

Re Short

IN THE MATTER OF:

The Mutual Fund Dealer Rules

and

Jeremy Liam Short

2025 CIRO 40

Canadian Investment Regulatory Organization
Hearing Panel (Manitoba District)

Heard: June 12, 2025 in Winnipeg, Manitoba (via videoconference)

Decision: June 12, 2025

Reasons for Decision: August 7, 2025

Hearing Panel:

Sherri Walsh, Chair

Claude Tetrault, Industry Representative

Adam Dudley, Industry Representative

Appearances:

Lerina J. M. Koornhof, Enforcement Counsel

Myriam Hacault, for the Respondent

Jeremy Liam Short, (present)

REASONS FOR DECISION ON ACCEPTANCE OF SETTLEMENT

I. INTRODUCTION

[1] By Notice of Hearing issued on July 8, 2024, the Canadian Investment Regulatory Organization (**CIRO**) commenced disciplinary proceedings pursuant to sections 7.3 and 7.4¹ of the Mutual Fund Dealer Rules against Jeremy Liam Short (the **Respondent**), a former dealing representative with Investors Group Financial Services Inc. (the **Dealer Member**). The Dealer Member is a dealer member of CIRO (formerly a member of the Mutual Fund Dealers Association (**MFDA**)).

[2] Enforcement Staff of CIRO (**Staff**) and the Respondent entered into a Settlement Agreement dated May 16, 2025 (the **Settlement Agreement**) in which the Respondent admitted to certain contraventions of the Mutual Fund Dealer Rules.

¹ On January 1, 2023, the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (the **MFDA**) were consolidated into a single self-regulatory organization recognized under applicable securities legislation that is called the Canadian Investment Regulatory Organization (referred to herein as **CIRO**). CIRO adopted interim Rules that incorporate the pre-amalgamation regulatory requirements contained in the Rules and policies of IIROC and the by-law, Rules and policies of the MFDA (the **Interim Rules**). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These Rules are largely based on the Rules of IIROC and certain by-laws, Rules and policies of the MFDA that were in force immediately prior to amalgamation. Where the Rules of IIROC and the by-laws, Rules and policies of the MFDA that were in force immediately prior to amalgamation have been incorporated into the Interim Rules, Enforcement Staff have referenced the relevant section of the Interim Rules. Pursuant to Mutual Fund Dealer Rule 1A and s. 14.6 of By-Law No. 1 of CIRO, contraventions of former MFDA regulatory requirements may be enforced by CIRO.

[3] A settlement hearing was held by videoconference on June 12, 2025 (the **Hearing**) at which both the Respondent and his legal counsel were present.

[4] At the outset of the Hearing, the Hearing Panel (the **Panel**) granted the parties' motion to move the proceedings *in-camera*.

[5] Staff and Counsel for the Respondent jointly requested that the Panel accept the Settlement Agreement pursuant to section 14.6 of CIRO By-Law No. 1.

[6] After considering the provisions of the Settlement Agreement, Staff's written submissions, and oral submissions from both Staff and Counsel for the Respondent, the Panel accepted the Settlement Agreement.

[7] These are the Panel's reasons for doing so.

II. CONTRAVENTIONS

[8] In the Settlement Agreement, the Respondent admitted to having committed the following contraventions of Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1):

- a) Between July 16, 2020, and January 6, 2022, the Respondent electronically signed the signatures of 135 clients on 356 account forms and submitted the account forms to the Dealer Member for processing, contrary to Mutual Fund Dealer Rule 2.1.1;
- b) Between February 24, 2021, and January 6, 2022, the Respondent created notes on the Dealer Member's system on 13 occasions containing false or misleading information about whether clients had personally signed the account forms; contrary to Mutual Fund Dealer Rule 2.1.1; and
- c) Between January 7, 2022, and January 19, 2022, the Respondent made false or misleading statements to the Dealer Member during the course of its investigation into the Respondent's conduct in electronically signing the forms for clients, contrary to Mutual Fund Dealer Rule 2.1.1.

III. TERMS OF SETTLEMENT

[9] In the Settlement Agreement, Staff and the Respondent agreed to the following terms of settlement:

- a) a fine in the amount of \$20,000.00 pursuant to Mutual Fund Dealer Rule 7.4.1.1(b), payable in certified funds upon acceptance of the Settlement Agreement by the Hearing Panel;
- b) costs of \$5,000.00, pursuant to Mutual Fund Dealer Rule 7.4.2, payable in certified funds upon acceptance of the Settlement Agreement by the Hearing Panel; and
- c) a prohibition from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO for a period of 2 years, commencing on the date that the Settlement Agreement is accepted by the Hearing Panel, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e).

IV. THE FACTS

[10] The facts which formed the basis for the Settlement Agreement are contained in paragraphs 3 through 30 of that agreement and are reproduced below:

Registration History

3. The Respondent first became registered in the securities industry on February 5, 2020.
4. Between February 5, 2020, and May 12, 2022, the Respondent was registered in Manitoba as a dealing representative with Investors Group Financial Services Inc. (the "Dealer Member"), a Dealer Member of CIRO (formerly a Member of the MFDA).
5. On May 12, 2022, the Dealer Member terminated the Respondent as a result of the conduct described herein, and the Respondent is currently not registered in the securities industry in any capacity.
6. At all material times, the Respondent conducted business in the Winnipeg, Manitoba area.

Signed Client's Electronic Signatures

7. At all material times, the Dealer Member's policies and procedures prohibited Approved Persons from signing another person's name on any document. The prohibition applied regardless whether the client requested the Approved Person to sign on their behalf and regardless whether there was any fraudulent intention by the Approved Person.

