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

Settlement Agreement

File No. 202421

IN THE MATTER OF
THE MUTUAL FUND DEALER RULES

AND

JAMES BENJAMIN PEDDLE

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization ("CIRO")[1] will issue a Notice of Settlement Hearing to announce 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") to consider whether a Hearing Panel should accept this Settlement Agreement between Enforcement Staff and James Benjamin Peddle (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

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

Overview

4. As discussed in more detail below, the Respondent owned and operated a bowling alley business known as Paradise Bowl. The Dealer Member approved the Respondent's involvement in the business as an outside business activity. The Respondent failed to disclose to the Dealer Member that he engaged in personal financial and business dealings with multiple clients with respect to Paradise Bowl. In particular, the Respondent entered into business with multiple clients who became shareholders, creditors, and guarantors of loans to the business. The Respondent later sold his interest in the business to a client for $150,000.

5. The Respondent also owned and operated a second bowling alley business known as Plaza Bowl. The Respondent was Plaza Bowl's director and president, and oversaw its operations without disclosing the business to the Dealer Member or obtaining its approval. The Respondent purchased the Plaza Bowl business from clients through his company JRJA Holdings Ltd. Through JRJA Holdings Ltd., the Respondent obtained a loan of $500,000 from a client and had another client guarantee a $800,000 bank loan to complete the purchase of the Plaza Bowl business. The Respondent failed to disclose to the Dealer Member these conflicts of interest with clients until the Dealer Member began investigating his conduct relating to the bowling alleys described above.

6. During the course of the investigation, the Respondent made false or misleading statements to the Dealer Member with respect to the source of monies used to purchase the Plaza Bowl business. These statements concealed the $500,000 loan that he obtained from the client and the fact that another client guaranteed the $800,000 bank loan in order to complete the purchase of the Plaza Bowl business.

Registration History

7. From November 16, 2010 until November 26, 2021, the Respondent was registered in Newfoundland and Labrador as a dealing representative with Investors Group

Financial Services Inc. (the "**Dealer Member**"), a Dealer Member of CIRO, formerly a Member of the MFDA.[1]

8. From January 24, 2013 until April 1, 2018, the Dealer Member designated the Respondent as a branch manager.

9. On November 26, 2021, the Dealer Member terminated the Respondent as a result of the conduct described herein, and the Respondent is not currently registered in the securities industry in any capacity.

10. At all material times, the Respondent conducted business in the St. John's, Newfoundland area.

Borrowing From a Client and other Conflicts of Interest with Clients

11. At all material times, the Dealer Member's policies and procedures required its Approved Persons to:

    (a) Avoid personal financial dealings with clients and situations that could raise potential conflicts of interest, such as:

        (i) borrowing monies from clients;

        (ii) receiving personal loan guarantees from clients; and

        (iii) business relationships with clients; and

    (b) Ensure that any conflict or potential conflict of interest was addressed in the best interests of the client, and to disclose a potential conflict of interest to the Dealer Member.

Paradise Bowl

12. At all material times, client RN was a client of the Dealer Member. Client RN was 72 years old and retired.

[1] The Respondent was also registered as a dealing representative with the Dealer Member in Nova Scotia from March 23, 2018 to November 26, 2021, and in Nunavut from February 14, 2018 to November 26, 2021.

13. On or about December 21, 2010, the Respondent entered into business with client RN[2] and another individual, KA[3], with respect to a bowling alley business, Paradise Bowl Inc. ("**Paradise Bowl**"). They became directors of Paradise Bowl, and each contributed $1,000 to purchase shares and provided $39,000 as shareholder loans.

14. In addition, client RN:

    (a) Guaranteed a lease to own agreement for certain equipment for Paradise Bowl, as well as certain debt obligations of Paradise Bowl;

    (b) Provided bookkeeping services to Paradise Bowl, for which he received approximately $1,000 per month; and

    (c) On or about February 9, 2013, paid $25,000 to purchase a portion of the shares and assume a portion of the shareholder loan held by KA.

15. In or about April 2014, client RN sold his interest in Paradise Bowl to H Inc., which was owned by RO, who was not a client of the Dealer Member at the time. H Inc. also assumed client RN's shareholder loan to Paradise Bowl,[4] and client RN's guarantee of the lease to own agreement, as well as certain debt obligations of Paradise Bowl.

16. In or about March 2015, RO became a client of the Dealer Member whose accounts were serviced by the Respondent. In or about January 2018, H Inc. became a client of the Dealer Member, which held an account serviced by the Respondent. At the time that both RO and H Inc. became clients of the Dealer Member, H Inc. was a shareholder in Paradise Bowl, along with the Respondent, and had certain obligations owed to Paradise Bowl, as described above.

