Re Alteon

IN THE MATTER OF:

The Mutual Fund Dealer Rules

and

Sandly Alteon

2025 CIRO 28

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: May 15, 2025 via electronic hearing in Toronto, Ontario
Decision and Reasons (Sanctions): June 11, 2025

Hearing Panel:
The Honourable Susan Lang, Chair,
Joe Yassi, Industry Representative
Edward Jackson, Industry Representative

Appearances:
Alan Melamud, Senior Enforcement Counsel
Bruce Taub, Counsel for Sandly Alteon

DECISION AND REASONS ON SANCTIONS

INTRODUCTION

[1] In February 2025, this Panel concluded that the Respondent, Sandly Alteon (the Respondent or Approved Person), breached applicable rules and policies in the following ways: first, by putting herself in a position of a conflict or a potential conflict of interest and failing to disclose it to her Dealer Member; second, by engaging in undisclosed and unapproved Outside Business Activities; and third, by failing to cooperate completely with the regulator's investigation. In these reasons, we consider the question of the appropriate sanctions.

[2] The regulator at the beginning of the investigation was the Mutual Fund Dealers Association (MFDA). By the time of the hearing, the MFDA had merged with the Investment Industry Regulatory Organization of Canada (IIROC) to become the Canadian Investment Regulatory Association (CIRO).

[3] The Mutual Fund Dealer Rules provide for the imposition of specific types of sanctions on an Approved Person[1] and the imposition of a costs award in the discretion of the panel.[2]

[4] Enforcement Counsel seeks a permanent prohibition[3], a $40,000 fine[4] and costs of $25,000. Counsel for the Respondent argues that a reprimand is sufficient, with possible further requirements for refresher courses and time-limited supervision. For the following reasons, we conclude that the appropriate sanctions are a 30-

[1] Rule 7.4.1.1(a)-(f)
[2] Rule 7.4.2
[3] Rule 7.4.1(e)
[4] Rule 7.4.1(b)

month prohibition,[5] a $25,000 fine and a costs award of $15,000.

RULES AND SANCTION GUIDELINES

[5] We begin with the Sanction Guidelines that took effect on February 1, 2024. Those Guidelines describe their Purpose as well as Sanction Principles, Key Factors and Additional Considerations to be considered in determining appropriate sanctions.

[6] In addition to the Guidelines, Enforcement Counsel cited authorities in support of CIRO's position, in part to highlight the purpose and application of sanctions and as well as to provide analogous cases. It is unnecessary to canvas all those authorities to explain the parameters of sanctions since they are reflected in the Guidelines, which speak for themselves. Counsel cited no post-2024 authorities that differed meaningfully from the Guidelines' current parameters.

[7] The Guidelines describe the mandate of CIRO as one "to enhance investor protection and strengthen market integrity and public confidence while maintaining efficient and competitive capital markets".

[8] While the imposition of sanctions is discretionary and fact-specific, the Guidelines "are intended to promote consistency, fairness, and transparency, by providing a framework", including "general sanctioning objectives".

[9] In describing **Sanction Principles**, the Guidelines note that an important part of investor protection requires sanctions that discourage Approved Persons generally and a Respondent specifically from future harmful conduct (general and specific deterrence). As well, sanctions must be proportionate to the seriousness of the contravention, be in line with industry expectations, and should reflect consideration of aggravating and mitigating circumstances. They should be tailored to ensure a respondent does not benefit from misconduct, be more severe if a respondent has a prior disciplinary record, reflect the totality of the misconduct, consider a respondent's ability to pay when imposing fines or costs, and reflect a credit if the respondent proactively and exceptionally cooperated with Enforcement Staff.

[10] In setting out the following **Key Factors in Determining Sanctions**, the Guidelines recognize that the list that follows is not exhaustive and other case-specific factors may apply:

(a) The scope of the misconduct, including the number, size, and character of the transactions at issue.

(b) Whether the respondent engaged in numerous acts and/or a pattern of misconduct.

(c) Whether the misconduct occurred over an extended period of time.

(d) Whether the respondent's misconduct was intentional, willfully blind, or reckless.

(e) Extent of harm to clients or other market participants.

(f) Extent of harm to market integrity or the reputation of the marketplace.

(g) Whether any affected client was vulnerable.