8. At all material times, the Dealer Member permitted its Approved Persons to use two specific electronic signing platforms (ESPs) to obtain and authenticate electronic signatures obtained from clients. Both ESPs automatically produce an electronic audit trail, which evidences the authentic electronic signature of clients.

9. Both ESPs require two-factor authentication in which a code is sent to the client's personal phone number by text message following receipt of the document by email. The client then enters the code into the ESP to access the document and sign it. Once the client has electronically signed the document, it is returned to the Approved Person, who completes the signing then submits it to the Dealer Member for processing.

10. Between July 16, 2020, and January 6, 2022, the Respondent used both ESPs to electronically sign 356 forms relating to 135 clients, including FG. Instead of using the ESPs to obtain the client's signature, the Respondent sent the forms to his own email address and entered his phone number to circumvent the two-factor authentication system of the ESPs. The 356 forms were never sent to the clients and they did not review them before the Respondent signed on the clients' behalf.

11. The forms included:

- 3 Letter of Direction forms
- 59 Account Agreements
- 10 Investment Profile Questionnaire forms
- 27 Client Update forms
- 92 Know Your Client forms
- 17 Letter of Understanding forms
- 30 Account Application forms
- 17 Assignment of Beneficiary forms
- 20 Miscellaneous forms
- 2 Pricing Agreement forms
- 37 Switch Authorization forms
- 25 Transfer forms
- 6 Investment Instructions forms
- 3 Withdrawal forms
- 8 Pre-authorized Contribution forms

Client FG

12. In December 2021, the Respondent spoke to FG, a client of the Dealer Member whose accounts were serviced by the Respondent, by telephone after the Dealer Member received a form authorizing the transfer of client FG's investments (the "Transfer") to another financial institution (the "**Requesting Institution**"). The Respondent states that after speaking with client FG, he believed that client FG wished to cancel the Transfer.

13. The Respondent then prepared a Letter of Direction on behalf of client FG to cancel the Transfer. The Respondent electronically signed client FG's signature on the Letter of Direction and the Dealer Member submitted same to the Requesting Institution.

14. After the Transfer was cancelled, client FG again instructed the Requesting Institution to submit the Transfer to the Dealer Member.
15. In January 2022, the Respondent received the second Transfer request. Without speaking to client FG, the Respondent electronically signed the signature of client FG on a second Letter of Direction in order to cancel the Transfer a second time. Client FG advised the requesting institution and the Dealer Member that he had not authorized the cancellation and had not signed the Letters of Direction.
16. The Dealer Member then commenced an investigation into the Respondent's conduct which resulted in this matter being brought to Staff's attention.
17. On or about January 17, 2022, the Dealer Member concluded the Transfer and compensated client FG in the amount of \$285, representing his losses as a result of the delay in transferring the investments.

Remaining Clients

18. The Dealer Member reassigned the remaining clients whose accounts were serviced by the Respondent to new Approved Persons who contacted each of the clients regarding their accounts and had the clients properly the[sic] sign account documents. None of these clients complained to the Dealer Member about any of the account forms or transactions processed using account forms signed by the Respondent as described above, and there is no evidence of a lack of authorization or client instructions for the account forms which the Respondent submitted to the Dealer Member for processing.

False or Misleading Notes

19. In 13 instances, after signing the electronic signatures of 13 of the clients described above, the Respondent created notes in the Dealer Member's system which were false or misleading in that the notes indicated that he had emailed the forms to the clients and that the clients had signed the forms, since the Respondent signed the electronic signature as described above. The false or misleading notes reduced the chance that the Respondent's conduct would be detected by the Dealer Member in the case of an audit.

False or Misleading Statements to the Dealer Member During its Investigation

20. The Dealer Member commenced an investigation into the Respondent's conduct described above. Between January 7 and 20, 2022, the Respondent made false or misleading statements to the Dealer Member during its investigation.
21. On or about January 7, 2022, during its initial interview with the Respondent regarding the December LOD and the January LOD, the Dealer Member asked the Respondent whether he had ever signed forms on behalf of any other clients. The Respondent told the Dealer Member that the December 2021 to January 2022 incident with client FG was the first and only times he had signed on behalf of a client.
22. On January 10, 2022, during a telephone call with the Respondent regarding the December LOD and the January LOD, the Dealer Member asked the Respondent again whether he had ever signed documents on behalf of any other clients. The Respondent answered "No".
23. On January 19, 2022, in email correspondence regarding the December LOD and the January LOD, Dealer Member asked the Respondent whether the Respondent had completed DocuSign documents for other clients. DocuSign was one of the ESPs which the Dealer Member utilized to obtain electronic signatures from clients.
24. On January 20, 2022, in a reply email to the Dealer Member, the Respondent stated that he had completed DocuSign forms for 10 clients in addition to client FG.
25. The Respondent's statements to the Dealer Member were false or misleading, since, as described above, the Respondent signed the electronic signatures of 135 clients on 356 account forms.

The Respondent's Position

26. The Respondent's position as a dealing representative with the Dealer Member was his first position in the financial industry. The Respondent was 25 years old when he commenced engaging in the conduct described above in or about July 2020. The Respondent is currently 30 years old.

