Re Keough

In The Matter of:

The Mutual Fund Dealer Rules

and

Thomas Leonard Keough

2025 CIRO 54

Canadian Investment Regulatory Organization
Hearing Panel (Newfoundland and Labrador District)

Heard: 5 November 2025 in St. John's, Newfoundland and Labrador (via video conference)
Decision: 5 November 2025
Reasons for Decision: November 24, 2025

Hearing Panel:
David Eaton KC, Chair,
Ann Etter, Industry Representative
Joshua Martin, Industry Representative

Appearances:
Alan Melamud, Senior Enforcement Counsel
Lerina Koornhof, Enforcement Counsel
Greg Moores, for Thomas Leonard Keough
Thomas Leonard Keough, (present)

Decision on Acceptance of Settlement Agreement

INTRODUCTION

[1] This hearing was held to determine whether a settlement agreement (**Settlement Agreement**) entered into between CIRO Enforcement Staff (**Enforcement Counsel**) and Thomas Leonard Keough (**Respondent**) would be accepted or rejected in accordance with Rule 7.4.4.3 of the **Mutual Fund Dealer Rules** (**MFDA Rules**).

[2] At the conclusion of the hearing, having considered the Settlement Agreement, the submissions of counsel for the parties, and the precedents provided, the panel advised that the Settlement Agreement was approved and that written reasons would follow. These are the reasons.

[3] The contraventions that have been admitted are the following:

1) That between May 14, 2021 and February 5, 2024, the Respondent had his daughter named as a joint accountholder with a client, which gave rise to a conflict or potential conflict of interest that he failed to disclose to the Dealer Member or address by the exercise of responsible business judgement influenced only by the best interests of the client, contrary to MFDA Rule 2.1.4; and

2) That between February 17, 2022 and November 6, 2023, the Respondent was named the beneficiary of a client's life insurance policy, which gave rise to a material conflict of interest that he failed to identify, report to the Dealer Member, or address in the best interests of the client, contrary to Mutual Fund Dealer Rule 2.1.4(2).

[4] The Settlement Agreement provided for the following sanctions to be imposed:

1) the Respondent 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 two years commencing on the date the Settlement Agreement is accepted, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);

2) the Respondent pay a fine in the amount of $18,000 pursuant to Mutual Fund Dealer Rule 7.4.1.1(b); and

3) the Respondent pay costs in the amount of $3,500, pursuant to Mutual Fund Dealer Rule 7.4.2.

[5] In addition, the Settlement Agreement provided that if the Settlement Agreement is accepted by the Hearing Panel, the Respondent agreed to pay the amounts referred to above immediately upon such acceptance, unless otherwise agreed between Enforcement Staff and the Respondent.

SUMMARY OF FACTS

[6] The facts are set out in the Settlement Agreement which is attached to these reasons and need not be fully repeated. However, a brief overview of the key facts will put this matter into appropriate context.

[7] At the material times, the client, CO, had accounts with the Dealer Member that were serviced by the Respondent. In May 2021, the Respondent arranged for a new non-registered account to be opened, with CO and the Respondent's daughter as joint accountholders. Mutual funds in the amount of $405,971 were then transferred from CO's solely held existing non-registered account, to the new account. The transfer was done with the CO's knowledge and authorization. At this time, CO was 80 years old.

[8] The Dealer Member's policies only permitted such transfers when the individual account holders were family members. In completing the required disclosure form for the transfer, the Respondent falsely stated that CO and his daughter were "aunt/niece". The effect of the transfer to the joint account was to provide a right of survivorship to the Respondent's daughter and thereby remove the funds in the account from CO's estate. The Respondent "justified" this by suggesting that it was part of estate planning.

[9] In 2022, the Respondent completed and submitted a beneficiary designation form for CO's Manulife Insurance policy which named him and three others as beneficiaries, which would, upon CO's passing entitle each of the named individuals to $25,000. Again, this was done with CO's knowledge and authorization.

