Re Perron & Cumberland

IN THE MATTER OF:

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

and

Gary Edmond Perron & Cumberland Private Wealth Management

2025 CIRO 21

Canadian Investment Regulatory Organization
Hearing Panel (Alberta District)

Heard: March 21, 2025 in Calgary, Alberta via videoconference
Decision: March 21, 2025
Reasons for Decision: April 28, 2025

Hearing Panel:
Omolara Oladipo, Chair
David Johnson, Industry Representative
Birju Shah, Industry Representative

Appearances:
Tayen Godfrey and Michael Mantle, Enforcement Counsel
Thomas O'Leary, KC for Gary Edmond Perron
Maureen Doherty and Andrew Anderson, for Cumberland Private Wealth Management

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REASONS FOR DECISION ON ACCEPTANCE OF SETTLEMENT

INTRODUCTION

[1] On February 27, 2025, Gary Edmond Perron (Mr. **Perron**) & Cumberland Private Wealth Management (**Cumberland**), collectively referred to as the Respondents, entered into a settlement agreement with the Canadian Investment Regulatory Organization (**CIRO**) (the **Settlement Agreement**). The Settlement Agreement is attached as an Appendix to this decision.

[2] The Settlement Agreement concerns the conduct of Mr. Perron, who is a long-standing member of the investment industry and a registered individual with Cumberland, a subsidiary of Cumberland Partners Limited (**CPL**). The subject conduct included Mr. Perron's undisclosed acquisition and control of an offshore entity, Keynard Limited (**Keynard**) through another offshore corporation, Akala Ltd. (**Akala**), and related failures to comply with regulatory requirements concerning outside business activities (**OBAs**), conflicts of interest, and client account disclosures. The matter also touches on Cumberland's knowledge of, and ability to supervise Mr. Perron's activities as Cumberland serviced the account, notwithstanding observable red flags.

[3] An electronic hearing was conducted before the Hearing Panel on March 21, 2025 to consider whether, pursuant to Rules 8215 and 8428 of CIRO's Investment Dealer and Partially Consolidated Rules (the **IDPC Rules**), the Hearing Panel should accept the Settlement Agreement in respect of the Respondents' alleged misconduct.

[4] Prior to the hearing, the Hearing Panel was provided with the terms and bases of the Settlement Agreement.

[5] Andrew Anderson attended as a representative of Cumberland, which was also ably represented by Maureen Doherty. Although Mr. Perron was not in attendance, he was ably represented by his counsel, Thomas O'Leary, KC.

[6] The Hearing Panel subsequently received the submissions and representations of Enforcement Counsel for CIRO as well as counsel for the Respondents.

[7] The Hearing Panel adjourned to deliberate, and the main question it considered was the appropriateness of the penalties provided under the Settlement Agreement.

[8] After prolonged deliberation and at the conclusion of the hearing, and having considered the parties' submissions, CIRO's Sanction Guidelines (the **Guidelines**) and previous CIRO (and its predecessor IIROC's) decisions, the Hearing Panel accepted the Settlement Agreement with written reasons to follow. Below are the Panel's reasons.

BACKGROUND

[9] This matter is based on unusual facts and background.

[10] Mr. Perron is a Chartered Financial Analyst with a professional history dating back to approximately 1980. At various points up until the present, Mr. Perron held various senior management and supervisory roles.

[11] In 2013, Mr. Perron founded Perron and Partners Wealth Management (**PWM**) and subsequently established Norrep Capital Management Ltd., now NCM Asset Management Ltd. (**NCM**).

[12] In March 2016, Mr. Perron opened an institutional client account at PWM for Butterfield Trust (Bermuda) Limited (**Butterfield Trust**), an offshore entity. The account was beneficially linked to Keynard.

[13] Since 2018, Mr. Perron has resided and worked in the Bahamas as a non-tax resident of Canada.

[14] Between January 6, 2020 and May 17, 2021, the Butterfield Trust account held between approximately CAD $133 million and $152 million.

[15] Keynard, initially held by the Silene Foundation (Curacao), was the sole unitholder of the Nebulae Fund, which is an offshore fund eligible for non-tax residents of Canada and the U.S. for which NCM acts as portfolio manager. Nebulae Fund was valued at approximately CAD $57 million in April 2021. NCM, under Mr. Perron's oversight, served as Portfolio Manager, earning management fees for both Mr. Perron and Cumberland.

[16] Between February and June 2020, Mr. Perron established Akala in the Bahamas to acquire Keynard's shares.