27. The conduct described above occurred during the COVID-19 pandemic. The Respondent states that he was required to work from his home at various times during this period and could not meet in person with clients. The Respondent states that some of the clients were elderly or otherwise had difficulty using the ESPs that were put in place to deal with the pandemic restrictions, as an alternative to in-person service. The Respondent acknowledges that these circumstances are not an acceptable justification for failing to obtain client signatures properly on account forms.

28. The Dealer Member terminated the Respondent on May 12, 2022, and the Respondent states that as a result of the matters addressed in this Settlement Agreement, the Respondent was unable to find employment until September 2023, at which time he became employed outside the financial services industry. The Respondent is the sole earner in his household and has provided Staff with evidence demonstrating that his annual income during the years 2022 to 2024 was modest.

Additional Factors

29. No client other than client FG has complained to the CRO or the Dealer Member or claimed any financial loss as a result of the Respondent's conduct described herein.

30. By entering into this Settlement Agreement, the Respondent has saved CRO the time, resources, and expenses associated with conducting a contested hearing with respect to the allegations of misconduct.

V. ISSUES

[11] The two issues which the Panel was required to determine in this case were:

- (i) Do the facts admitted to by the Respondent constitute misconduct in contravention of the Mutual Fund Dealer Rules? and
- (ii) Does the sanction agreed to in the Settlement Agreement fall within a reasonable range of appropriateness, bearing in mind the nature and extent of the Respondent's admitted misconduct and all of the circumstances?

VI. ANALYSIS

Issue (i): Do the facts admitted to by the Respondent constitute misconduct in contravention of the Mutual Fund Dealer Rules?

Standard of Conduct - Mutual Fund Dealer Rule 2.1.1

[12] Mutual Fund Dealer Rule 2.1.1 prescribes the standard of conduct applicable to registrants in the Mutual Fund Industry. The Rule requires, among other things, that each Member and each Approved Person of a Member shall: deal fairly, honestly and in good faith with clients; observe high standards of ethics and conduct in the transaction of business; and not engage in any business conduct or practice which is unbecoming or detrimental to the public interest.

[13] The Rule is central to CRO's mandate to enhance investor protection and strengthen public confidence in the Canadian Mutual Fund Industry. It is a broad rule which is designed to protect the public interest by requiring Approved Persons to adhere to a high standard of ethical conduct.

[14] It articulates the most fundamental obligations of all registrants in the securities industry and has been interpreted and applied in a purposive manner in a wide range of circumstances, including cases with similar conduct to the admitted misconduct in this matter.²

² *Breckenridge (Re)*, 2007 CanLII 80232 (CMFDA) at para 71; *Izhar (Re)*, 2022 CanLII 115352 (CMFDA) at para 5; *Bell (Re)*, 2019 CanLII 12463 (CMFDA) at paras 9-11

Falsifying Client Signatures

[15] The Respondent has admitted that he falsified client signatures on 356 account forms in respect of 135 client accounts over an 18-month period.

[16] Hearing panels of CIRO and before that, the MFDA, have consistently found that signing a client's signature contravenes the standard of conduct set out in what is now Mutual Fund Dealer Rule 2.1.1 and is serious misconduct³

[17] The MFDA hearing panel in *Barnai Re*, citing earlier decisions, summarized the principles with respect to falsified client's signatures as follows (emphasis added):

Falsifying client signatures or initials is serious misconduct. Signature falsification (like the use of pre-signed forms) adversely affects the integrity and reliability of account documents, leads to the destruction of the audit trail, has a negative impact on Member complaint handling, and has the potential for misuse in the form of unauthorized trading, fraud and misappropriation.

As a hearing panel of the Investment Dealers Association (now IIROC) stated in *Bell (Re)*:

Forgery is always serious. It is unequivocally condemned because it is fundamentally dishonest and dangerous. Any act of forgery is a step onto a steep and slippery slope of deception that is always potentially harmful to clients and actually harmful to the Member firm and the securities industry as a whole.

Lamontagne (Re) reiterated the principle set out in *Bell (Re)*, but went on to state that, where warranted, hearing panels may distinguish between serious and less egregious instances of falsification:

Forgery is always a serious regulatory matter because it shows that the Respondent lacks the honesty required of a professional in the securities industry ... forgery often attracts severe sanctions. While there is no such thing as a "minor case" of forgery, hearing panels may distinguish between more and less egregious examples of forgery.⁴

Signing a Client's Signature

[18] Since at least 2007, the MFDA and now CIRO have made it clear to Approved Persons that signing a client's signature is prohibited. This has been done, for example, through the publication of Staff notices and bulletins.⁵

Creating False or Misleading Client Notes

[19] The Respondent has also admitted that he created false or misleading client notes to conceal his conduct from the Dealer Member. This conduct also constitutes a contravention of Rule 2.1.1.

[20] For example, in *Fan Re* the panel stated:

- a) The falsification of such records undermines the reliability of the audit trail because the existence of a note which purports to record a client interaction no longer constitutes a reliable, contemporaneous record of such interaction.
- b) Further, Dealer Members who rely on the records created by Approved Persons to conduct supervision, fairly adjudicate complaints and demonstrate compliance with the regulatory obligations. The creation of false records undermines these objectives and is contrary to the obligations imposed on Members and Approved Persons to protect the interests of clients.⁶

³ *Carlisle (Re)*, 2024 CIRO 64 at para 11

⁴ *Barnai (Re)*, (2015) Hearing Panel of the Central Regional Council, MFDA File No. 201325, Hearing Panel Decision dated March 17, 2015 (*Barnai*), paras 6-8, citing *Bell (Re)*, 2005 I.D.A.C.D. No. 15, Bulletin No. 3417, May 6, 2005 (Alberta District Council), and *Lamontagne (Re)*, 2009 IIROC 6. See also *Carlisle*, *supra*, paras 11-14, citing *Barnai and Bell*

⁵ See MFDA Staff Notice 0066, Signature Falsification, dated October 31, 2007 (updated March 4, 2013 and January 26, 2017) and MFDA Bulletin #0661-E, Signature Falsification, dated October 2, 2015

⁶ *Fan (Re)*, 2024 CIRO 20 (CanLII) at paras 40-41

Making False or Misleading Statements to the Dealer Member

[21] Finally, as set out in the Settlement Agreement, the Respondent misled the Dealer Member during its investigation into his conduct.