[10] The Dealer Member only became aware of the beneficiary designation under the insurance policy when contacted by Manulife. Following this, the Respondent was removed as a beneficiary on the life insurance policy and the Respondent's daughter was removed from the joint account. As a result, there was no benefit received by the Respondent or his daughter.

[11] These facts clearly establish that the Respondent was in a conflict of interest position that he knew was to be disclosed. Instead of acting honestly and providing accurate details, he chose to provide false information in the transfer documents. Then later, he failed to disclose to the Dealer Member the facts that gave rise to the additional conflict position arising from his beneficiary status under the life insurance policy.

ROLE OF THE HEARING PANEL

[12] Pursuant to MFDA Rule 7.4.4.3, at a settlement hearing, the Hearing Panel may accept or reject, but not alter, a settlement agreement. Hearing panels should not reject a settlement agreement unless the proposed penalty clearly falls outside the reasonable range of appropriateness.[1]

[13] It is well established by prior hearing panel decisions that in deciding whether to accept a settlement agreement the following considerations apply:[2]

1. the settlement agreement would be in the public interest, and the penalty would protect investors;

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[1] *British Columbia (Securities Commission) v Seifert* [2006] B.C.J. No. 225 (SC), paras 48-49, aff'd, [2007] B.C.J. No. 2186 at paras 31, 48

[2] *Re TD Waterhouse* 2018 IIROC 44, para 11.

2. the settlement is fair, reasonable, and proportionate, having regard to the conduct of the respondent set out agreed facts and penalties imposed in similar cases;

3. the penalty to be imposed addresses both specific and general deterrence; and

4. the agreement will foster confidence in the integrity of the Canadian capital markets, CIRO, and the regulatory process.[3]

[14] Further, it is accepted that hearing panels will not lightly interfere with settlement agreements. Settlement agreements involve compromise. In reaching an agreement the parties must take into account many factors such as the ability to prove any asserted fact, the likely outcome if the allegations proceed to a full hearing and, therefore, what might be gained or lost, either in the findings on the merits or sanction, should a full hearing take place and the allegations be determined by a hearing panel. See generally *Canaccord Genuity Corp. (Re).*[4]

[15] Hearing panels have identified a variety of factors to be considered when deciding whether to accept a settlement agreement. They include:

(a) the seriousness of the contraventions admitted by the respondent or proved against the respondent;

(b) the respondent's past conduct, including prior sanctions;

(c) the respondent's experience and level of activity in the capital markets;

(d) whether the respondent recognizes the seriousness of the improper activity;

(e) the harm suffered by investors as a result of the respondent's activities;

(f) the benefits received by the respondent as a result of the improper activity;

(g) the risk to investors and the capital markets in the jurisdiction were the respondent to continue to operate in capital markets in the jurisdiction;

(h) the damage caused to the integrity of the capital markets in the jurisdiction by the respondent's improper activities;

(i) 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;

(j) the need to alert others to the consequences of inappropriate activities to those who are permitted to participate in the capital markets; and

(k) previous decisions made in similar circumstances.[5]

[16] In addition to the prior decision referenced, the Hearing Panel has the benefit of CIRO's Sanction Guidelines.

ANALYSIS

[17] The Panel had the benefit of lengthy, detailed, and helpful written submissions by Enforcement Counsel which were supported with many authorities. The Respondent's Counsel supported the written submissions.

[18] We accept the submissions of Enforcement Counsel that the following factors are applicable here:

1. the Respondent and his family stood to benefit significantly from a client;

2. although the client was aware and approved of what took place, the client was 80 years old and vulnerable;

3. the Respondent falsified documents provided to the Dealer Member ostensibly to hide what he

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[3] See generally**,** *Jacobson (Re),* 2007 LNCMFDA 27 and *Re TD Waterhouse* 2018 IIROC 44

[4] 2025 CIRO 37

[5] *Sterling Mutuals Inc. (Re),* 2016 LNCMFDA 77 at para. 14

knew to be a conflict of interest;

4. it is essential to maintain client trust and fundamental to the functioning of the mutual fund industry that conflict be guarded against, but when identified, that proper steps be taken to address them;

5. the Respondent was registered in the industry for 39 years with no other disciplinary proceedings;

6. the Respondent acknowledged the seriousness of his conduct; and

7. there was no actual benefit received by the Respondent or his family as the daughter was removed from the joint account and the Respondent was removed as a beneficiary on the life insurance policy.