[17] On June 29, 2020, Mr. Perron's associate and former Keynard director, KT, executed a corporate resolution transferring 50,000 Keynard shares from the Silene Foundation to Akala and appointed Mr. Perron as Director and President of Keynard. This transfer was documented in January 2021 but backdated to June 29, 2020.

[18] In June and July 2020, Mr. Perron executed cross trades involving approximately CAD $1.26 million of Crown Capital Partners Inc. shares from his pro-account to the Butterfield Trust account. He did so to avoid insider reporting thresholds, knowing the assets would be transferred to Keynard.

[19] Between late 2020 and March 2021, Mr. Perron sought to reduce fees associated with the Nebulae Fund and signed a fund de-registration instrument purporting to act on behalf of Keynard.

[20] Mr. Perron did not report the establishment of Akala or his beneficial interest in Keynard on his August 2020 annual compliance attestation.

[21] Cumberland became aware of Mr. Perron's undisclosed interest in Keynard on March 31, 2021, and commenced an internal investigation on April 2, 2021.

[22] Mr. Perron was suspended on April 14, 2021.

[23] As a condition of reinstatement, Mr. Perron agreed to:

a) confirm his beneficial ownership of Keynard;

b) cease any direction or influence over the Keynard or Nebulae Fund accounts;

c) designate Keynard's account as a proprietary ("pro") account; and

d) confirm there were no other unreported OBAs.

[24] Mr. Perron amended the acknowledgment of the conditions requested by Cumberland to state he disagreed with the conditions but signed it to ensure his return to his clients' advisory duties.

[25] Despite the restrictions, Mr. Perron continued directing trades in the Keynard account, which was monitored by Cumberland's Chief Compliance Officer.

[26] On June 3, 2021, the Butterfield Trust account was recoded under Keynard, with Mr. Perron listed as Director, President, and a beneficiary. Mr. Perron also signed the relevant documentation as the account holder.

[27] Mr. Perron subsequently disputed his beneficial ownership, claiming that Keynard acted solely as administrator for the Silene Foundation, which he alleged was the true beneficiary.

[28] Supporting documentation was only provided in December 2024 and February 2025, which materials were inconsistent and failed to definitively establish the Silene Foundation's beneficial interest to Cumberland's satisfaction.

[29] CIRO Enforcement summarized the issues by several high-risk indicators presented in the actions of the Respondents, which required heightened due diligence:

a) the matter involves offshore corporations and entities: Keynard (Belize), Akala (Bahamas), the Silene Foundation (Curacao) and Butterfield Trust (Bahamas);

b) the account and corporate structures are not straightforward;

c) Keynard appears to be linked to Mr. Perron's associate KT. Cumberland previously had not opened an account for KT due to his inability to meet their anti-money laundering requirements.

[30] Notwithstanding the foregoing, and the questionable representations made by Mr. Perron including his claim that the Silene Foundation is the true beneficiary of the account, Cumberland failed to adequately address red flags and questions about the Keynard account.

[31] Once Mr. Perron provided the additional information in 2024/2025, Cumberland agreed to close the account on specific terms and conditions.

Settlement Agreement

[32] In accordance with Section 8428 (6) of the IDPC Rules, neither Enforcement Staff nor the Respondents' counsel adduced substantive additional facts at the settlement hearing. The Hearing Panel was restricted to and relied upon the facts recited in the Settlement Agreement. The Panel has no reason to reject those facts which are necessary for the Hearing Panel's decision.

[33] In the Settlement Agreement, the Respondents admitted to the alleged contraventions of the Dealer Member Rules:

a) Between approximately February 2020 and June 2021, Mr. Perron failed to disclose and seek pre-approval for activities related to the transfer of Keynard to himself, contrary to Dealer Member Rule 18.14.

b) Since June 2021, Cumberland failed to adequately address red flags and questions about the Keynard account and then continued to allow trading in the account in the face of red flags requiring further inquiry, contrary to Investment Dealer Rule 3200 (Dealer Member Rule 1300.1(a) prior to January 1, 2022).

[34] Mr. Perron agreed to a fine in the amount of $200,000 and costs payable to CIRO in the amount of $50,000.

[35] Cumberland agreed to a fine in the amount of $150,000.

ANALYSIS

Test for Acceptance of a Settlement Agreement

[36] Pursuant to Rule 8215(5) of the IDPC Rules, a hearing panel must decide whether to accept or reject the proposed settlement.

[37] A hearing panel at a settlement hearing is not to decide whether it would have imposed the same sanctions as those negotiated by the parties, nor is it to modify or alter the sanctions. It is well accepted that in considering a settlement agreement, a hearing panel's task is to decide whether the agreed sanctions fall within a "reasonable range of appropriateness".