(h) The respondent's prior disciplinary history (see Principle No. 3).

(i) The amounts the respondent obtained or attempted to obtain, or the loss the respondent avoided or attempted to avoid, as a result of the improper activity (see Principal No. 2).

(j) In the case of individuals, whether the respondent accepted responsibility for and acknowledged the misconduct to their employer or the regulator prior to detection and intervention by the Dealer Member or regulator.

(k) In the case of Dealer Members, whether the respondent accepted responsibility for and acknowledged the misconduct to the regulator prior to detection and intervention by the regulator.

[5] The Panel used "prohibition" here because the Respondent cannot be suspended, as she is not currently registered in the security industry.

(l) Whether an individual respondent was subject to internal discipline by the Dealer Member, discipline by another regulator, or criminal penalties for the same misconduct.

(m) Whether the respondent voluntarily employed subsequent corrective measures to revise general and/or specific procedures to avoid recurrence of misconduct.

(n) Whether the respondent made voluntary acts of compensation, including voluntary disgorgement of commissions, profits, other benefits and/or payment of restitution to clients.

(o) Whether the respondent provided proactive and exceptional assistance to CIRO in the investigation of the misconduct (see Principle No. 6, and CIRO Staff Policy Statements on Credit for Cooperation and Early Resolution Offers).

(p) Whether the respondent attempted to delay CIRO's investigation, conceal information or their conduct from CIRO, or provided inaccurate or misleading information or testimony to CIRO.

(q) Whether the respondent demonstrated reasonable reliance on competent supervisory, legal, or other professional advice.

(r) Whether the respondent received prior warnings or specific direction and training that should have alerted them that the conduct was improper, or contravened the Dealer Member's policies or procedures, or contravened CIRO rules or securities legislation.

(s) Whether the respondent attempted to conceal their misconduct or to lull into inactivity, mislead, deceive, or intimidate a client, regulatory authority or, in the case of an individual respondent, the Dealer Member with which they are/were associated.

(t) Whether the respondent failed to heed regulatory guidance, or the Dealer Member's policies and procedures, with respect to the misconduct at issue.

[11] Among **Additional Considerations**, the Guidelines provide for a review of the nature of the misconduct, the responsibility of the respondent, and the aggravating and mitigating factors. In addition, consideration should be given to the impact on investors. Finally, guidance is given on specific considerations given in imposing fines, suspensions and permanent bars.

[12] We turn now to the circumstances of the misconduct, followed by a review of the comparator cases and the relevant factors and additional considerations.

CIRCUMSTANCES OF THE MISCONDUCT

Conflict of Interest

[13] The Respondent was required to report all actual or potential conflicts of interest to her Dealer Member. Enforcement Counsel argued that a reportable conflict arose when the Respondent opened a corporate account on FM's instruction in May 2020 at a time when FM was allegedly indebted to her. In July 2020, the Respondent completed her Dealer Member compliance questionnaire. Where the questionnaire asked about any reportable conflict of interest, the Respondent reported no conflicts.

[14] However, the Panel concluded that FM had not been indebted to the Respondent when he became a client and invested with her. Rather the debt had been between FM's father and the Respondent when FM was still a child. When his father died in 2015, FM, who was still a teenager, felt morally obliged to satisfy his father's indebtedness. The Respondent made no demands for payment, both because of the family relationship and because she knew the family was in financial difficulty. In June 2020, without any intervening discussion concerning the Respondent's loan to the father, FM caused his corporation to invest $55,000 in mutual funds with the Respondent. Both FM and the Respondent confirmed this in their testimony at the hearing.

[15] Subsequently, FM cashed in the mutual funds in two tranches totalling $65,000, the first for $45,000 in August 2020 and the second for $20,000 in November 2020. Both redemptions were deposited into FM's corporate account.

[16] After the first redemption and deposit, FM told the Respondent he wanted to use the proceeds towards his/the family's "obligation" to her. After obtaining the details of her bank information from her, FM transferred

the funds from his corporate account to one of the Respondent's corporate accounts. He did so again after the November tranche had been paid to his corporation.

[17] On this evidence, the Panel concluded that a reportable potential conflict of interest arose when FM told her he wanted to repay the "loan", which was shortly after the first tranche had been paid out to FM's corporation in August 2020. We concluded "at this point the Respondent should have known she was in a potential conflict of interest." In November, when the second tranche was redeemed, she was again obliged to disclose the possibility of that conflict before the payment out to FM's corporate account.