[19] We are satisfied, based upon the precedents provided,[6] and the applicable Sanction Guidelines, that the agreed upon penalty and costs are fair and reasonable, and within the range of similar cases.

[20] While each case must be dealt with on its own facts, and there is no absolute correct sanction for any given factual scenario, precedents provide guidance for determining what is an appropriate range of sanction. The sanction cannot become a mathematical exercise that arrives at a precise result.

[21] None of the cases relied upon were identical, but the facts in those cases, when put into the appropriate context, provide a sufficient guide for the appropriate range of penalty for this case. The sanction agreed upon here is significant and reflects the seriousness of the Respondent's conduct and the potential risks involved. The penalty to be imposed addresses both specific and general deterrence and is sufficient to ensure the public that the regulatory process is taking appropriate action to protect investors and the marketplace.

CONCLUSION

[22] For the reasons above, we accept the Settlement Agreement. Considering these factors and the guiding principles referenced above, we are satisfied that the penalty and costs are sufficient to meet the regulatory goals.

DATED at St. John's, Newfoundland and Labrador this 24th day of November, 2025.

"David Eaton"
David Eaton KC, Chair

"Ann Etter"
Ann Etter

"Joshua Martin"
Joshua Martin

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[6] *Salina (Re)*, 2022 LNCMFDA 103
Plentai (Re), 2022 LNIIROC 4
Karasick (Re), 2015 LNCMFDA 64
Sukman (Re), 2016 LNCMFDA 48
Fairclough (Re), 2022 LNIIROC 20

IN THE MATTER OF

THE MUTUAL FUND DEALER RULES

and

THOMAS LEONARD KEOUGH

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 Thomas Leonard Keough (the “**Respondent**”).

PART II – JOINT SETTLEMENT RECOMMENDATIONS

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.

Registration History

4. Between July 19, 1985 and August 30, 2024, the Respondent was registered in Newfoundland and Labrador as a dealing representative with Investors Group Financial Services Inc. (the “**Dealer Member**”), a Dealer Member with CIRO (formerly a Member of the MFDA).[1]

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[1] The Respondent was also registered over various dates in Alberta, British Columbia, Nova Scotia, and Ontario.

5. The Respondent retired from the Dealer Member on August 30, 2024, and is no longer registered in the securities industry in any capacity.

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

Respondent's Daughter Made a Joint Accountholder with a Client

7. At all material times, the Dealer Member's policies and procedures required its Approved Persons to be aware of the possibility of conflicts of interest arising with clients, to report any potential conflict situations to a branch manager, and to address any such conflicts by the exercise of responsible business judgment influenced only by the best interests of the client.

8. At all material times, CO was a client of the Dealer Member whose accounts were serviced by the Respondent. During the events that are the subject of this matter, CO was over 80 years old.

9. On May 6, 2021, the Respondent opened a new non-registered account for CO, which named CO and the Respondent's daughter as joint accountholders. The Respondent also completed and submitted for processing a transfer authorization, which transferred $405,971 in mutual funds from CO's other, solely held, non-registered accounts to the new joint account. The opening of the new account and the transfer authorization was done with CO's knowledge and authorization.

10. Due to the change of ownership of the assets caused by the transfer, the transfer authorization form required disclosure of the relationship between the existing account holders. The Dealer Member's policies and procedures permitted such transfers only where the individual account holders were immediate family members. The Respondent had recorded on the transfer authorization form that CO and his daughter were "aunt/niece". This was false as the Respondent's daughter had no relation to CO.

11. As a joint accountholder, the Respondent's daughter had a right of survivorship and so would receive CO's interest in the assets in the joint account upon CO's death, which would not form part of CO's estate.

12. The Respondent states that the purpose of making his daughter a joint accountholder with CO was in furtherance of estate planning for CO.