[38] Accordingly, in considering the acceptance of a settlement agreement, a hearing panel must be satisfied that the agreed sanctions are within an acceptable range, are fair and reasonable, and serve as a deterrent to the respondent and to the industry.

[39] A hearing panel should also accept the settlement agreement where it is in the public interest to do so.

[40] In applying the "reasonable range of appropriateness" test, hearing panels are expected to consider the Guidelines, previous regulatory decisions, and any other relevant matters.

CIRO Sanction Guidelines

[41] The Guidelines provides a framework that should be considered in connection with the imposition of sanctions in all cases and an inexhaustive list of sample factors commonly taken into consideration when determining appropriate sanctions.

[42] The Guidelines make it clear that the purpose of sanctions in a regulatory proceeding is to protect the public interest by preventing future conduct that may harm the market. Sanctions should be significant enough to prevent and discourage the respondent from engaging in future misconduct and to deter others from engaging in similar misconduct.

Previous Regulatory Decisions

[43] In addition to considering the Guidelines, previous hearing panel decisions have considered sanctions approved by hearing panels for similar types of misconduct.

[44] Written and oral submissions were of assistance to this Hearing Panel in considering whether the agreed sanctions fall within a reasonable range of appropriateness. CIRO Enforcement Counsel referred us to the following panel decisions:

i. *Callaway (Re),* 2022 IIROC 13
ii. *Munro (Re),* 2025 CIRO 12
iii. *Malic (Re),* 2021 IIROC 10
iv. The *Tassone* matters:
    a. *Tassone (Re),* 2017 IIROC 14
    b. *Tassone (Re)*, 2017 IIROC 53
    c. *Tassone (Re)*, 2018 BCSECCOM 212
    d. *Tassone (Re),* 2018 IIROC 46
    e. *Tassone (Re),* 2019 IIROC 3
v. *Garrod (Re),* 2011 IIROC 71
vi. *Stevenson (Re),* 2008 IIROC 24

[45] In *Callaway (Re)***,** the respondent, a former investment advisor, between January 2006 and August 2019, solicited and received donations to his leadership campaign in the amount of $24,900 from 15 of his clients. Although the respondent said he advised his Branch Manager of his intention to run for the leadership of his party, he did not tell his firm of his solicitation and receipt of campaign contributions from his clients. The

respondent's supervisor was also not aware that he had solicited and/or accepted contributions from his clients. The respondent contravened his firm's policies and procedures. In a settlement agreement, the respondent agreed to a fine in the amount of $20,000, a three-month prohibition on any re-approval with IIROC, a six-month period of close supervision upon any re-registration, and $3,000 in costs.

[46] In *Munro (Re),* the respondent, a former investment advisor, admitted to having directed a subordinate to provide two high net-worth clients, who had expressed dissatisfaction with the returns on their investment portfolios with reports which falsely inflated the value of their portfolios. The respondent also admitted to the use of an unapproved communications method to communicate with his associate and the clients constituted a breach of the firm's policies and IDPC Rule 1400. The hearing panel imposed a fine of $100,000, a five-year registration suspension, and costs of $5,000.

[47] The respondent in *Malic (Re)*, Gordon Albert Malic, admitted to failing to report and address a material conflict of interest, failing to inform his employer of outside business activities, and misleading his employer about these activities. Pursuant to a settlement agreement, he agreed to a fine of $75,000, a six-month suspension, close supervision for six months, successful completion of the Conduct and Practices Handbook (**CPH**) exam, and costs of $5,000. The hearing panel in *Malic (Re)* was referred, amongst other cases, to the Supreme Court of Canada's "public interest test" in *R. v. Anthony-Cook*, 2016 SCC 43, where the Supreme Court at paragraph 5 explained that the public interest test asks whether the proposed sanctions "would bring the administration of justice into disrepute or would otherwise be contrary to the public interest".

[48] Although *Anthony-Cook* considered joint submissions on criminal sentencing, these principles apply equally to administrative settlement agreements. Indeed, the Supreme Court's 2016 articulation of the public interest test is fundamentally consistent with the principles stated in *Milewski (Re)*, [1999] I.D.A.C.D. No. 17 that a panel "will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness" and that a panel "will reflect the public interest benefits of the settlement process in its consideration of specific settlements.

[49] In *Tassone (Re),* 2017 IIROC 53, the hearing panel held that the allegations that the respondent, Alberto Tassone, conducted an unauthorized OBAs and accepted remuneration directly from someone other than his firm or its affiliates or related companies, failed. This point was overturned on an appeal to the British Columbia Securities Commission (**BCSC**) in *Tassone (Re)*, 2018 BCSECCOM 212.

