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Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES
AND
MICHAEL ALAN KEMP AND JESSICA ANNE KEMP**

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 Michael Alan Kemp and Jessica Anne Kemp (the “Respondents”). 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 Tuesday, October 28, 2025 at 10:00 a.m. ET

The purpose of the hearing will be to determine whether the Respondents have 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 Respondents have 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 Respondents to pay any costs incurred by or on behalf of CIRO in connection with the proceeding and any investigation related to the proceeding.

The Respondents 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 Respondents 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 Respondents, and the conclusions drawn by the Respondents 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 Respondents do 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 Respondents fail 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 Respondents, 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 Respondents are 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 August 20, 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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MICHAEL ALAN KEMP AND JESSICA ANNE KEMP
STATEMENT OF ALLEGATIONS**

Further to a Notice of Hearing dated August 18, 2025, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1

Between August 9, 2022, and May 31, 2023, the Respondents referred clients to invest in an exempt market dealer and received compensation for doing so, thereby participating in a referral arrangement to which the Dealer Member was not a party, contrary to MFDA Rule 2.4.2.

Contravention 2

Between August 9, 2022 and May 31, 2023, the Respondents recommended, sold, facilitated the sale, or made referrals in respect of investments offered by an exempt market dealer to clients, thereby engaging in securities related business that was not carried on for the account of or through the facilities of the Dealer Member, contrary to MFDA Rule 1.1.1, or engaged in an unapproved outside activity in respect of the sale of investments outside the Dealer Member, contrary to MFDA Rule 1.3.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. During the period of time the Respondents were Approved Persons of Quadrus Investment Services Ltd. (the “Dealer Member”), the Respondents referred Dealer Member clients to purchase investment products through Forthlane Investment Management Inc. (“Forthlane”) and received fees totaling \$97,986 for doing so, thereby participating in a

referral arrangement of which their Dealer Member was unaware and to which their Dealer Member was not a party.

2. In addition, the Respondents also engaged in securities related business outside the Dealer Member by advising, selling or facilitating the sale of investments products offered by Forthlane to clients.

Registration History

Michael Alan Kemp

3. Between January 13, 2011, and June 20, 2023, Michael Alan Kemp was registered in Ontario as a dealing representative with the Dealer Member.
4. On June 20, 2023, Michael Kemp resigned from the Dealer Member and is not currently registered in the securities industry in any capacity.
5. At all material times, Michael Kemp conducted business in the greater Niagara Falls, Ontario area under the business name “Kemp Financial Group Inc.” (“KFG”).

Jessica Anne Kemp

6. Between June 10, 2009, and July 10, 2023, Jessica Anne Kemp was registered in Ontario as a dealing representative with the Dealer Member.
7. On July 10, 2023, Jessica Kemp resigned from the Dealer Member and is not currently registered in the securities industry in any capacity.
8. Jessica Kemp and Michael Kemp are siblings.
9. At all material times, Jessica Kemp conducted business in the greater Niagara Falls, Ontario area along with Michael Kemp under the business name KFG.

Misconduct

10. Beginning in 2021, the Respondents began to examine alternative investment product options, outside the Dealer Member, to offer clients for whom they serviced accounts at the Dealer Member.