13. By having his daughter made a joint accountholder with CO, the Respondent's conduct gave rise to a conflict or potential conflict of interest, which the Respondent failed to disclose to the Dealer Member or address by the exercise of responsible business judgment influenced only by the best interests of the client.

Respondent Made a Beneficiary of a Client's Insurance Policy

14. At all material times, the Respondent was also the insurance advisor for CO.

15. On February 17, 2022, at the request of CO, the Respondent completed and submitted for processing a beneficiary designation form for CO's Manulife Financial life insurance policy, which named him and three other individuals as beneficiaries. The Respondent was made a 25% beneficiary. The designation was completed with CO's knowledge and authorization.

16. Under the insurance policy, the Respondent stood to receive $25,000 upon CO's death.

17. By having himself designated a beneficiary of CO's life insurance policy, the Respondent's conduct gave rise to a material conflict of interest, which he failed to identify, report to the Dealer Member, or otherwise address in the best interests of the client.

Discovery of the Respondent's Misconduct

18. Between September 19, 2022 and September 8, 2023, the Respondent had processed two changes to the beneficiary designations of CO's life insurance policy owing to the death of other beneficiaries. The changes did not affect the Respondent's 25% entitlement.

19. On October 18, 2023, following the latest of the changes to the beneficiary designation, Manulife Financial notified the Dealer Member of an investigation it had opened following its discovery of the Respondent's designation as a beneficiary of CO's life insurance policy.

20. The Dealer Member commenced its own investigation, which resulted in the discovery that the Respondent's daughter had been made a joint accountholder with CO.

21. The Respondent was removed as a beneficiary of CO's life insurance policy and the assets held in the joint account were transferred to an account solely owned by CO on November 6, 2023 and February 5, 2024, respectively.

22. The Dealer Member made inquiries with the Respondent's clients and major insurance companies and found no evidence that the Respondent had engaged in similar misconduct with any other clients.

Additional Factors

23. The Respondent is 79 years old and has ongoing health issues. As described above, the Respondent is retired and has no intention of returning to the mutual fund industry.

24. Neither the Respondent nor his daughter received any financial benefit as a result of the conduct described above.

25. The Respondent has not previously been the subject of a CIRO (or MFDA) disciplinary proceeding.

26. By entering into this settlement agreement, the Respondent has saved CIRO the time and expense of a full disciplinary hearing.

PART IV - CONTRAVENTIONS

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

(a) Between May 14, 2021 and February 5, 2024, the Respondent had his daughter named as a joint accountholder with a client, which gave rise to a conflict or potential conflict of interest that the Respondent failed to disclose to the Dealer Member or address by

the exercise of responsible business judgment influenced only by the best interests of the client, contrary to MFDA Rule 2.1.4.

(b) Between February 17, 2022 and November 6, 2023, the Respondent was named the beneficiary of a client's life insurance policy, which gave rise to a material conflict of interest that he failed to identify, report to the Dealer Member, or address in the best interests of the client, contrary to Mutual Fund Dealer Rule 2.1.4(2).

PART V – TERMS OF SETTLEMENT

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

(a) 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 2 years commencing on the date the Settlement Agreement is accepted, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);

(b) the Respondent shall pay a fine in the amount of $18,000, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b); and

(c) the Respondent shall pay costs in the amount of $3,500, pursuant to Mutual Fund Dealer Rule 7.4.2.

29. 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

30. 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.

31. 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

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

33. 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.

34. 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.

35. 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.

36. 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.

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

38. 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.

39. 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.

40. 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

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

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

DATED this 16th day of October, 2025.

"Witness"
WITNESS

"Respondent"
THOMAS LEONARD KEOUGH

"Alan Melamud"
ALAN MELAMUD
Senior Enforcement Counsel on behalf of Enforcement Staff of the Canadian Investment Regulatory Organization

The Settlement Agreement is hereby accepted this 5th day of November, 2025 by the following Hearing Panel:

Per: "David Eaton"
Chair

Per: "Ann Etter"
Industry Member

Per: "Joshua Martin"
Industry Member

DATED this 5th day of November, 2025.

[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.