[50] Notwithstanding the overall seeming mixed result, in a subsequent penalty hearing, the hearing panel in *Tassone (Re),* 2018 IIROC 46 imposed the following sanctions on the respondent:

a) suspension for a period of 6 months following which the respondent must be subject to a six-month period of close supervision;
b) an administrative penalty of $40,000, of which $10,000 must be paid within 180 days of the effective date of the decision, and the balance, in 15 equal monthly instalments commencing on the first day of the first month following payment in full of the $10,000; and
c) a reimbursement of IIROC's costs incurred in the amount of $40,000, of which $10,000 must be paid within 180 days of the effective date of the decision; and the balance in 15 equal monthly instalments commencing on the first day of the first month following payment in full of the $10,000.

[51] In light of the decision of the BCSC, the hearing panel revisited the penalties in 2019, and the respondent was directed to:

a) forthwith on the effective date of the decision, disgorge and pay over to IIROC the amount of $103,648;
b) be suspended for a period of 12 months following which he must be subject to a six-month period of close supervision;
c) pay an amount $75,000 as an administrative penalty, and
d) pay an amount of $80,000 by way of reimbursement of IIROC's costs. The $155,000 provided for as cumulative amended penalty and amended costs amounts was made payable; $40,000 within 180 days of the effective date of the decision and the balance of $115,000 payable in 25 equal monthly instalments commencing on the first day of the month following the payment date of the first $40,000.

[52] In *Garrod (Re)*, the respondent was alleged to have failed to reasonably supervise two persons with respect to client accounts to ensure that they performed sufficient due diligence with respect to the beneficial owners of the accounts and the trading therein. The respondent failed to uncover the truth about the beneficial ownership of the subject accounts in question and the trading therein, and the hearing panel distinguished that "failure" to situations where a respondent permitted trading irrespective of the truth. As there was no suggestion that the respondent was a participant or complicit in any wrongdoing, the hearing panel accepted the parties' settlement agreement, which imposed a fine of $65,000 and costs in the amount of $5,000.

[53] In *Stevenson (Re)*, the respondent acknowledged that he contravened legislation, bylaw and policies by:

a) failing to properly exercise his gatekeeper duty in his supervision of the opening of accounts for twenty (20) offshore corporations with the same designated beneficiary, without properly inquiring and in approving them while the required information was incomplete, inaccurate or missing on the forms;
b) failing to keep proper tracking and record of his branch supervisory daily and monthly reviews and of his inquiries and their follows-up;
c) placing himself in conflict of interest in obtaining a personal loan from one of his subordinates, thereby placing his personal interest over his supervisory duty and compromising his independence in the exercise of the responsibilities he owed in this regard;
d) failing to obtain the prior approval of his employer before entering into a personal financial business with an employee under his direct supervisory authority and, until this was discovered by his compliance department, he never disclosed having himself became a debtor of this employee by obtaining from him a loan for an amount of $200,000.

[54] The respondent in *Stevenson (Re)* entered into a settlement agreement with IIROC and agreed to the following penalties:

a) a global fine in the amount of $50,000 payable on the effective date of the settlement agreement unless otherwise agreed by the parties;
b) suspension from approval as Sales Manager, Officer and Director, including revocation of Senior Vice-President designation, for a period of 12 months commencing on the effective date of the settlement agreement;
c) prohibition on approval by IIROC in the position of Branch Manager, Co-Branch Manager of Officer, or to act in any other management, compliance or supervisory function, for a period of twelve months commencing on the effective date of the settlement agreement;
d) successful completion of the Partners, Directors and Senior Officers Qualifying Examination, administered by the Canadian Securities Institute, prior to any approval or re-approval in any officer position or compliance or supervisory function;
e) successful completion of the Branch Managers Course, administered by the Canadian Securities Institute, prior to any approval or re-approval in the capacity of Branch Manager or Co-Branch Manager;
f) successful completion of the CPH Examination, administered by the Canadian Securities Institute, within six months from the effective date of the settlement agreement as a condition upon his existing approval as Registered Representative with Options;
g) requirement of on-site close supervision, in the manner prescribed by IIROC as a condition upon his existing approval as Registered Representative with Options, for a period of twelve months commencing on the effective date of the Settlement Agreement; and
h) requirement that Close Supervision Reports be filed monthly with the Registration Department of IIROC to confirm the close supervision of the respondent.

[55] In the case before us, Enforcement Staff provided the following mitigating factors, which were accepted as such by the Respondents' counsel:

a) Mr. Perron and Cumberland cooperated by participating in a mediation process with an experienced mediator that ultimately led to this settlement.

b) Cumberland has been granted credit for cooperation for self-identifying the suspected misconduct, conducting a fulsome investigation and provided a copy of the results of its internal investigation to CIRO.