[22] Hearing panels have held that an Approved Person violates the standard of conduct set out in Rule 2.1.1 when they deliberately provide the Dealer Member with incorrect information.⁷

[23] Based on all of the authorities cited above, the Panel agrees with the parties' submissions that the Respondent's conduct contravenes the standard of conduct which is prescribed by Mutual Fund Dealer Rule 2.1.1.

Issue (ii): Assessment of the Proposed Penalty – Does the sanction agreed to in the Settlement Agreement fall within a reasonable range of appropriateness, bearing in mind the nature and extent of the Respondent's admitted conduct and all of the circumstances?

Role of the Hearing Panel

[24] The role a hearing panel performs at a settlement hearing is fundamentally different from the role it performs at a contested hearing.

[25] When considering a settlement agreement, a hearing panel has only two options: either to accept or reject the agreement.⁸

[26] As stated by the hearing panel in *Sterling Mutuals Inc. (Re)* citing the I.D.A. Ontario District Council in *Milewski (Re)*:

...while in a contested hearing the Panel attempts to determine the correct penalty, in a settlement hearing the Panel "will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness." (In *re Milewski*, [1999] I.D.A.C.D. No. 17)⁹

[27] Hearing panels have acknowledged that one of the reasons that settlement agreements which have been worked out by the parties should be respected is because the panel does not know what led to the settlement, or what was given up by the parties during the course of their negotiations.¹⁰

[28] The rationale for respecting settlements of the nature found in the Settlement Agreement in this case, was further articulated by the British Columbia Court of Appeal:

Settlements assist the Commission to ensure that its overriding objective, the protection of the public, is met. Settlements proscribe activities that are harmful to the public. In so doing, they are effective in accomplishing the purposes of the statute. They provide means of reaching a flexible remedy that is tailored to address the interests of both the Commission and the person under investigation. Enforcement is rarely a concern because the settlement is voluntary. A person who is the subject of an investigation retains the option of refusing to settle and proceeding to a hearing. Settlements are also efficient. Both parties can forego the time and expense of a hearing. Or, they can settle some matters, and direct their resources to the matters that are in dispute, and therefore to be resolved by way of a hearing.¹¹

[29] Although the *Seifert* decision dealt with an agreement that was before the British Columbia Securities Commission, the case has frequently been cited by hearing panels in MFDA and CIRO settlement decisions.

⁷ *Fan, supra* at para 46 *Castelino (Re)*, 2020 CanLII 80754 (camfdac) at para 10

Truong (Re), [2019] Hearing Panel of the Pacific Regional Hearing Panel, Reasons for Decision dated June 10, 2019 MFDA file no. 201904
He, Xiang (Re), [2018] Hearing Panel of the Central Regional Council, MFDA file no. 201854, Reasons for Decision dated July 23, 2018

⁸ Mutual Fund Dealer Rule 7.4.4.3

⁹ MFDA File No. 200820, Hearing Panel of the Central Regional Council, Decision and Reasons dated September 3, 2008, at para. 37

¹⁰ *Fike (Re)*, MFDA File No. 2017102, Hearing Panel of the Central Regional Council, Decision and Reasons dated December 7, 2017, at paras. 22 and 23

¹¹ *British Columbia (Securities Commission) v Seifert*, 2007 BCCA 484, at para 31

Factors Concerning Acceptance of a Settlement Agreement

[30] Hearing panels have repeatedly expressed the view that generally, settlement agreements should be accepted, bearing in mind the following criteria:

- a) That it is in the public interest to do so and that the penalties proposed will be sufficient to protect investors;
- b) That the agreement is reasonable and proportionate, having regard to the conduct of the respondent;
- c) That the agreement addresses the issues of both specific and general deterrence;
- d) That the agreement is likely to prevent the type of conduct set out in the facts;
- e) That the agreement will foster confidence in the integrity of the Canadian capital markets;
- f) That the agreement will foster confidence in the integrity of the CIRO; and
- g) That the agreement will foster confidence in the regulatory process itself.¹²

Factors Concerning the Appropriateness of the Proposed Penalty

[31] The factors concerning the appropriateness of the penalty proposed in a settlement agreement are well known.