[18] That said, in our view, there was no evidence of nefarious intent or intent to deceive, nor any evidence that the Respondent acted to her advantage. We reject Enforcement Counsel's argument that there was a detriment to FM. The Respondent had made no demand for payment. We accept FM's evidence given at the hearing that he made no complaint and took no issue with the transactions or the Respondent's conduct at the time.

[19] Enforcement Counsel relied on analogous cases in support of his position that a significant penalty was required.

[20] The first case, *Wang (Re)*[6] , involved a Settlement Agreement proposing a six-month prohibition, a $20,000 fine and costs of $5,000. The proposal was accepted by the panel. The misconduct involved a respondent who deposited a client's money into her own bank account to avoid the Dealer Member's policy of requiring a report on large cash transactions over $10,000. This misconduct was exacerbated by the respondent's subsequent deception when she told the Dealer Member that she had already returned the client's money when she had not yet done so, even though it was her intent to return the funds. As in this case, this was a first offence and there was no evidence of client harm. The panel concluded that a six-month prohibition was sufficient to send the message that the misconduct was serious and would not be countenanced. See also *Sarang (Re)*[7].

[21] *Rahman (Re)*[8] also considered a Settlement Agreement in which the respondent acknowledged engaging in personal financial dealings by borrowing significant amounts from more than one client, lending money to another client, and depositing client monies to his bank account. All these activities gave rise to conflicts of interest that required disclosure to the Dealer Member. In these activities, the respondent falsely portrayed monies as a gift to help the client to secure a mortgage; deposited funds borrowed from a client in three separate transactions to avoid reporting a large cash transaction and made false or misleading statements to the Dealer Member during the investigation.

[22] The *Rahman* Settlement Agreement proposed a five-year prohibition from the date of acceptance of the Agreement, a $20,000 fine and costs of $5,000. In accepting the proposed sanctions, the panel noted that this was the respondent's first disciplinary proceeding, that none of the clients complained, the respondent lived out of the country, and the respondent's cooperation in resolving the matter saved time and resources. We also observe that the respondent in *Rahman* had already been out of the industry for 3.5 years.

[23] *Yalkezian (Re*)[9], also involved a Settlement Agreement in a personal financial dealings case where the Respondent paid money to three clients for their borrowing costs on leveraged investments, became indebted to a client and loaned money to nine clients. In addition, the Respondent misled the Dealer Member about the source of monies used and engaged in unapproved Outside Business Activities. The panel accepted a five-year prohibition, a $25,000 fine and $5000 in costs.

[24] The facts of these cases differ from the case before this Panel. All involved clear and intentional deceptive conduct to clients and to the Dealer Member. On the other hand, we also bear in mind that, given their objective of achieving a resolution, settlement agreements often propose less significant sanctions than would be imposed after a contested hearing such as the one in this case.

Outside Business Activities

[6] 2017 LNCMFDA 209
[7] 2016, LNCMFDA 22 at para. 11
[8] 2021 LNCMFDA 75
[9] 2022 LNCMFDA 13

[25] The Respondent's primary defence to this allegation was based on her evidence that she believed she had resigned, or stopped working, or was inactive in the mutual fund business within a few short months of registering with the Dealer Member in 2017. She testified that she left the Dealer Member, and its insurance agency sister company, because she was disillusioned by its unilateral changes to the signing bonus, she said the latter had promised. At the beginning of her case and before her own testimony, the Respondent called as witnesses her Branch Manager and the Assistant Manager. They were not asked a single question pertaining to the Respondent's later evidence that she had told them of her resignation. Accordingly, we drew an adverse inference and gave little weight to her evidence on this point.

[26] The Respondent also testified that she did not rejoin the Dealer Member until mid-2020 and was unaware of her annual renewal with the Dealer Member. In the meantime, she worked with another insurance agency, MSA Financial, unaffiliated with the Dealer Member.

[27] However, we concluded that her position that she had left the mutual fund industry was unsupported on the evidence. In fact, the documentary evidence was compelling that the Respondent continued to service her mutual fund clients throughout the relevant "inactive" period of two and a half years, even when she was at MSA Financial. During that time, we concluded that she remained a registrant for the Dealer Member when she completed and signed various forms under her code number. As such, she continued to be subject to the supervision of her Dealer Member and obliged to be familiar with and to comply with the applicable regulations and policies.