11. Forthlane is an Investment Fund Manager, Portfolio Manager and Exempt Market Dealer. Forthlane managed portfolios and offered its own retail products for high-net-worth individuals and families. Investments through Forthlane were not available at the Dealer Member and to clients being serviced by the Respondents.
12. On or about March 23, 2022, without the Dealer Member's approval, Michael Kemp executed an agreement between KFG, Forthlane and Purpose Advisor Solutions¹ (the "Agreement") regarding the process of transferring clients serviced by KFG at the Dealer Member to Forthlane with an anticipated transition completion date of April 30, 2022.
13. In particular, the Agreement provided, among other things, that:
 - (i) KFG had Assets Under Management ("AUM") of approximately \$46,000,000;
 - (ii) KFG had approximately 440 households and 702 accounts that could be transferred as well as a breakdown of the account types serviced by KFG;
 - (iii) KFG was MFDA licensed through the Dealer Member, but would be giving up its license to make the move over to Forthlane;
 - (iv) a bulk transfer of Dealer Member clients serviced by KFG would be required;
 - (v) the Dealer Member which held the client accounts serviced by KFG required PDF copies of wet signed Transfer forms to be completed and submitted for the bulk transfer; and
 - (vi) that the transfer would move over Full In-Cash.
14. On or about the time that the onboarding Agreement was signed, the Respondents entered into a referral arrangement with Forthlane for clients that transferred their investments from the Dealer Member to Forthlane.
15. As a result of the referral arrangement between the Respondents and Forthlane, the Respondents began soliciting clients to transfer their investments from the Dealer Member

¹ "Purpose Advisor Solutions" is a company that provided assistance with the onboarding of client accounts from the Dealer Member to Forthlane.

to one of the three Forthlane portfolios being offered and described as: Conservative; Balanced or Growth portfolios.

16. Each of the client accounts transferred from the Dealer Member to Forthlane would pay a flat fee of 1.95% of the value of the account of which the Respondents would receive 0.85% for the management of the investments held in the client accounts.
17. Furthermore, as part of the referral arrangement, and in exchange for directing all future mutual fund business to Forthlane, Forthlane would begin directing any insurance leads for its high-net-worth investors to KFG, as the Respondents were also licensed to sell insurance products.
18. Beginning after the parties had entered the referral arrangement and by at least June 2022, the Respondents distributed “Welcome Letters”, on Forthlane letterhead, introducing Forthlane, its online platform Transcend Wealth Ltd. (“Transcend”),² and the Forthlane portfolios to clients. The letter confirmed that KFG would continue to be the main point of contact for clients and that KFG would assist Forthlane to ensure the new portfolios met the investment needs of clients who transferred their investments and accounts to Forthlane.
19. The Respondents engaged in one or more of the following activities with clients in transitioning them from the Dealer Member to Forthlane:
 - (i) introduced clients to Forthlane products and services and encouraged them to move their investments to Forthlane;
 - (ii) advised clients about the various portfolios offered by Forthlane that were suitable for them based on the clients “Know Your Client” (KYC) information already on file with the Dealer Member;
 - (iii) advised clients about the fee structure of the products offered by Forthlane;

² Transcend Wealth is the online platform used by Forthlane to provide its portfolios to advisors and investors.

- (iv) facilitated meetings between clients and Forthlane's portfolio manager if a transferring client disagreed with the Respondents' Forthlane portfolio recommendation;
 - (v) sent correspondence, provided documents, answered questions and assisted clients with documentation on behalf of Forthlane and its partners; and
 - (vi) assisted clients with documentation to complete purchases, sales or trades or with the online trading platform used by Forthlane.
20. Between August 9, 2022, and May 31, 2023, the Respondents transferred a total of 73 clients and 130 accounts from the Dealer Member to Forthlane.
21. This consisted of 48 clients and 82 accounts, with an approximate value of \$4,351,395.13, that were serviced by Michael Kemp; and 25 clients and 46 accounts, with an approximate value of \$2,874,850.63 that were serviced by Jessica Kemp.
22. On October 21, 2022, and on November 1, 2022, the Respondents received two deposits from "Transcend/Transcend Partners Ltd." totaling \$3,898.59 reflecting the initial commissions earned for the transfer of client accounts and investments from the Dealer Member to Forthlane.
23. Between November 14, 2022, and May 15, 2023, the Respondents received eight additional deposits from Transcend totaling \$94,087.87 for the transfer of client accounts and investments from the Dealer Member to Forthlane.