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[2] Client RN purchased shares in Paradise Bowl and provided the shareholder loan through a corporation. In this Settlement Agreement, Staff has referred to client RN even where purchases and transactions were done through client RN's corporation.

[3] KA's shares and shareholder loan were held in KA's spouse's name. In this Settlement Agreement, Staff has referred solely to KA.

[4] As part of the transaction, Paradise Bowl also repaid $10,000 of the shareholder loan owed to client RN.

17. On May 20, 2021, the Respondent entered into an agreement to sell all of his shares in Paradise Bowl to client H Inc. for $150,000.

18. The Respondent's business relationships and dealings through Paradise Bowl with client RN, RO, and H Inc., once the latter two became clients, described above, gave rise to conflicts or potential conflicts of interest that the Respondent did not disclose to the Dealer Member or address by the exercise of responsible judgment influenced only by the best interests of the clients. In particular, the Respondent failed to disclose to the Dealer Member:

    (a) Client RN becoming a shareholder, creditor, guarantor, and paid bookkeeper of Paradise Bowl; and

    (b) Client RO, through client H Inc., becoming a shareholder, creditor, and guarantor of Paradise Bowl, and client H Inc.'s purchase of the Respondent's shares in Paradise Bowl.

Plaza Bowl

19. At all material times, clients RO and PR owned HLC Inc., a company that operated a bowling alley business called Plaza Bowl.

20. At all material times, client PD was a client and an Approved Person of the Dealer Member.

21. On or about November 30, 2020, the Respondent entered into an agreement to purchase the shares of HLC Inc. for $1,300,000 from clients RO and PR.

22. JRJA Holdings Ltd. was a company that the Respondent incorporated on February 22, 2017, and for which he was a Director. At no time did the Respondent seek or obtain the Dealer Member's approval to establish JRJA Holdings Ltd. or to purchase shares of HLC Inc., as described above.

23. To pay a portion of the purchase price for shares of HLC Inc., on or about January 5, 2021, the Respondent, through JRJA Holdings Ltd., borrowed $800,000 from a bank.

24. To facilitate the loan from the bank, the Respondent solicited client PD to act as a guarantor for the loan.

25. On or about February 1, 2021, the principal of client M Inc., a client of the Dealer Member whose accounts were serviced by the Respondent, asked the Respondent about investing in the Plaza Bowl business.

26. On February 1, 2021, client M Inc., JRJA Holdings Ltd., and HLC Inc. entered into an agreement under which JRJA Holdings Ltd. would borrow from client M Inc. to pay the remainder of the purchase price of the shares of HLC Inc. (the "**Loan Agreement**"). Under the Loan Agreement, the parties agreed:

    (a) Repayment of the loan would not be demanded earlier than February 28, 2026, following which client M Inc. could in its discretion demand and be entitled to repayment of the loan in full; and

    (b) A portion of HLC Inc.'s income would be paid to client M Inc. annually.

27. On or about March 12, 2021, the Respondent, through JRJA Holdings Ltd., borrowed $500,000 from client M Inc.

28. To loan the monies to JRJA Holdings Ltd., client M Inc. redeemed $300,000 from its accounts at the Dealer Member. The Respondent facilitated the processing of the redemptions on behalf of client M Inc.

29. In March 2021, PR became a client of the Dealer Member whose accounts were serviced by the Respondent.

30. In or about April 2021, the Respondent, through JRJA Holdings Ltd., purchased the shares of HLC Inc. held by clients RO and PR.

31. On July 5, 2022, the bank released client PD from his obligations as a guarantor for its loan to JRJA Holdings Ltd.

32. The Respondent's dealings through JRJA Holdings Ltd., described above, with clients RO, PR, M Inc., and PD gave rise to conflicts or potential conflicts of interest which the Respondent did not disclose to the Dealer Member or address by the exercise of responsible judgment influenced only by the best interests of the clients. In particular, the Respondent failed to disclose to the Dealer Member that:

(a) The Respondent entered into an agreement to purchase the shares of HLC Inc. held by clients RO and PR;

(b) His company, JRJA Holdings Ltd. borrowed $500,000 from client M Inc.; and

(c) Client PD provided a guarantee in favour of JRJA Holdings Ltd. to secure the $800,000 bank loan.

Unapproved Outside Activities

33. At all material times, the Dealer Member's policies and procedure required its Approved Persons to:

(a) Obtain approval from the Dealer Member before engaging in an outside activity; and

(b) Report to the Dealer Member any changes to approved outside activities within two business days.