[32] The primary goal of all securities regulation is investor protection.¹³

[33] In addition to investor protection, the goals of securities regulation include fostering public confidence in the capital markets and in the securities industry as a whole.¹⁴

[34] In determining the appropriateness of a proposed penalty, hearing panels frequently cite the decision in *Breckenridge (Re)*, where the panel stated that sanctions "... should be preventative, protective and prospective in nature ..." taking into account the following considerations:

- a) the protection of the investing public;
- b) the integrity of the securities markets;
- c) specific and general deterrence;
- d) the protection of the CIRO's membership; and
- e) protection of the integrity of the CIRO's enforcement processes.¹⁵

[35] The panel in *Breckenridge (Re)* set out the following additional factors which a hearing panel should consider, having regard to the specific circumstances of the case:

- a) the seriousness of the allegations proved against the respondent;
- b) the respondent's experience in the capital markets;
- c) the level of the respondent's activity in the capital markets;
- d) the harm suffered by investors as a result of the respondent's activities;
- e) the benefits received by the respondent as a result of the improper activity;
- f) the risk to investors and the capital markets in the jurisdiction, were the respondent to continue to operate in the capital markets in the jurisdiction;
- g) the damage caused to the integrity of the capital markets in the jurisdiction by the respondent's improper activities;

¹² *Sterling Mutuals Inc. (Re)*, *supra*, at para 36

¹³ *Pezim v British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557, at para 68

¹⁴ *Pezim*, *supra*, at paras 59 & 68

¹⁵ *Breckenridge (Re)*, *supra*, at paras 75 & 76

- h) the need to deter not only those involved in the case being considered, but also any others who participate in the capital markets, from engaging in similar improper activity;
- i) the need to alert others to the consequences of inappropriate activities to those who are permitted to participate in capital markets; and
- j) previous decisions made in similar circumstances.¹⁶

CIRO Sanction Guidelines

[36] On February 1, 2024, CIRO published Sanction Guidelines which apply to proceedings conducted by its hearing panels (**the Guidelines**). The Guidelines are there to assist Staff and respondents in conducting disciplinary proceedings and negotiating settlement agreements and to assist hearing panels in determining the fair and efficient disposition of settled and contested disciplinary proceedings. While the Guidelines are not mandatory or binding on a hearing panel, they provide a summary of the key factors upon which a panel can exercise its discretion in a consistent and fair manner.

[37] The Guidelines reflect and describe many of the same factors that are listed in the authorities cited above by MFDA and CIRO hearing panels.

Application to the Present Case

Seriousness of the Misconduct

[38] The Respondent falsified clients' signatures on a wide variety of forms, including 92 Know Your Client forms. Having done so, he then created notes in the Dealer Member's system to make it look like the clients had signed the forms themselves, thereby deliberately creating false and misleading notes. This misconduct was compounded by the Respondent making repeatedly false or misleading statements to the Dealer Member when it commenced an investigation into his conduct.

[39] The Panel finds that this conduct constitutes extremely serious misconduct.

[40] Further, all of the signatures at issue in this case were falsified after MFDA Bulletin #0661-E was issued on October 2nd, 2015. Hearing panels consistently consider this to be an aggravating factor.¹⁷

[41] The Panel agrees with the decisions of previous panels, which have found that creating false notes and misleading a Dealer Member is particularly egregious conduct because such conduct undermines public confidence in both the securities industry and CIRO's regulatory function. The resulting penalty must, therefore, be sufficient to re-establish the public's trust in the industry.¹⁸

Respondent's Past Conduct and Experience in the Securities Industry

[42] The Respondent has not previously been the subject of disciplinary proceedings commenced by either the MFDA or CIRO.

[43] The Respondent commenced his position as a Dealing Representative with the Dealer Member on February 5, 2020, just months before the Covid-19 pandemic required workplaces to accommodate their business practices to the realities of the pandemic. As the Respondent's Counsel pointed out, the timing of when the Respondent commenced his position with the Dealer Member also meant that he had limited access to in-person mentorship.

[44] We agree with the submissions made by both Staff and Counsel for the Respondent that the Respondent's limited experience at the time he committed the misconduct is a mitigating factor. Our decision on this point is consistent with the decisions of other hearing panels.¹⁹

¹⁶ *Breckenridge (Re)*, *supra*, at para. 77

¹⁷ *Owen (Re)*, 2017 CanLII 89023 (CMFDA) at para 35

¹⁸ *Del Plavignano (Re)* (2019) Hearing Panel of the Central Regional Council, MFDA file no. 201809, panel Decision dated February 7, 2019 at para 16 and *Fan, supra*

¹⁹ *Troung, supra*, at para 34

[45] Staff and the Respondent's Counsel also submitted that a relevant factor for the Hearing Panel to consider was the fact that during the Covid-19 pandemic, in-person meetings with clients were restricted and some of the Respondent's clients were elderly or had difficulty with electronic alternatives to in-person service.

[46] In making this submission, both counsel cited the decision in *Carlisle (Re)*²⁰.

[47] Like the respondent in *Carlisle*, the Respondent in this case has nonetheless acknowledged that these facts did not justify his misconduct, and in considering the appropriateness of the proposed penalty, we did not consider them to be a mitigating factor.

Respondent's Recognition of the Seriousness of the Misconduct

[48] The Respondent has acknowledged that his conduct constitutes a serious contravention of the Mutual Fund Dealer Rules and the high standard of conduct which is expected of registrants in the securities industry. By entering into the Settlement Agreement, the Respondent has accepted responsibility for his actions and has saved CIRO the time, resources and expenses associated with conducting a full disciplinary hearing on the merits to resolve the matter.

Ability to Pay

[49] The Guidelines say that a Respondent's ability to pay, while it should not be considered a predominant or determining factor, may be a relevant consideration when imposing a monetary sanction or costs.

[50] They go on to state that the burden is on the Respondent to raise the issue and provide evidence of financial hardship.

[51] In this case, the Settlement Agreement says that the Respondent is the sole income earner in his household and confirms that he has provided Staff with evidence demonstrating that his annual income during the years 2022-2024 was modest. The Respondent was terminated by the Dealer Member on May 12, 2022, as a result of the matters addressed in the Settlement Agreement, and was unable to find employment until September 2023, at which time he became employed outside the financial services industry. The Respondent has, therefore, provided evidence that he has a limited ability to pay a financial penalty.