[56] This Hearing Panel considered the foregoing as mitigating factors and no other.

[57] This Hearing Panel acknowledges the difficulty encountered by the parties in their attempt to provide us with cases which are akin to these unusual facts and the mediated Settlement Agreement. However, we also acknowledge that past hearing panel decisions are merely guides to our determination of the reasonableness of the Settlement Agreement. Any hesitation we might have had in determining the reasonableness from the dearth of similar cases is offset by the substantial quantum of the penalties.

[58] It is important to note that a major consideration by this Hearing Panel was the fact that the parties had arrived at the Settlement Agreement with the assistance of an experienced mediator. It is apparent from the unusual and complex factual background that a contested hearing would have been prolonged and convoluted, and that public interest would not have been better served than it is by the Settlement Agreement.

[59] Overall, this Hearing Panel was mindful of *Malic (Re)'s* revisitation of the Supreme Court's *R. v. Anthony-Cook* urging of restraint in rejecting joint submissions. Specifically in paragraph 34, the Supreme Court stated that "a joint submission should only be rejected where it is "so unhinged from the circumstances of the offence and the offender that its acceptance would lead reasonable and informed persons, aware of all the relevant circumstances, including the importance of promoting certainty in resolution discussions, to believe that the proper functioning of the justice system had broken down". The Supreme Court also observed in paragraph 48 that, "the critical systemic benefits that flow from joint submissions" be considered.

[60] The Supreme Court's consideration of joint submissions on criminal sentencing in *Anthony-Cook* are said to apply equally to administrative settlement agreements as the 2016 articulation of the public interest test remains fundamentally consistent with the principles stated in *Milewski (Re)* that a panel "will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness" and that a panel "will reflect the public interest benefits of the settlement process in its consideration of specific settlements".

[61] In deciding to accept or reject a settlement agreement, a hearing panel will consider whether the proposed sanction falls within a reasonable range of appropriateness and whether it is consistent with the Guidelines and prior decisions.

[62] The Hearing Panel seriously considered their concerns as Mr. Perron's disagreement with the Cumberland conditions, as well as his continued denial of his beneficial ownership and claim that Keynard acted solely as administrator for the Silene Foundation, the alleged true beneficiary. However, the Hearing Panel also recognized that the negotiated proposed sanctions are substantive enough to fall within a reasonable range of appropriateness and accepting it was in the public interest.

[63] After the hearing, this Panel carefully reviewed Enforcement Staff's written submissions and considered the submissions made by the parties at the hearing. We agreed that the proposed sanctions below fall within a reasonable range of appropriateness and are in the public interest to accept:

a) Regarding Mr. Perron, a fine in the amount of $200,000 and costs payable to CIRO in the amount of $50,000; and
b) Regarding Cumberland, a fine in the amount of $150,000.

CONCLUSION

[64] It is well established in the CIRO jurisprudence that a settlement hearing panel is not tasked with deciding whether it would have imposed the same sanctions as those agreed upon through negotiation by the parties.

[65] After serious reflection of the submissions at the hearing, the precedents cited and the factors invoked regarding the conduct of the Respondent, the Hearing Panel was persuaded by the aforementioned mitigating factors and concluded that the appropriate test for settlement agreement approval has been met.

[66] This Hearing Panel therefore accepted the Settlement Agreement.

DATED at Calgary, Alberta this 28th day of April 2025.

"Omolara Oladipo"

Omolara Oladipo, Chair

"David Johnson"

David Johnson

"Birju Shah"

Birju Shah

CIRO · OCRI
Canadian Investment Regulatory Organization
Organisme canadien de réglementation des investissements

IN THE MATTER OF
THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES AND THE DEALER MEMBER RULES

AND

GARY EDMOND PERRON AND

CUMBERLAND PRIVATE WEALTH MANAGEMENT

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization ("CIRO") will issue a Notice of Application to announce a settlement hearing pursuant to sections 8215 and 8428 of the Investment Dealer and Partially Consolidated Rules (the "Investment Dealer Rules") to consider whether a hearing panel should accept this Settlement Agreement between Enforcement Staff and Gary Edmond Perron and Cumberland Private Wealth Management (the "Respondents").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Enforcement Staff and the Respondents jointly recommend that the hearing panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

3. For the purposes of this Settlement Agreement, the Respondents agree with the facts as set out in Part III of this Settlement Agreement.

Overview

4. The violations relate to Mr. Perron's dealings with an offshore corporation called

Keynard Limited (“Keynard”) and Cumberland Private Wealth Management's (“Cumberland”) knowledge of and ability to supervise that activity.