[28] Both the Rules to which the Respondent was subject, as well as the policies of the Dealer Member, required her to report Outside Business Activities. A failure to do so is a serious matter because it compromises the Dealer Member's ability to supervise and thereby compromises investor and public protection. As well, such a failure places the Dealer Member at risk of liability arising from those activities if they can be seen to be within the scope of employment.

[29] While the Respondent did report to the Dealer Member that she was conducting her insurance work through her corporation under the name Alteon Financial Services, she failed to report other business activities also carried on through other corporations, all of which were incorporated in 2018 or later. In 2020, the Respondent twice completed questionnaires without disclosing other corporate activities, including her March 2020 investment in a real estate venture through Vasan & Savyan Asset Management Inc.; $27,600 in consultancy work under the business name of Alteon Wealth Management; Alteon & Ingrassia Real Estate Inc, which also engaged in collecting fees for services, and Alteon Group Inc., which was formed to buy a building or a franchise.

[30] The requirement to report to her Dealer Member was clear and the Respondent was obliged to both know about that obligation and to comply with it. Her failure to do so was a serious violation that deprived her Dealer Member of the ability to supervise her work and to protect the investing public.

[31] Enforcement Counsel cited *Vitch (Re)*[10], as a comparable case of Outside Business Activities and 'failure to cooperate'. In that case, for over a year, the respondent pursued two other occupations (operating a packaging company and providing tax preparation services, including for clients). Those activities were not disclosed to nor approved by the Dealer Member. The respondent also failed to provide requested documentation during the investigation but later arrived at an Agreed Statement of Facts and a proposed settlement. In considering the appropriate penalty, the panel commented on the importance of disclosure of Outside Business Activities to enable the Dealer Member to properly supervise its employees. This misconduct was properly characterized as serious, as is the misconduct in this case. That panel accepted the proposed penalty of a permanent prohibition, a $50,000 fine and $5,000 for costs.

[32] Enforcement Counsel also pointed to the contested case of *Pekel (Re)*[11] where a respondent was disciplined for falsely recording a client's address as his address (the client lived overseas), for depositing four cheques to the client into his own account, and for engaging in an unapproved Outside Business Activity. In that case, the respondent was acting on the instructions of the client and did not benefit, although his conduct was intended to deceive the Dealer Member. Taking into account the relevant factors, including evidence about the

[10] 2011 LNCMFSA 63
[11] 2021, MFDA File No. 202007

respondent's financial situation, the panel ordered a five-year prohibition, a fine of $15,000 and costs of $10,000.

Failure to cooperate

[33] Initially, the Respondent cooperated fully in the CIRO investigation from December 2020 by providing notes and explanations and participating in a four-hour interview in June 2022. That interview took place two months after the Respondent gave birth, interrupted periodically by her need to breast feed her infant. This is also to be considered in the further context of her pregnancy, her hospitalization, and her post-partum challenges. In addition, the Respondent was in the midst of responding to allegations by the Authorités des Marchés Financiers (AMF) in Quebec of a serious nature.

[34] We pause here to explain the Quebec proceeding. The result is not relevant to this case because it involved different conduct in Quebec with Quebec clients as opposed to this proceeding with respect to conduct in Ontario involving one client (FM).[12]Nonetheless, it provides context to the Respondent's situation then and now. We understand from counsel that earlier this year, AMF found the Respondent in breach for promoting real estate investment opportunities to some of her Quebec mutual fund clients without complying with requirements such as providing a proper prospectus. These are much different allegations than in this case. In the Quebec decision, the Respondent was required to return the cumulative $81,000 investments to the affected four clients, which has been accomplished. She was suspended for five years and fined $25,000. There was no order as to costs. The Quebec decision is now pending appeal. As a result of the initiation of the Quebec investigation in December 2020, the Respondent's Dealer Member terminated the Respondent's employment in both Quebec and Ontario. The MFDA began its investigation into her Ontario conduct on Dec 24, 2020.

