



**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES
AND
KEVIN DOUSE**

NOTICE OF HEARING

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

The first appearance will be held by way of videoconference on Wednesday, July 02, 2025 at 10:00 a.m. ET

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

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

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

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

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

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

The Reply may either:

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

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

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

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

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

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

DATED May 9, 2025.

“National Hearing Officer”
NATIONAL HEARING OFFICER
Canadian Investment Regulatory Organization
40 Temperance Street, Suite 2600
Toronto, Ontario, M5H 0B4

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



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STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated May 9, 2025. , Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1: Between January 1, 2018 and October 21, 2020, the Respondent misappropriated or otherwise failed to account for monies that he obtained from clients and other individuals, contrary to Mutual Fund Dealer Rule 2.1.1.

Contravention 2: Commencing in September 2024, the Respondent failed to cooperate with an investigation by CIRO Staff into his conduct, contrary to Mutual Fund Dealer Rule 6.2.1.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. Between January 1, 2018 and October 21, 2020, while registered with the Dealer Member, the Respondent misappropriated or otherwise failed to account for approximately \$277,173 from five clients of the Dealer Member and two individuals who the Respondent had led to believe he had opened accounts for at the Dealer Member.
2. The Respondent provided one client and one individual fabricated account statements and portfolio listings that falsely represented that they held investments in accounts at the Dealer Member when no such accounts existed.

3. The Respondent also failed to attend an interview and cooperate with CIRO's investigation.

Registration History

4. Between May 2005 and October 21, 2020, the Respondent was registered in Ontario in the securities industry.
5. Between September 27, 2012 and October 21, 2020, the Respondent was registered as a dealing representative with Quadrus Investment Services Ltd. (the "Dealer Member"), a Dealer Member of CIRO.¹
6. On October 21, 2020, the Respondent resigned from the Dealer Member and is not currently registered in the securities industry in any capacity.
7. At all material times, the Respondent conducted business in the Orillia, Ontario area.

Contravention 1 - Misappropriation

Client JK and Individual JW

8. In or around February 2018, client JK and individual JW discussed with the Respondent opening Tax Free Savings Accounts ("TFSA") at the Dealer Member and purchasing mutual funds within the accounts. Client JK wrote two cheques for \$50,000 each, payable to "Quadrus", to be invested within their respective TFSA accounts.

¹ Between May 2005 and April 26, 2011, the Respondent was registered as a Dealing Representative with TD Investment Services Inc., and between May 13, 2011 and January 26, 2012, the Respondent was registered as a Dealing Representative with Royal Mutual Funds.

9. However, the Respondent did not open TFSA accounts for client JK and individual JW at the Dealer Member.²
10. Instead of opening the TFSA accounts and investing the monies as intended, the Respondent deposited the above cheques into the Respondent's personal bank accounts. The Respondent added his name, "Kevin Douse", as payee on the cheques.
11. The Respondent provided client JK and individual JW with fabricated account statements, dated January 1, 2019 to March 31, 2019, as well as portfolio listings, dated November 19, 2019, that falsely represented that client JK and individual JW held investments in TFSA accounts at the Dealer Member when no such accounts existed.
12. In response to a request from individual JW to redeem an investment in her TFSA account, on September 27, 2019, the Respondent issued a bank draft from his personal bank account for \$784.32 and deposited the monies into individual JW's personal bank account.
13. The Respondent provided the fabricated account documents and issued the bank draft from his personal bank account in an attempt to hide the misappropriation.
14. After the Respondent resigned from the Dealer Member, he continued to misappropriate monies from client JK and individual JW. On February 16, 2021, the Respondent deposited a cheque for \$50,000, to be invested within client JK and individual JW's respective TFSA accounts into the Respondent's personal bank account.

² Client JK became a client of the Dealer Member on or about April 17, 2019, when client JK opened a Locked-in Retirement Account (LIRA) and a non-registered account through another Approved Person at the Dealer Member. On May 2, 2019, client JK also opened a Registered Retirement Savings Plan (RRSP) at the Dealer Member.

15. Further, between November 29, 2021 and July 6, 2022, in response to requests to redeem monies in client JK and individual JW's TFSA accounts, the Respondent issued four bank drafts from his personal bank account, totaling \$45,000, and deposited the monies into client JK and individual JW's personal bank account in an attempt to hide the misappropriation.

Clients DG and JG

16. At all material times, clients DG and JG were clients of the Dealer Member whose accounts were serviced by the Respondent.
17. On or about October 9, 2018, clients DG and JG wrote a cheque for \$70,000 to be invested in an account at the Dealer Member. The cheques were payable to "Kevin Douse- Quadrus".
18. Instead of investing monies as intended, the Respondent deposited the cheque into his personal bank account.
19. Between March 15, 2018 and January 15, 2019, the Respondent issued three bank drafts from his personal bank account totaling \$8,646.36 and deposited the monies into client JG's personal bank account.
20. The Respondent issued the bank drafts from his personal bank account in an attempt to hide the misappropriation.
21. After the Respondent resigned from the Dealer Member, he continued to misappropriate monies from clients DG and JG. In November 2021, the Respondent deposited a cheque for \$150,000, to be invested within clients DG and JG's respective TFSA accounts at the Dealer Member, into the Respondent's personal bank account.

22. The Respondent also sent clients DG and JG fabricated portfolio summaries, dated November 2021, that falsely represented that clients DG and JG held investments in TFSA accounts at the Dealer Member when no such accounts existed.
23. On March 9, 2022, the Respondent also issued a bank draft for \$1,400 from his personal bank account and deposited the monies into client JG's personal bank account in an attempt to hide the misappropriation.