Paradise Bowl

34. On or about October 26, 2011, more than 10 months after entering into the Paradise Bowl business with client RN and KA, as described above, the Respondent disclosed Paradise Bowl and sought approval from the Dealer Member.

35. In response to a question on the Dealer Member's outside activity disclosure form to provide details on expected duties and responsibilities with the outside activity, the Respondent wrote, "No expected duties or responsibilities". The Respondent

also stated "I have no involvement in day-to-day operations. Strictly an investment vehicle for me."

36. These statements were false or misleading since, during the material time, the Respondent was involved in the operations of the business including equipment and property maintenance and renovations.

37. In response to a question on the Dealer Member's outside activity disclosure form to provide details about any potential conflicts of interest arising from the outside activity, the Respondent wrote, "[n]o potential conflict exists."

38. This statement was false or misleading since client RN was a shareholder, creditor, guarantor, and paid bookkeeper of Paradise Bowl, as described above, which gave rise to conflicts or potential conflicts of interest.

39. Based on the Respondent's representations, the Dealer Member approved Paradise Bowl as an outside activity of the Respondent on or about November 30, 2011.

40. Thereafter, the Respondent failed to disclose the involvement of clients H Inc. and RO in Paradise Bowl and his dealings with them as described above.

41. Between 2015 and 2019, the Respondent completed the Dealer Member's annual consultant questionnaire, which asked whether the Respondent was a shareholder or co-owner of a private business in which a client was also a shareholder or co-owner. In each case, the Respondent answered the question in the negative, which was false or misleading since between 2015 and 2019, client RO, through client H Inc., was a shareholder of Paradise Bowl with the Respondent, as described above.

Plaza Bowl

42. Commencing in or about April 2021, the Respondent became president and director of HLC Inc., and oversaw the operations of the Plaza Bowl business.

43. On or about August 26, 2021, during an annual visit with the compliance manager for the Dealer Member, the Respondent disclosed to the Dealer Member for the first time that he had sold Paradise Bowl and became an owner of Plaza Bowl. This was approximately 9 months after he agreed to purchase the shares of HLC Inc. to become the owner of the Plaza Bowl business, and approximately 4 months after he completed the purchase as described above at paragraph 30.

44. In response to a question on the Dealer Member's outside activity disclosure form about whether any Dealer Member clients would be involved "in any capacity with the outside activity", the Respondent answered, "[n]o". The Respondent's answer was false and misleading at the time since, as described above, the Respondent, through JRJA Holdings Ltd., was indebted to client M Inc., and client PD was a guarantor of the bank loan to JRJA Holdings Ltd. that was used to complete the purchase of shares of HLC Inc. held by clients RO and PR. The Respondent failed to disclose that he, through JRJA Holdings Ltd., had purchased the shares of HLC Inc. that were held by clients RO and PR.

45. Subsequent to the Respondent's disclosure, the Dealer Member commenced an investigation and learned for the first time of the involvement of some of the clients in the Respondent's outside activities, described above; and of the Respondent's ownership and role as a Director of JRJA Holdings Ltd.

46. On or about October 26, 2021, the Dealer Member asked the Respondent to complete an outside activity disclosure form with respect to JRJA Holdings Ltd. On the Dealer Member's outside activity disclosure form, the Respondent answered that no clients would be involved in any capacity in the outside activity. The Respondent failed to disclose the prior dealings between JRJA Holdings Ltd. and clients RO, PR, M Inc., and PD, as described above.

47. The Dealer Member continued its investigation into the Respondent's conduct, and on November 26, 2021, terminated the Respondent due to the conduct described above.

False or Misleading Statements to the Dealer Member

48. As described above, the Dealer Member commenced an investigation into the Respondent's conduct.

49. On October 26, 2021, in response to questioning from the Dealer Member, the Respondent wrote in an email to the Dealer Member that the Plaza Bowl business was purchased using "a loan from [the bank] through my holding company of $800,000 and the remainder was put in personally."

50. On November 3, 2021, in response to further questioning from the Dealer Member the Respondent wrote in an email to the Dealer Member, "I did receive a loan for the $800K and the remaining [balance] was given [...] by family to help me out [...]."

51. On November 5, 2021, in response to further questioning from the Dealer Member respecting the sources of monies used to purchase the Plaza Bowl business, the Respondent wrote in an email to the Dealer Member that he had borrowed monies from his sister.