[35] In her 2022 interview regarding the Ontario client, the Respondent stated that she had no paperwork supporting her cumulative $65,000 loan to FM's father. At the time, the investigator asked no other questions on this point. The investigator subsequently wrote to the Respondent, demanding production of all documents concerning the loan, in a manner that would have been somewhat confusing in the particular context. The Respondent replied that she answered that and other questions at the interview. She also provided answers to other questions. A corrected transcript of the interview and an audio tape of the interview were made available to the Respondent in March 2023. In that circumstance, CIRO only takes issue with the Respondent's cooperation between March 2023 and the issuance of the Notice of Hearing in November 2023, by which time the Respondent had retained new counsel.

[36] Earlier in the investigation, the Respondent's then Counsel had addressed many of the documentary requests, including the inquiry about HST charged and collected on her consultancy fees. On that point, Counsel responded indicating that no HST was collected or submitted because her company did not earn the minimum $30,000 that would have required collection and reporting. Later that year, that Counsel advised that Ms. Alteon would provide the 2019 Alteon Financial Services income tax return "when it's ready" and again replied to the repeated HST question saying the Respondent was not obliged to have an HST number because her revenue was under $30,000 annually and referred to that answer again in answering whether HST had been remitted.

[37] In September 2022, the investigator wrote to the Respondent's Counsel summarizing the correspondence to date and posing outstanding questions in different areas, including about consultancy fees and the HST. The letter concludes with a paragraph saying enforcement proceedings might be commenced against the Respondent requesting a permanent prohibition and significant fines. That letter states that past cases "usually imposed a permanent prohibition" as well as "fines of $50,000 or more". Following that exchange, counsel had exchanges about the interview transcript, its correction and the provision of the audio recording. The disclosure was again requested in early 2023.

[38] On April 25, 2023, the Respondent's then lawyer asked how tax filings pertained to the investigation as his client was now aware that "there might be possible charges".

[39] On May 18, 2023, the investigator responded that Ms. Alteon was required to provide tax filings regarding her Outside Business Activities pursuant to MFDA By-law, section 22.1, and to provide any records

[12] Par. 10(l)

staff "believes may be relevant". At this point it was clear that the Respondent's then Counsel was not familiar with the Rule and did not appreciate that this disclosure obligation was imposed to provide the regulator with the tools to conduct a comprehensive investigation, since it otherwise did not have the power to search and seize or to compel production from a registrant.

[40] We concluded that Enforcement Counsel had established that the Respondent failed to produce her 2019 tax return for her consulting corporation and her 2019 consultancy invoice, which the Respondent accepted that she had undertaken to produce.

[41] As observed in similar circumstances in *Re Scott Andrew Stevens*,[13] "it is understandable for a respondent and his legal advisors, when facing criminal charges to proceed with caution" and "to remain silent" pending further research into the law in view of the possible consequences. In *Re Stevens*, the allegation was misappropriation of clients' monies. The panel in *Re Stevens* ordered an unopposed permanent prohibition in relation to the misappropriation, a $60,000 fine for the misappropriation itself and a $1,000 fine for that respondent's failure to provide a written response, which it concluded did not amount to a failure to cooperate. That fine also reflected the respondent's admissions, which shortened the time necessary for the hearing.

[42] The Respondent in this case did not give evidence about the advice she received from her then counsel. However, the documentary evidence of the correspondence about disclosure with that lawyer reflected his concern about the Respondent's right to silence and also reflected that he was not familiar with the disclosure obligation. As in *Re Stevens*, the Respondent's counsel was not provided with authorities describing the purpose of this requirement. While there is no obligation for that additional step, the information might have helped resolve the issue or, at least, could have brought home to the Respondent the importance of compliance.

[43] In submissions, Enforcement Counsel argued three cases that involved partial failure to cooperate, as well as personal financial dealings and unapproved business activities: *Tuitakalai (Re)*[14] considered the case of a respondent who had operated an unapproved outside business in real estate and who had assigned two real estate agreements of purchase and sale to a client. The respondent accepted $17,000 from the client in payment for the assignment, which he returned to the client after two months. The respondent in that case also initially cooperated with the investigation, but after ending his relationship with his counsel, failed to complete his interview undertakings to produce documents. In keeping with the settlement agreement accepted by the panel, that respondent was permanently prohibited from conducting securities related business, ordered to pay a $40,000 fine and to pay costs of $5,000. Accordingly, this case is significantly different from the one before us both in terms of the circumstances of the particular allegations and the decision to terminate legal representation.