Harm suffered by Investors

[52] As the Settlement Agreement indicates, the Dealer Member contacted each of the affected clients and with the exception of one client, no client reported experiencing financial loss, had concerns with the underlying transaction or expressed a lack of authorization for the account forms which the Respondent had submitted to the Dealer Member for processing.

Deterrence

[53] Deterrence is intended to capture both specific deterrence of the wrongdoer as well as general deterrence of other participants in the capital markets. As stated by the Supreme Court of Canada in *Cartaway Resources Corp. (Re)*:

The Oxford English Dictionary (2nd ed. 1989), vol. XII, defines "preventive" as "[t]hat anticipates in order to ward against; precautionary; that keeps from coming or taking place; that acts as a hindrance or obstacle". A penalty that is meant to deter generally is a penalty that is designed to keep an occurrence from happening; it discourages similar wrongdoing in others. In a word, a general deterrent is preventative. It is therefore reasonable to consider general deterrence as a factor, albeit not the only one, in imposing a sanction under s. 162. The respective importance of general deterrence as a factor will vary according to the breach of the Act and the circumstances of the person charged with breaching the Act.²¹

[54] To achieve deterrence, sanctions must inevitably impose a burden on those who contravene CIRO's rules and regulations. Sanctions imposed by a hearing panel should be protective and preventative so as to prevent likely future harm to the markets. This aim, however, does not render a sanction that has the effect of punishing a respondent, inappropriate. An administrative sanction that is too low would not only fail to achieve

²⁰ 2024 CIRO 64 at para 19

²¹ 2004 SCC 26 at para. 61

deterrence but could erode public confidence in the disciplinary process. As stated by the hearing panel in *Kowalsky (Re)*:

...While the primary objective of sanctions is to prevent future misconduct by the Respondent and other industry participants, and not to punish the Respondent, some element of punishment of the Respondent is the inevitable result of any sanctions. But the fact that some punishment of the Respondent may occur, should not inhibit the Panel from imposing sanctions, so long as the primary goal of those sanctions is the prevention of future misconduct.²²

[55] The importance of general deterrence to maintaining public confidence in the securities regulatory system has been the subject of a number of decisions. For example, in *Brown-John*, the panel held that sanctions must reaffirm public confidence in the system and that, in order to achieve this, penalties must be sufficient to dissuade other registrants from engaging in similar conduct.²³

[56] In this case, the Panel agrees that the proposed penalty will serve as a deterrent both specifically to the Respondent and generally to others registered in the mutual fund industry. We find it sends a clear message that the type of misconduct which is the subject of these proceedings will not be tolerated within the securities industry. It puts the industry on notice that engaging in such misconduct is considered a serious contravention of the Rules, which will result in significant fines and sanctions imposed against registrants who engage in it.

Previous Decisions Made in Similar Circumstances

[57] Staff submitted that the sanction proposed in the Settlement Agreement was consistent with financial penalties imposed by MFDA and CIRO hearing panels in the following decisions which involved similar circumstances: *Carlisle, supra*; *MacDermaid (Re)*²⁴; *Suleman (Re)*²⁵; *Cassim (Re)*²⁶.

[58] Based on Staff's submissions and the Panel's own review of these decisions, we are satisfied that the penalty proposed in the Settlement Agreement falls within a reasonable range, having regard to the circumstances of this case.

[59] The sanctions which were agreed upon in the cases referenced by Staff, all of which considered similar facts to the facts in these proceedings, consisted of fines ranging from \$5,000.00 to \$15,000.00, payment of costs up to \$5,000.00 and in three of the four cases, suspensions or prohibitions ranging from 1-3 years.

[60] Accordingly, the Panel finds that the proposed sanction in this case, which consists of payment of a fine of \$20,000.00, costs of \$5,000.00 and a two-year prohibition, clearly falls within a reasonable range of appropriateness.

[61] As the Respondent's Counsel noted, taking into account that as at the time of these proceedings, it has been three years since the Respondent last worked in the securities industry, if the proposed sanction is accepted, it will be five years by the time the Respondent is able to seek work again in the financial industry.

VII. COSTS

[62] The principle of awarding costs in a disciplinary proceeding appropriately holds a respondent accountable for a portion of the costs which Staff has incurred as a result of the respondent's regulatory misconduct. As indicated, the Panel agrees with the proposed terms contained in the Settlement Agreement in so far as they relate to costs.

VIII. CONCLUSION

[63] For all of the above reasons, having reviewed the Settlement Agreement and considered the parties' submissions, both written and oral, the Panel finds that the proposed penalty, which is set out in the Settlement Agreement falls within a reasonable range of appropriateness having regard to CIRO's Regulatory Objectives and the Respondent's conduct in all of the circumstances.

²² 2022 LNCMFDA 31, para. 11

²³ 2005 CanLII 77709 (CMFDA)

²⁴ [2021] Hearing Panel of the Atlantic Regional Council, MFDA file No. 202117, Decision dated October 4, 2021

²⁵ [2019] Hearing Panel of the Prairie Regional Council, MFDA Hearing No. 201880, Decision dated January 21, 2019

²⁶ [2019] Hearing Panel of the Central Regional Council, MFDA Hearing No. 201804, decision dated April 24, 2019

[64] In our view, the proposed penalty is reasonable and proportionate. It will deter the Respondent and other approved persons from engaging in similar misconduct in the future and it conveys to the industry the importance of complying with the regulatory requirements that were breached by the Respondent in this matter.