5. Mr. Perron did not properly disclose that steps were being taken to transfer shares and control of Keynard to himself.

6. Cumberland serviced the account notwithstanding red flags which called into question the firm's position that Mr. Perron is, in fact, the beneficiary of the Keynard account.

Mr. Perron, Cumberland & CPL

7. Mr. Perron is a senior member of the securities industry, entering the profession in approximately 1980. During his career he has held various positions including those in senior management and supervisory roles. He also holds the Chartered Financial Analyst designation.

8. In 2013 he established his own firm, Perron and Partners Wealth Management (“PWM”). He also started a group of related asset management businesses, including Norrep Capital Management Ltd., now NCM Asset Management Ltd. (“NCM”).

9. In May 2018 Mr. Perron’s group of companies merged with Cumberland’s parent company, Cumberland Partners Limited (“CPL”). He has held a variety of positions in CPL’s subsidiary companies and joined Cumberland as an advisor and portfolio manager. He is a 34.7% shareholder of CPL.

10. Mr. Perron currently lives in the Bahamas as a non-tax resident of Canada and has been working there since approximately 2018. He continues to act in a registered capacity with Cumberland.

Butterfield Trust & Keynard

11. In March 2016, Mr. Perron opened an institutional client account at PWM for an offshore entity incorporated in Bermuda called Butterfield Trust (Bermuda) Limited (“Butterfield Trust”).

12. Butterfield Trust had a client called Keynard; a corporation established in Belize. All the trades in the Butterfield Trust account at Cumberland were allocated to Keynard. Between January 6, 2020, and May 17, 2021, the value of the Butterfield Trust account was between approximately $133,219,755 and $152,398,350.

13. A material portion of these assets were comprised of funds managed by NCM. As such, Mr. Perron (and then later CPL as the parent company) earned fees from the management of these funds.

14. In addition to the above assets, Keynard is also the only unit holder of the Nebulae Fund. This is an offshore fund eligible for non-tax residents of Canada and the U.S. for which NCM acts as portfolio manager. As of April 2021, the Nebulae fund was valued at approximately $57,000,000. Again, fees are generated from NCM acting as the fund's portfolio manager.

15. Until June 29, 2020, the beneficiary and sole director of Keynard was a longtime friend and client of Mr. Perron named KT ("KT"). KT was also fundamental in the establishment of the Nebulae Fund and served as a director.

Mr. Perron takes over Keynard

16. As early as February 2020 Mr. Perron and KT began planning to transfer shares and control of Keynard to Mr. Perron. Keynard's shares were held by a foundation established in Curacao called the Silene Foundation. Key steps included:

    a. On February 28, 2020, Mr. Perron created an offshore corporation established in Bahamas called Akala Ltd ("Akala"). It was created specifically to acquire shares of Keynard. Mr. Perron is the sole shareholder and director of Akala.

    b. In February 2020, Mr. Perron and KT retained a lawyer JG to prepare documents to transfer Keynard shares from the Silene Foundation to Akala.

    c. On June 29, 2020, KT authorized a corporate resolution for Keynard cancelling a share certificate for 50,000 shares of Keynard in favour of the Silene Foundation

and authorizing a certificate for 50,000 shares in favour of Akala. KT also appointed Mr. Perron as Keynard's Director and President, effective immediately.

d. January 12, 2021, JG forwarded to Mr. Perron an instrument of transfer whereby the Silene Foundation would agree to the transfer 50,000 shares of Keynard to Akala. This document is signed by Mr. Perron and witnessed by his wife. It has a stated effective date of June 29, 2020.

e. Keynard share certificates were issued to Akala, dated June 29, 2020.

17. The transaction was finalized January 22, 2021, and on February 4, 2021, JG copied Mr. Perron on an email which included documents evidencing completion of the transaction. The effective date of the transaction being June 29, 2020.

18. Mr. Perron did not disclose or seek prior approval from Cumberland to engage in this outside business activity as is required by CIRO rules.

Lack of Required Disclosure

19. After retaining JG, there were further occasions when Mr. Perron did not properly make clear his intentions and the steps that had been taken regarding Keynard to Cumberland.

20. First, Mr. Perron executed two cross trades (June 30 and July 3, 2020) whereby he sold approximately $1,260,000 worth of holdings in a company called Crown Capital Partners Inc. ("Crown") to his client Butterfield Trust, knowing the shares were ultimately going to be transferred to Keynard. The shares were sold out of an account for Perron Holdings which is designated as a pro-account which Mr. Perron controls.