Client TK

24. At all material times, client TK was a client of the Dealer Member whose accounts were serviced by the Respondent.
25. Between June 7, 2018 and February 18, 2020, client TK wrote six cheques, totaling \$32,822.52, to be used for investments within client TK's Registered Retirement Savings Plan ("RRSP") account at the Dealer Member. The cheques were payable to "Kevin Douse".
26. Instead of investing the monies in client TK's account as intended, the Respondent deposited the cheques into the Respondent's personal bank accounts.
27. After the Respondent resigned from the Dealer Member, he continued to misappropriate monies from client TK. On March 27, 2023, the Respondent deposited a cheque for \$12,829.95, to be invested in client TK's account at Dealer Member, into the Respondent's personal bank account. In addition, on July 14, 2023, the Respondent deposited a cheque for \$20,000, to be invested within client TK's account at the Dealer Member, into the Respondent's personal bank account.
28. The Respondent also sent client TK a fabricated portfolio summary, dated June 24, 2022, that falsely represented the value of client TK's investments in her RRSP account at the Dealer Member in an attempt to hide the misappropriation.

Individual JP

29. On or about January 19, 2018, individual JP wrote a cheque made out to “Kevin Douse – Quadrus” for \$71,000 to be invested in individual JP’s account at the Dealer Member. The memo line on the cheque stated “investments”.
30. However, no account for individual JP had been opened at the Dealer Member.
31. Instead of opening an account for individual JP and investing the monies as intended, the Respondent deposited the cheque into the Respondent’s personal bank account.

Client KM

32. At all material times, client KM was a client of the Dealer Member whose accounts were serviced by the Respondent.
33. On or about November 11, 2019, client KM wrote a cheque for \$3,350 to be deposited within client KM’s TFSA account at the Dealer Member. The cheque was payable to “Kevin Douse – Quadrus”.
34. Instead of depositing the monies as intended in client KM’s TFSA account, the Respondent deposited the cheque into the Respondent’s personal bank account.
35. After the Respondent resigned from the Dealer Member, he continued to misappropriate monies from client KM. In June 2022, the Respondent deposited a cheque from client KM for \$38,000 into the Respondent’s personal bank account.
36. On July 28, 2022, the Respondent wrote a cheque for \$38,000 and deposited it in client KM’s bank account in an attempt to hide the misappropriation.
37. By engaging in the conduct described above, the Respondent misappropriated or otherwise failed to account for approximately \$277,173 that he obtained from five clients, JK, TK, DG, JG, and KM, and two individuals, JW and JP, during the period he was registered with the Dealer Member, as follows:

Date of Cheque	Client/Individual	Amount	Total
January 19, 2018	JP (individual)	\$71,000	\$71,000
February 2, 2018	JK (client)	\$50,000	\$100,000
February 2, 2018	JW (individual)	\$50,000	
October 9, 2018	DG and JG (clients)	\$70,000	\$70,000
June 7, 2018	TK (client)	\$1,000	\$32,822.52
July 23, 2018	TK (client)	\$1,500	
October 31, 2019	TK (client)	\$3,000	
November 21, 2019	TK (client)	\$2,000	
February 8, 2020	TK (client)	\$1,300	
February 18, 2020	TK (client)	\$24,022.52	
November 11, 2019	KM (client)	\$3,350	
			\$277,172.52

38. As described above, after the Respondent resigned from the Dealer Member he continued to misappropriate monies from clients of the Dealer Member, specifically from client SB and individual KB. On December 15, 2022, the Respondent deposited a cheque for \$55,000, to be invested within individual KB’s TFSA account at the Dealer Member, into the Respondent’s personal bank account. Further, the Respondent did not open a TFSA account for individual KB at the Dealer Member.
39. By engaging in the conduct described above, the Respondent acted contrary to Mutual Fund Dealer Rule 2.1.1.

Contravention 2 – Failure to Cooperate

40. On January 4, 2024, CIRO Staff (“Staff”) commenced a review of the Respondent’s conduct in response to a report filed by the Dealer Member on the Member Event

Tracking System relating to the Respondent misappropriating client monies and providing fabricated account statements to clients, as described above.

41. On January 30, 2024 and April 23, 2024, Staff sent letters to the Respondent's last known address, requesting that he provide a written response to the matters under investigation. Staff did not receive a response from the Respondent.
42. On August 13, 2024, Staff sent another letter to the Respondent, requesting that he attend an interview with Staff on October 9, 2024.
43. On October 8, 2024, the Respondent phoned Staff, requesting to reschedule the interview as his counsel was unavailable. Staff requested that counsel reach out by October 16, 2024 to reschedule the interview with his availability.
44. On October 17, 2024, Staff sent an email to the Respondent advising that Staff had not been contacted about rescheduling the interview. Staff also sent an email to counsel for the Respondent requesting to reschedule the interview.
45. An interview with the Respondent was rescheduled for November 20, 2024.
46. On November 19, 2024, Staff received an email from counsel for the Respondent advising that the Respondent would not be attending the interview.
47. As a result of the Respondent's failure to cooperate, Staff is unable to determine the full nature and extent of the Respondent's conduct described above, including whether the Respondent misappropriated monies from other clients and individuals.
48. By engaging in the conduct described above, the Respondent failed to cooperate with Staff's investigation into his conduct, contrary to Mutual Fund Dealer Rule 6.2.1.

DATED at Toronto, Ontario this May 9, 2025.