[44] *Ali (Re)*[15] imposed a permanent prohibition, a $50,000 fine, and $10,000 in costs in circumstances where there was a partial failure to cooperate, four unapproved Outside Business Activities and a misleading of the Dealer Member by the Respondent. In a third case, *Travis (Re)*[16], a panel imposed a permanent prohibition on a Respondent who had borrowed $10,000 from a client. He did not repay the debt and initially denied his indebtedness to his Dealer Member. While the Respondent also failed to produce some documentation during the investigation, this was taken into account in the global fine.

[45] In the result, we concluded that these cases differed from the one before us. The two missing documents in this case would not have reflected on the merits of the allegations. The failure to cooperate was minor in nature and not substantive in consequence. The failure to disclose the two documents did not prevent CIRO from issuing a Notice of Hearing including the misconduct allegations. As well, the evidence did not establish that the Respondent's lack of cooperation was intentional or intended to deceive. This is particularly so in the circumstance of the Respondent's extraordinary and complete and timely initial cooperation throughout the interview process and the ongoing communication between the investigator and Respondent's Counsel.

[46] Enforcement Counsel argues that failures to cooperate, whether partial or complete, are very serious

[13] MFDA File No. 200514, decision dated June 14, 2006, at page 5
[14] 2021 LNCMFDA 21
[15] 2023 LNCMFDA 4, review denied, 2023 LNONOSC 534
[16] 2018 LNCMFDA 278

and should result in a permanent prohibition. We agree as to the seriousness of cooperation. However, we believe there can be circumstances that warrant exceptions to a permanent prohibition. See for example, *Re Hoang*[17]. We conclude that the failures in this case were not sufficiently serious in their particular context to merit a permanent bar. The important message of required cooperation for deterrence purposes can be addressed by other sanctions.

[47] We now turn to the key factors in arriving at the appropriate sanctions.

KEY FACTORS

The misconduct

[48] In arriving at the appropriate sanctions, we consider that the Respondent's conduct in not reporting her Outside Business Activities in the period between November 2018 and December 2020 was serious in that it deprived the Dealer Member of the information needed to supervise the Respondent and to ensure investor and public protection. It also reflected a pattern, albeit a brief one, of the Respondent expanding the scope of her business in various ways. We are of the view that the Respondent was in a reportable potential conflict of interest later in 2020 regarding FM. She also failed to disclose two documents that the regulator considered might be relevant to the scope of its investigation.

[49] We take into consideration that the Respondent's misconduct reflected a careless disregard both to familiarize herself with and to follow the rules and policies of her Dealer Member and regulator. Her failure to do so is not excused by her greater familiarity with the insurance industry nor by the limited nature of her Ontario mutual fund activity. While there was no attempt to defraud or to deceive her clients, it is nonetheless unacceptable conduct for an Approved Person.

Harm Inflicted

[50] Given the scope of her Ontario activity, limited to three clients, we find that there was no harm to Ontario clients. However, the harm done to the Dealer Member's ability to supervise the Respondent could have led to a different result. We take into account harm to the reputation of the industry and the Dealer Member.

Disciplinary History

[51] The Respondent has no prior discipline record in Ontario, although she now has in Quebec, subject to appeal.

Recognition of Responsibility

[52] The Respondent's failure to accept responsibility for her lack of knowledge and her failure to comply with her obligations is an aggravating circumstance.

Cooperating in the Investigation

[53] We have concluded that the Respondent initially and for some time cooperated with the investigation in an exceptional and proactive manner. Her subsequent failure to produce two documents that she had undertaken to produce, weighs against that good conduct.

Approved Persons Obligations

[54] The Respondent only started in the securities industry in Ontario in 2017 (and in Quebec in 2015). While she continued to support existing mutual fund clients from 2017, the Respondent worked in insurance primarily with MSA Financial and, in her mind, did not return to the Dealer Member on a full-time basis until mid-2020. She was terminated only a few months later.

[55] The Respondent could not be described as an experienced or seasoned Approved Person. Apart from her careless disregard of knowing and complying with the obligations placed on her, she did not deliberately deceive or mislead, although she should have and was obliged to take more care, particularly in disclosing and seeking approval for Outside Business Activities and in familiarizing herself with the relevant rules and policies.