52. These statements to the Dealer Member were false or misleading, since, as described above, the Respondent (through JRJA Holdings Ltd.) purchased the shares of HLC Inc. held by clients RO and PR with client M Inc.'s loan of $500,000 to JRJA Holdings Ltd. The Respondent also failed to disclose that client PD had provided a guarantee in favour of JRJA Holdings Ltd. to secure the $800,000 bank loan.

53. On November 19, 2021, the Dealer Member interviewed the Respondent, at which time he admitted that client M Inc. loaned JRJA Holdings Ltd. $500,000, and client PD personally guaranteed the bank loan of $800,000 to JRJA Holding Ltd. to fund the purchase of shares of HLC Inc. held by clients RO and PR.

Additional Factors

54. As of the date of this Settlement Agreement:

    (a) Client M Inc.'s $500,000 loan remains outstanding. As stated above, the parties to the Loan Agreement agreed repayment of the loan would not be demanded earlier than February 28, 2026; and

    (b) Client M Inc. has received payments totaling approximately $147,551 from HLC Inc.'s revenues.

55. Staff has received financial statements and income tax assessments for HLC Inc., and obtained detailed company information on HLC Inc. These documents indicate that HLC Inc. continues to be an active corporation that operates a bowling alley business.

56. No clients have complained to the Dealer Member or CIRO.

57. The Respondent has not been the subject of MFDA or CIRO disciplinary proceedings.

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

PART IV – CONTRAVENTIONS

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

    (i) Between December 2010 and November 2021, the Respondent engaged in personal financial and business dealings with clients, which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Dealer Member or otherwise ensure were addressed by

the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rule 2.1.4;[5]

(ii) Between December 2010 and November 2021, the Respondent engaged in unapproved outside business activities in respect of bowling alley businesses, contrary to MFDA Rule 1.2.1(c) (subsequently MFDA Rule 1.3.2);[6] and

(iii) Between October and November 2021, the Respondent made false or misleading statements to the Dealer Member during an investigation into his conduct, contrary to Mutual Fund Dealer Rule 2.1.1.[7]

PART V – TERMS OF SETTLEMENT

60. The Respondent agrees to the following sanctions and costs:

(i) The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any CIRO Dealer Member for a period of five years from the date the Hearing Panel accepts this Settlement Agreement, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);

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[5] Staff alleges that, at the time of the misconduct, the Respondent contravened MFDA Rule 2.1.4, which is now incorporated into Mutual Fund Dealer Rule 2.1.4(2). On June 30, 2021, amendments to MFDA Rule 2.1.4 came into effect. As conduct addressed in this proceeding occurred before and after the amendments to MFDA Rule 2.1.4, the versions of MFDA Rule 2.1.4 that were in effect between February 27, 2006 and June 30, 2021 and between June 30, 2021 and December 31, 2022 are applicable to this proceeding.

[6] Staff alleges that, at the time of the misconduct, the Respondent contravened MFDA Rule 1.2.1(c), which was renumbered as Rule 1.3.2, and is now incorporated into Mutual Fund Dealer Rule 1.3.2. On March 17, 2016, amendments to MFDA Rule 1.2.1(c) came into effect and the Rule was renumbered as MFDA Rule 1.3.2. As conduct addressed in this proceeding occurred before and after the amendments to MFDA Rule 1.2.1(c), the version of MFDA Rule 1.2.1(c) that was in effect between December 3, 2010 and March 17, 2016, and the version of MFDA Rule 1.3.2 that was in effect between March 17, 2016 and December 31, 2022 apply to this proceeding.

[7] Staff alleges that, at the time of the misconduct, the Respondent contravened MFDA Rule 2.1.1, which is now incorporated into Mutual Fund Dealer Rule 2.1.1 referred to in this proceeding.

(ii) A fine in the amount of $45,000, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b); and

(iii) Costs in the amount of $5,000, pursuant to Mutual Fund Dealer Rule 7.4.2; and

(iv) The Respondent shall attend on the date set for the Settlement Hearing.

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

PART VI – STAFF COMMITMENT

62. 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.

63. 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

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

65. 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.

66. 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.

67. 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.

68. 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.

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

70. 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.

71. 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.

72. 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

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

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

DATED this 13th day of August, 2025.

“Witness”	“Respondent”
Witness (print name)	Respondent

“Samantha Wu”
Samantha Wu
Enforcement Counsel
CIRO

The Settlement Agreement is hereby accepted this 11th day of September, 2025 by the following Hearing Panel:

Per: “David J. Eaton”
Chair

Per: “David Acker”
Industry Member

Per: “Thomas Kostandoff”
Industry Member

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[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.