12 - Supervision of Business Locations

Deficiency #13 - Policies and Procedures

[121] Mr. Deeb's response to the deficiencies that were identified by BCC was to explain the challenges that Hampton was facing at the relevant time. The COVID-19 pandemic arrived when Hampton was experiencing reporting and settlement issues with Credit Suisse. At the same time, Mr. Deeb gave evidence about two other challenges facing Hampton which put a significant amount of strain on Hampton's resources and ability to respond to the crisis it was facing.

[122] First, Hampton was switching carrying brokers. If an introducing broker like Hampton does not have a carrying broker, CIRO will suspend the firm. Therefore, the carrying broker search was a top priority for Mr. Deeb and Hampton during this time. Transitioning clients from one carrying broker to another is also a time-consuming and technologically demanding process, which has to be done with CIRO's approval and regulatory compliance.

[123] Second, Hampton was experiencing turnover in its compliance department. Throughout 2020 and 2021, Hampton experienced significant difficulties in finding and keeping compliance officers and CCOs. The difficulty Hampton experienced was finding people with the necessary experience to staff the compliance department, as there was a high rate of turnover in these roles, especially during the COVID-19 period. Mr. Deeb's evidence was that he was making efforts to strengthen Hampton's compliance regime, and Hampton was alert to the fact that it needed a strong compliance department and had already taken steps to hire additional staff. With the significant rate of turnover in Hampton's compliance department, it was difficult for Compliance to make progress on remedying the deficiencies.

Analysis

[124] Dealer Member Rule 38.5 describes the role and responsibilities of the UDP as follows:

(a) A Dealer Member must designate an individual who is approved under the Corporation's rules in the category of Ultimate Designated Person and who shall be responsible to the Corporation for the conduct of the firm and the supervision of its employees and to perform the functions described in paragraph (c).

[...]

(c) The Ultimate Designated Person must

(i) supervise the activities of the Dealer Member that are directed towards ensuring compliance with the Corporation's Dealer Member rules and applicable securities law requirements by the firm and each individual acting on the Dealer Member's behalf, and

(ii) promote compliance by the Dealer Member, and individuals acting on its behalf, with the Corporation's Dealer Member rules and applicable securities laws.

[125] The responsibilities of the UDP under Rule 38.5 are of equal importance, and the UDP has the obligation to promote a culture of compliance at his or her firm, and in such regard is expected to set the tone from the top.¹⁵

[126] In the circumstances of this matter, we do not accept that the challenges faced by Hampton during the relevant period are a satisfactory explanation of the various failures of Mr. Deeb. The 2021 BCC Examination Report identified six repeated deficiencies going back a number of years. It noted that Hampton "continued to experience an increase in the number and severity of regulatory deficiencies from BCEs conducted in 2016 and 2019 and was again unable to locate and provide critical supervisory records when requested." The compliance challenges faced by Hampton pre-existed the events of March – May 2020. Those events simply exposed Hampton's on-going weakness in this area.

[127] We accept the conclusion of the 2021 BCC Examination Report that Mr. Deeb did not meet his responsibilities to establish an adequate compliance system to supervise the activities of the firm and ensure compliance with securities legislation by the firm and the individuals acting on its behalf.

[128] Our findings on Contravention #1 are alone sufficient to ground a violation of Rule 38.5. We found that

¹⁵ *M Partners Inc. (Re)*, 2018 IIROC 25 at para 11

CIRO Enforcement has established that between January 2020 and April 2020, Mr. Deeb engaged in a trading practice in client and firm inventory accounts that is contrary to IDPC Rule 1400. We found that Mr. Deeb engaged in conduct unbecoming by:

- trading in Hampton’s average price and inventory accounts in circumstances where there was inadequate margin to support the trading, and thereby improperly obtaining use of credit;
- failing to allocate trades in the average price accounts on a daily basis, in breach of Hampton’s polices;
- failing to account for the UPRO trades in Hampton’s MFRs, which resulted in inaccurate MFRs;
- failing to allocate trades on a basis consistent with the actual trades in breach of Hampton’s polices; and
- misleading CIRO by falsely advising that there was an Abu Dhabi or Sovereign Wealth Fund client behind the UPRO position in the VY Account after the large loss was incurred in early March 2020.

[129] This is not the kind of conduct that is acceptable for a UDP who has the obligation to promote a culture of compliance at his firm and is expected to set the tone from the top. In particular, it is not acceptable for a UDP to knowingly provide false information to the regulator.

[130] Finally, Hampton’s failure to keep and maintain a proper system of books and records and provide records of trading activity between January and April 2020 is also relevant. Mr. Deeb was aware the MFRs of Hampton for February 2020 or March 2020 did not accurately reflect Hampton’s financial position as a result of the failure to promptly and accurately account for the losses on the UPRO position in the VY Account.

Conclusion

[131] We find that CIRO Enforcement has established that between January and September 2020, Mr. Deeb failed to promote compliance by Hampton with regulatory requirements contrary to Dealer Member Rule 38.5.

(v) CONCLUSION AND NEXT STEPS

[132] We find that CIRO Enforcement has established all of the contraventions alleged.

[133] The Hearings Office is to be in contact with the parties to arrange a case conference for the purpose of scheduling a penalty hearing.

Dated at Toronto, Ontario this 14th day of April 2025.

“Christopher Bredt” _____

Christopher Bredt, Chair

“William Donegan” _____

William Donegan

“Zahra Bhutani” _____

Zahra Bhutani