21. The trades were precipitated by an inquiry into whether Mr. Perron needed to declare himself an insider of Crown. Mr. Perron entered the cross trades to reduce his holdings below the 10% threshold necessitating such a declaration.

22. Second, on August 4, 2020, Mr. Perron executed his yearly attestation to Cumberland

requiring him to disclose outside business activities. He did not identify the existence of Akala or the Keynard transfer.

23. Finally, in the fall of 2020 until late March 2021, Mr. Perron engaged in ongoing discussions on how to reduce fees for the Nebulae Fund, which Keynard was the only unit holder.

Mr. Perron's Interest in Keynard Comes to Light

24. As part of an effort to reduce Nebulae Fund fees, Mr. Perron sought to have NCM de-register the fund. NCM noted that they would need Keynard's approval. On March 24, 2021, Mr. Perron executed an instrument purporting to provide this approval on behalf of Keynard as instructed by KT.

25. On March 31, 2021, after receiving notification from NCM, Cumberland became aware of Mr. Perron's interest in Keynard. Consequently, an internal investigation was commenced April 2, 2021, and Mr. Perron was suspended on April 14, 2021. This internal investigation was self-reported by Cumberland to CIRO.

Results of the Investigation

26. Among other things, Cumberland's internal investigation revealed that Mr. Perron had failed to seek approval of and disclose his beneficial ownership interest in Keynard. As a result, and as a condition of lifting Mr. Perron's suspension, he was required to agree to certain terms and conditions. Those conditions included the following:

    a. Confirmation that he was the sole beneficial owner of Keynard.
    b. He would not direct or influence the management of the Nebulae Fund, the Keynard accounts or any accounts of Perron Holdings Ltd.
    c. Acknowledgement that Keynard accounts would be treated as investment accounts for an investment professional at Cumberland (commonly referred to as a "pro-account").
    d. Confirmation there were no other unreported OBAs or accounts over which he had direction or beneficial interest.

27. Before signing and returning the acknowledgment to Cumberland, Mr. Perron amended the terms and conditions to include additional language noting that Perron did not believe the terms and conditions were warranted but that he agreed to them so that he could resume advising clients.

28. On June 3, 2021, the Butterfield account was recoded as a proprietary account in the name of Keynard. The account documentation:

a. Identified Mr. Perron as the Director/President of Keynard.
b. Identified Mr. Perron as the beneficiary of the Keynard account.
c. Identified other Cumberland registrants as portfolio manager and advisor of record.
d. Was signed by Mr. Perron as the account holder.

29. Despite the condition that he was not to direct or influence the management of the Keynard account, Mr. Perron continued to direct the trading. The account was supervised by Cumberland's CCO. The account documentation does not identify any other beneficiaries of the account.

Mr. Perron Subsequently denies Beneficial Ownership

30. Notwithstanding signing the terms and conditions letter, as well as the KYC and other account opening documents for the Keynard account, which describes him as the beneficiary of the account, Mr. Perron has disputed he is the beneficial owner of the assets held by Butterfield Trust which are the subject of the Keynard account. Rather, he claims Keynard is an administrator for the account and the Silene Foundation is the true beneficiary.

31. Until recently, Mr. Perron has not provided any documentary support for the Keynard Account assets belong to the Silene Foundation. On December 6, 2024, and February 12, 2025, through counsel, Staff were provided documents pertaining to the Silene Foundation, the transfer of Keynard to Akala, and the relationship between Keynard and the Silene Foundation. Some of the documents were new, while others

not. As a whole, the documents did not clearly establish to Cumberland the beneficiary of the assets.

32. In light of recent information provided by Mr. Perron as referenced above, Cumberland has agreed to close the account on the following terms and conditions:

a. Cumberland directs Mr. Perron to transfer account [redacted] (the "Account") to another registered dealer within 60 (sixty) days.

b. If the Account is not transferred to another dealer within 60 (sixty) days, Cumberland will immediately freeze the Account.

c. The Account will be frozen and remain frozen until it is transferred to a new dealer.

d. Unless satisfied through documentary evidence that Mr. Perron is no longer the beneficial owner of the Account, in the sole discretion of Cumberland, Cumberland will treat the account as a proprietary account pursuant to Cumberland Partners Limited's Personal Trading Policy.

e. Cumberland agrees to maintain the Terms and Conditions, imposed on May 14, 2021, which remain in place on the Account until such time that the Account is transferred out of Cumberland.

Conclusion

33. Dealer Member Rule (predecessor to current Investment Dealer Rules) 18.14 required Mr. Perron to disclose and seek prior approval before taking steps to transfer Keynard to himself. This included incorporating Akala.