Discovery of the Respondents' Activity by the Dealer Member

24. On or about May 1, 2023, the Dealer Member detected a significant decrease in the Respondents' AUM during a quarterly compliance review.
25. Over a twelve-month period, the AUM for Michael Kemp had decreased from approximately \$6,422,579 to \$1,659,844. The decrease in AUM for Michael Kemp was a result of approximately \$4,762,734 of client assets being transferred from the Dealer Member to Forthlane.

26. Over the same twelve-month period, the AUM for Jessica Kemp had decreased from approximately \$6,662,605 to \$3,163,992. The decrease in AUM for Jessica Kemp was the result of approximately \$3,498,713 in client assets being transferred from the Dealer Member to Forthlane.
27. In total, the Respondents transferred approximately \$8,000,000 of client assets from the Dealer Member to Forthlane.
28. During the period that the Respondents were registered with the Dealer Member, Forthlane was listed as a business partner on the KFG website. The Dealer Member had not approved the inclusion of Forthlane as a business partner on the website.
29. On May 9, 2023, the Dealer Member's Regional Compliance Consultant (the "RCC") met with the Respondents to investigate the transfers. The Respondents advised the RCC that they had moved most of KFG's mutual fund business to Forthlane, and that going forward KFG would direct its mutual fund business to Forthlane, in exchange for Forthlane sending its high-net-worth clients with insurance needs to KFG.
30. The Respondents failed to disclose to, or obtain approval from, the Dealer Member for any referral arrangement with Forthlane.
31. The Dealer Member was not a party to a referral arrangement with Forthlane. The referral fees received by the Respondents from Forthlane were not recorded in the books and records of the Dealer Member nor did they flow through the Dealer Member before being paid to the Respondents.

Dealer Member Policies and Procedures

32. At all material times, the Dealer Member's Policies and Procedures Manual (the "PPM") directed that Approved Persons were not permitted to enter referral arrangements with a referral entity or individual without submitting the proposed activity for both review and approval by the Dealer Member and that referral arrangements could only be entered directly by the Dealer Member.
33. The Dealer Member's Code of Conduct also stipulated that Approved Persons may only accept compensation resulting from approved referral arrangements and that

compensation would flow through the Dealer Member who would then pay their Approved Person.

34. The Dealer Member's PPM also prohibited its Approved Persons from engaging in the sale of any investments that would be considered securities or selling or advising on such investments through any entity other than the Dealer Member.
35. The Dealer Member's PPM further advised that Approved Persons who wished to pursue outside activities were required to complete an "Outside Activity Approval Form" and submit it to the Dealer Member in order to obtain approval for the proposed outside activity from the Dealer Member, either at the time of registration with the Dealer Member or before engaging in the activity after they have been registered.
36. Commencing in December 2010 to September 2022, Michael Kemp completed annual acknowledgements confirming that he had completed continuing education requirements on and/or reviewed the Dealer Member's PPM and/or Code of Conduct and agreed to abide by the policies, procedures and conduct obligations outlined therein.
37. Commencing in April 2009 to October 2022, Jessica Kemp completed annual acknowledgements confirming that she had completed continuing education requirements on and/or reviewed the Dealer Member's PPM and/or Code of Conduct and agreed to abide by the policies, procedures and conduct obligations outlined therein.

Contraventions

38. By virtue of the foregoing, the Respondents referred clients to invest in an exempt market dealer and received compensation for doing so, thereby participating in a referral arrangement to which the Dealer Member was not a party, contrary to MFDA Rule 2.4.2.
39. By virtue of the foregoing, the Respondents recommended, sold, facilitated the sale, or made referrals in respect of investments offered by an exempt market dealer to clients, thereby engaging in securities related business that was not carried on for the account of or through the facilities of the Dealer Member, contrary to MFDA Rule 1.1.1.

40. If the Respondents conduct does not constitute securities related business outside the Dealer Member, then the Respondents engaged in an unapproved outside activity in respect of the sale of investments outside the Dealer Member, contrary to MFDA Rule 1.3.

DATED at Toronto, Ontario this August 20, 2025.