Deterrence

[17] 2013 LNIIROC 2

[56] In addition to these Key Factors, we consider both specific and general deterrence, cognizant of the need to bring home to this particular Respondent that her misconduct was unacceptable and generally to deter others in the industry from similar misconduct.

[57] With respect to specific deterrence, the fine imposed on the Respondent must be sufficient to impress upon her the importance of the requirement of knowledge of and compliance with all rules and policies. With respect to general deterrence, the combination of the prohibition, fine, and costs award should send a direct message to others in the industry that they will be held accountable for this type of misconduct.

Additional Factors

[58] We also observe that the Respondent earned less than $10,000 per annum during her limited time in the mutual funds industry in Ontario.

[59] The Respondent led no evidence about her ability to pay.

Permanent Bars and Suspensions

[60] The Sanction Guidelines point to consideration of permanent bars in certain circumstances, including where there has been significant harm to investors or the market, in the presence of coercive measures, or concealment of conduct or failure to heed guidance. Those circumstances are not present in the evidence before us. As well, the Respondent did not seek to purposefully delay the investigation or the hearing, although some delay resulted. She cooperated fully in the investigation initially, but then did not produce certain documents, even though she or her then lawyer should have been aware of the obligation to do so.

[61] While Enforcement Counsel argued that nearly all cases of failure to cooperate lead to a permanent bar, such a result is not indicated by the Guidelines nor universal in its application. The Panel also does not accept the Respondent's Counsel's position that the appropriate sanction is a mere reprimand and a time-limited supervision.

[62] As with every other case, a panel must balance multiple considerations before concluding that such a severe penalty is warranted.

[63] The Panel concludes that a permanent prohibition is not needed in the circumstances of this case: rather a 30-month prohibition will best serve the purpose of reflecting the seriousness and other circumstances of the misconduct. In weighing the factors to determine the appropriate length of the prohibition, we note that the Respondent has already been out of the industry since December 2020, a period of about 4.5 years. The imposition of a further 30 months of prohibition will bring her total time out of the industry to seven years. In our view, this conveys the appropriate message. Further, we are advised by Staff that CIRO is in the process of establishing new and more rigorous registration standards including course requirements for all new registrants. That program will be rolled out in 2025 or early 2026. The Respondent will be subject to these new standards should she seek re-entry and registration with CIRO.

Fines and Disgorgement

[64] This is not a case for disgorgement. We recognize that the fine should be commensurate with the seriousness of her misconduct and not simply be a "cost of doing business". In this case, we find the most serious breach is the failure to disclose Outside Business Activities thereby thwarting the ability of the Dealer Member to provide supervision. The failure to disclose a potential conflict of interest is always serious, but in the circumstances of this case (which include no complaint from an investor and no harm to an investor), does not merit a severe penalty. The failure to fully cooperate is also always serious in that it undermines the effectiveness and integrity of the enforcement process, but each case again must depend on its particular facts. Balancing these offences and taking into consideration the Respondent's circumstances, we conclude that a global fine of $25,000 is appropriate.

Costs

[65] CIRO seeks costs of $25,000 based on its Bill of Costs of $43,000. We agree that the Respondent should contribute to the costs of this proceeding in a meaningful way. In determining the appropriate amount of that contribution, we take into account the Respondent's partial success on certain aspects of the merits of the case and the sanctions imposed. In our view, the Respondent should contribute $15,000 towards costs.

CONCLUSION

[66] In the Result, the Panel orders the following sanctions:

(a) a 30-month prohibition on the Respondent's authority to conduct securities-related business in any capacity while in the employ of or associated with any CIRO Member, commencing on the date of this Order, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e) (formerly section 24.1.1 (e) of MFDA Bylaw No. 1);

(b) a fine of $25,000, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b) (formerly section 24.1.1(b) of MFDA By-law No. 1);

(c) costs of $15,000, pursuant to Mutual Fund Dealer Rule 7.4.2 (formerly section 24.2 of MFDA By-law No. 1).

DATED at Toronto, Ontario this 11th day of June 2025.

"Susan Lang"
The Honourable Susan Lang, Chair
"Joe Yassi"
Joe Yassi, Industry Representative
"Edward Jackson"
Edward Jackson, Industry Representative