34. This matter presented several high-risk indicators requiring heightened due diligence:

a. It involves offshore corporations and entities: Keynard (Belize), Akala (Bahamas), the Silene Foundation (Curacao) and Butterfield Trust (Bahamas).

b. The account and corporate structures are not straightforward: Keynard as a client of Butterfield Trust; Akala as a shell for Keynard; and claims that Keynard is an administrator for the Silene Foundation.

c. Keynard appears to be linked to KT. Cumberland previously had not opened an account for KT due to his inability to meet their AML requirements.

d. Importantly, Cumberland questioned the representations made by Mr. Perron.

35. Despite these factors, Cumberland failed to adequately address red flags and questions about the Keynard account:

a. The corporate documents make reference to the Silene Foundation.

b. There was no explanation as to why Keynard which holds significant assets was transferred to Mr. Perron.

c. Importantly, Cumberland did not adequately address their own registrant's claim that the Silene Foundation is the true beneficiary of the account.

Additional Factors

36. Mr. Perron and Cumberland cooperated by participating in a mediation process with an experienced mediator that ultimately led to this settlement.

37. Cumberland has been granted credit for cooperation for self-identifying the suspected misconduct, conducting a fulsome investigation and by providing a copy of the results of its internal investigation to CIRO.

PART IV – CONTRAVENTIONS

38. By engaging in the conduct described above, the Respondents committed the following contraventions of CIRO requirements:

Perron

Between approximately February 2020 and June 2021, Gary Edmond Perron failed to disclose and seek pre-approval for activities related to the transfer of Keynard to himself, contrary to Dealer Member Rule 18.14.

Cumberland

Since June 2021, Cumberland failed to adequately address red flags and questions about the Keynard account, and then continued to allow trading in the account in the face of red flags requiring further inquiry, contrary to Investment Dealer Rule 3200 (Dealer Member Rule 1300.1(a) prior to January 1, 2022).

PART V – TERMS OF SETTLEMENT

39. Mr. Perron agrees to the following sanctions and costs:

    (i) A fine in the amount of $200,000; and

    (ii) Costs payable to CIRO in the amount of $50,000.

40. Cumberland agrees to the following sanctions:

    (i) A fine in the amount of $150,000.

41. If this Settlement Agreement is accepted by the hearing panel, the Respondents agree to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Enforcement Staff and the Respondents.

PART VI – STAFF COMMITMENT

42. If the hearing panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondents in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.

43. If the hearing panel accepts this Settlement Agreement and the Respondents fail to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Investment Dealer Rule 8200 against the Respondents. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

44. This Settlement Agreement is conditional on acceptance by the hearing panel.

45. This Settlement Agreement shall be presented to a hearing panel at a settlement hearing in accordance with sections 8215 and 8428 of the Investment Dealer Rules, in addition to any other procedures that may be agreed upon between the parties.

46. Enforcement Staff and the Respondents agree that this Settlement Agreement will form all the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondents do not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the hearing panel.

47. If the hearing panel accepts this Settlement Agreement, the Respondents agree to waive all rights under the Rules of CIRO and any applicable legislation to any further hearing, appeal and review.

48. If the hearing panel rejects this Settlement Agreement, Enforcement Staff and the Respondents may enter into another settlement agreement or Enforcement Staff may proceed to a disciplinary hearing based on the same or related allegations.

49. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the hearing panel.

50. This Settlement Agreement will become available to the public upon its acceptance by the hearing panel and CIRO will post a copy of this Settlement Agreement on the

CIRO website. CIRO will publish a notice and news release of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement and the hearing panel's written reasons for its decision to accept this Settlement Agreement.

51. If this Settlement Agreement is accepted, the Respondents agree that neither they nor anyone on their behalf, will make a public statement inconsistent with this Settlement Agreement.

52. This Settlement Agreement is effective and binding upon the Respondents and Enforcement Staff as of the date of its acceptance by the hearing panel.

PART VIII - EXECUTION OF SETTLEMENT AGREEMENT

53. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.

54. An electronic copy of any signature will be treated as an original signature.

Dated this 27 day of February, 2025

"Witness"
Witness

"Gary Edmond Perron"
Gary Edmond Perron

"Witness"
Witness

"Andrew Anderson"
Cumberland Private Wealth Management

"Tayen Godfrey"
Tayen Godfrey
Senior Enforcement Counsel on Behalf of
Enforcement Staff of CIRO

The Settlement Agreement is hereby accepted this 21st day of March, 2025 by the following Hearing panel:

Per: "Omolara Oladipo"
Chair

Per: "Birju Shah"
Industry Member

Per: "David Johnson"
Industry Member