[65] The Panel, therefore, accepts the Settlement Agreement.

DATED at Winnipeg this 7th day of August 2025

“Sherri Walsh”
Sherri Walsh, Chair

“Claude Tetrault”
Claude Tetrault
Industry Representative

“Adam Dudley”
Adam Dudley
Industry Representative

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**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES**

AND

JEREMY LIAM SHORT

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization (“CIRO”)ⁱ will announce that a settlement hearing pursuant to Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure (“Rules of Procedure”) will take place to consider whether a Hearing Panel should accept this Settlement Agreement between Enforcement Staff and Jeremy Liam Short (the “Respondent”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Enforcement Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

Registration History

3. The Respondent first became registered in the securities industry on February 5, 2020.

4. Between February 5, 2020, and May 12, 2022, the Respondent was registered in Manitoba as a dealing representative with Investors Group Financial Services Inc. (the “Dealer Member”), a Dealer Member of CIRO (formerly a Member of the MFDA).

5. On May 12, 2022, the Dealer Member terminated the Respondent as a result of the conduct described herein, and the Respondent is currently not registered in the securities industry in any capacity.

6. At all material times, the Respondent conducted business in the Winnipeg, Manitoba area.

Signed Client's Electronic Signatures

7. At all material times, the Dealer Member's policies and procedures prohibited Approved Persons from signing another person's name on any document. The prohibition applied regardless whether the client requested the Approved Person to sign on their behalf and regardless whether there was any fraudulent intention by the Approved Person.

8. At all material times, the Dealer Member permitted its Approved Persons to use two specific electronic signing platforms (ESPs) to obtain and authenticate electronic signatures obtained from clients. Both ESPs automatically produce an electronic audit trail, which evidences the authentic electronic signature of clients.

9. Both ESPs require two-factor authentication in which a code is sent to the client's personal phone number by text message following receipt of the document by email. The client then enters the code into the ESP to access the document and sign it. Once the client has electronically signed the document, it is returned to the Approved Person who completes the signing then submits it to the Dealer Member for processing.

10. Between July 16, 2020, and January 6, 2022, the Respondent used both ESPs to electronically sign 356 forms relating to 135 clients, including FG. Instead of using the ESPs to obtain the client's signature, the Respondent sent the forms to his own email address and entered his phone number to circumvent the two-factor authentication system of the ESPs. The 356 forms were never sent to the clients and they did not review them before the Respondent signed on the clients' behalf.

11. The forms included:

- 3 Letter of Direction forms
- 59 Account Agreements
- 10 Investment Profile Questionnaire forms
- 27 Client Update forms
- 92 Know Your Client forms
- 17 Letter of Understanding forms
- 30 Account Application forms
- 17 Assignment of Beneficiary forms
- 20 Miscellaneous forms
- 2 Pricing Agreement forms
- 37 Switch Authorization forms
- 25 Transfer forms

- 6 Investment Instructions forms
- 3 Withdrawal forms
- 8 Pre-authorized Contribution forms

Client FG

12. In December 2021, the Respondent spoke to FG, a client of the Dealer Member whose accounts were serviced by the Respondent, by telephone after the Dealer Member received a form authorizing the transfer of client FG's investments (the "Transfer") to another financial institution (the "Requesting Institution"). The Respondent states that after speaking with client FG, he believed that client FG wished to cancel the Transfer.

13. The Respondent then prepared a Letter of Direction on behalf of client FG to cancel the Transfer. The Respondent electronically signed client FG's signature on the Letter of Direction and the Dealer Member submitted same to the Requesting Institution.

14. After the Transfer was cancelled, client FG again instructed the Requesting Institution to submit the Transfer to the Dealer Member.

15. In January 2022, the Respondent received the second Transfer request. Without speaking to client FG, the Respondent electronically signed the signature of client FG on a second Letter of Direction in order to cancel the Transfer a second time. Client FG advised the requesting institution and the Dealer Member that he had not authorized the cancellation and had not signed the Letters of Direction.

16. The Dealer Member then commenced an investigation into the Respondent's conduct which resulted in this matter being brought to Staff's attention.

17. On or about January 17, 2022, the Dealer Member concluded the Transfer and compensated client FG in the amount of \$285, representing his losses as a result of the delay in transferring the investments.

Remaining Clients

18. The Dealer Member reassigned the remaining clients whose accounts were serviced by the Respondent to new Approved Persons who contacted each of the clients regarding their accounts and had the clients properly sign account documents. None of these clients complained to the

Dealer Member about any of the account forms or transactions processed using account forms signed by the Respondent as described above, and there is no evidence of a lack of authorization or client instructions for the account forms which the Respondent submitted to the Dealer Member for processing.

False or Misleading Notes

19. In 13 instances, after signing the electronic signatures of 13 of the clients described above, the Respondent created notes in the Dealer Member's system which were false or misleading in that the notes indicated that he had emailed the forms to the clients and that the clients had signed the forms, since the Respondent signed the electronic signature as described above. The false or misleading notes reduced the chance that the Respondent's conduct would be detected by the Dealer Member in the case of an audit.

False or Misleading Statements to the Dealer Member During its Investigation

20. The Dealer Member commenced an investigation into the Respondent's conduct described above. Between January 7 and 20, 2022, the Respondent made false or misleading statements to the Dealer Member during its investigation.

21. On or about January 7, 2022, during its initial interview with the Respondent regarding the December LOD and the January LOD, the Dealer Member asked the Respondent whether he had ever signed forms on behalf of any other clients. The Respondent told the Dealer Member that the December 2021 to January 2022 incident with client FG was the first and only times he had signed on behalf of a client.

22. On January 10, 2022, during a telephone call with the Respondent regarding the December LOD and the January LOD, the Dealer Member asked the Respondent again whether he had ever signed documents on behalf of any other clients. The Respondent answered "No".

23. On January 19, 2022, in email correspondence regarding the December LOD and the January LOD, Dealer Member asked the Respondent whether the Respondent had completed DocuSign documents for other clients. DocuSign was one of the ESPs which the Dealer Member utilized to obtain electronic signatures from clients.

24. On January 20, 2022, in a reply email to the Dealer Member, the Respondent stated that he had completed DocuSign forms for 10 clients in addition to client FG.

25. The Respondent's statements to the Dealer Member were false or misleading, since, as described above, the Respondent signed the electronic signatures of 135 clients on 356 account forms.

The Respondent's Position

26. The Respondent's position as a dealing representative with the Dealer Member was his first position in the financial industry. The Respondent was 25 years old when he commenced engaging in the conduct described above in or about July 2020. The Respondent is currently 30 years old.

27. The conduct described above occurred during the COVID-19 pandemic. The Respondent states that he was required to work from his home at various times during this period and could not meet in person with clients. The Respondent states that some of the clients were elderly or otherwise had difficulty using the ESPs that were put in place to deal with the pandemic restrictions, as an alternative to in-person service. The Respondent acknowledges that these circumstances are not an acceptable justification for failing to obtain client signatures properly on account forms.

28. The Dealer Member terminated the Respondent on May 12, 2022, and the Respondent states that as a result of the matters addressed in this Settlement Agreement, the Respondent was unable to find employment until September 2023, at which time he became employed outside the financial services industry. The Respondent is the sole earner in his household and has provided Staff with evidence demonstrating that his annual income during the years 2022 to 2024 was modest.

Additional Factors

29. No client other than client FG has complained to the CIRO or the Dealer Member or claimed any financial loss as a result of the Respondent's conduct described herein.

30. By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources, and expenses associated with conducting a contested hearing with respect to the allegations of misconduct.

PART IV – CONTRAVENTIONS

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

- (a) Between July 16, 2020, and January 6, 2022, the Respondent electronically signed the signatures of 135 clients on 356 account forms and submitted the account forms to the Dealer Member for processing, contrary to Mutual Fund Dealer Rule 2.1.1;
- (b) Between February 24, 2021, and January 6, 2022, the Respondent created notes on the Dealer Member's system on 13 occasions containing false or misleading information about whether clients had personally signed the account forms, contrary to Mutual fund Dealer Rule 2.1.1; and
- (c) Between January 7, 2022, and January 19, 2022, the Respondent made false or misleading statements to the Dealer Member during the course of its investigation into the Respondent's conduct in electronically signing the forms for clients, contrary to Mutual Fund Dealer Rule 2.1.1.

32. The Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1.

PART V – TERMS OF SETTLEMENT

33. Staff and the Respondent agree and consent to the following terms of settlement:

- (a) a fine of \$20,000, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b)), payable in certified funds upon acceptance of this Settlement Agreement by a Hearing Panel;
- (b) costs of \$5,000, pursuant to Mutual Fund Dealer Rule 7.4.2, payable in certified funds upon acceptance of this Settlement Agreement by a Hearing Panel; and
- (c) a prohibition from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO for a period of 2 years, commencing on the date that this settlement agreement is accepted by a Hearing Panel, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e).

34. If this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees to pay the amounts referred to above agrees to pay the amounts referred to above immediately upon such acceptance unless otherwise agreed between Enforcement Staff and the Respondent.

35. Staff and the Respondent agree to the settlement on the basis of the facts set out in this Settlement Agreement.

PART VI – STAFF COMMITMENT

36. If the Hearing Panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondent 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.

37. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Mutual Fund Dealer Rule 7 against the Respondent. These proceedings may be based on, but not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

38. This Settlement Agreement is conditional on acceptance by the Hearing Panel.

39. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with Mutual Fund Dealer Rule 7.4.4, and Rules of Procedure 14 and 15, in addition to any other procedures that may be agreed upon between the parties.

40. Enforcement Staff and the Respondent 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 Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the Hearing Panel.

41. If the Hearing Panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules and By-law No. 1 of CIRO, and any applicable legislation to any further hearing, appeal, and review.

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

43. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

44. 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.

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

46. This Settlement Agreement is effective and binding upon the Respondent and Enforcement Staff as of the date of its acceptance by the Hearing Panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 16 day of May, 2025.

“Jeremy Liam Short”
Jeremy Liam Short

“Chen Chen”
Witness - Signature

“Chen Chen”
Witness - Print name

“Lerina J.M. Koornhof”
Staff of Canadian Investment Regulatory Organization
Per: Lerina J.M. Koornhof
Enforcement Counsel

ⁱ 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.

The Settlement Agreement between Jeremy Liam Short and Enforcement Staff of the Canadian Investment Regulatory Organization dated May 16, 2025, is hereby accepted this 12th day of June, 2025, by the following Hearing Panel:

“Sherri Walsh”
Sherri Walsh, Chair

“Claude Tétrault”
Claude Tétrault, Industry Representative

“Adam Dudley”
Adam Dudley, Industry Representative