# Re Lieff

**IN THE MATTER OF:**

**The Mutual Fund Dealer Rules**

**and**

**Louis Josh Lieff**

2025 CIRO 57

Canadian Investment Regulatory Organization (CIRO)
Hearing Panel (Ontario District)

Heard: November 6, 2025, in Toronto, Ontario, by Videoconference
Decision: December 16, 2025
Reasons for Decision: December 16, 2025

**Hearing Panel:**
Martin Sclisizzi, Chair
Melody Potter, Industry Member
Sarah Shody, Industry Member

**Appearances:**
Alan Melamud, Senior Enforcement Counsel
Jennie Brodski, Enforcement Counsel
Louis Josh Lieff, Self-Represented (present)

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## REASONS FOR DECISION ON SANCTIONS

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**OVERVIEW**

[1] Between January 2021 and August 2021, the Respondent, Louis Josh Lieff, engaged in misconduct that involved recommending over $21,000,000 in investments in a business that resulted in losses to investors of over $9,000,000. The Respondent recommended, sold or facilitated outside the Dealer Member investments in a purchase and resale of used vehicles business. Investors would provide short-term loans to a third-party business for the purchase of used vehicles (the **Vehicle Business**) and receive an agreed upon return upon the sale of the vehicles. Unbeknownst to the Dealer Member and without its approval, the Respondent, among other things, introduced the opportunity to investors, provided information to them, and transferred money to and from the investors and the Vehicle Business. The Respondent earned a profit on the difference between the rate of return he received from the Vehicle Business and what he promised to investors. The Respondent recommended and facilitated investments by approximately 50 individuals, who collectively invested approximately $21,500,000. In August 2021, the Vehicle Business ceased making payments to the investors. Collectively, the investors suffered losses of approximately $9,800,000.

[2] The Statement of Allegations dated January 17, 2025, sets out the following alleged contraventions of the Mutual Fund Dealer Rules:

- **Contravention 1: Between January 2021 and August 2021, the Respondent engaged in securities related business** outside the Dealer Member by recommending, selling or facilitating investment in the purchase and resale of used vehicles, contrary to Mutual Fund Dealer Rule 1.1.1.
- **Contravention 2:** Between January 2021 and August 2021, the Respondent engaged in unapproved outside activities in relation to facilitating investments in the purchase and resale of

used vehicles, contrary to Mutual Fund Dealer Rule 1.3.

[3] The Respondent was self-represented. He did not serve and file a response to the Statement of Allegations. However, he attended the hearing in person. The hearing was conducted by videoconference.

[4] The Respondent and Staff of the Canadian Investment Regulatory Organization "**Staff**) signed an Agreed Statement of Facts dated September 23, 2025 (the **Agreed Statement of Facts**). The Agreed Statement of Facts provides that the Respondent has reviewed the Agreed Statement of Facts and admits the facts set out therein. The Respondent admits that the facts in the Agreed Statement of Facts constitute misconduct for which he may be penalized on the exercise of the discretion of the Hearing Panel. The Agreed Statement of Facts further provides that Staff and the Respondent jointly request that the Hearing Panel determine, based on the Agreed Statement of Facts, the appropriate penalty to impose on the Respondent.

[5] The material facts in this matter are not at issue. The facts contained in the Agreed Statement of Facts are accepted by the Panel. Based on the Agreed Statement of Facts and the Respondent's admissions contained therein, the Panel finds that between January 2021 and August 2021, the Respondent engaged in securities related business outside the Dealer Member by soliciting investors and facilitating investments in the purchase and resale of used vehicles business, contrary to Mutual Fund Dealer Rule 1.1.1.

[6] Staff seeks a permanent prohibition, disgorgement of $238,073, a fine of $300,000 and costs of $15,000. The Panel is tasked with determining the appropriate sanctions. For the reasons that follow, the Panel concludes that the appropriate sanctions are a permanent prohibition, disgorgement of $238,073, a fine of $200,000 and payment of costs in the amount of $15,000.

**AGREED FACTS**

[7] Between April 8, 2014, and January 10, 2022, the Respondent was registered in Ontario as a dealing representative with Quadrus Investment Services Ltd. (the **Dealer Member**), a Dealer Member of CIRO (formerly a member of the Mutual Fund Dealers Association). On January 10, 2022, the Respondent resigned from the Dealer Member and is currently not registered in the securities industry in any capacity.

[8] At all material times, the Dealer Member's policies and procedures prohibited its Approved Persons including the Respondent from selling or advising on securities through any entity other than the Dealer Member.

[9] In or about September or October 2020, the Respondent was introduced to an investment opportunity in a business involving the purchase and resale of used vehicles. The Respondent was told that MC, the operator of the business, could acquire used vehicles at prices below market value from vehicle rental companies, and resell these vehicles at higher prices (the **Vehicle Business**). MC sought short-term loans to finance the purchase of the used vehicles, which MC would repay with a promised rate of return upon the resale of the used vehicles.

[10] In January 2021, the Respondent made a short-term loan to the Vehicle Business. The loan was repaid with the promised interest. Shortly thereafter, the Respondent conceived a business plan involving approaching other potential investors to provide short-term loans to the Vehicle Business, and by facilitating the loans, generating commissions for himself. The Respondent introduced the investment opportunity to friends and family members who in turn introduced the investment opportunity to other individuals. The Respondent facilitated short-term loans between the investors and the Vehicle Business. The Respondent earned a commission based on the difference between the rate of return promised by the Vehicle Business and that promised by him to the investors.

[11] In April 2021, the Respondent incorporated two companies through which he carried on these activities. Also, in April 2021, the Respondent and two other individuals incorporated MJM Capital Group Ltd. (**MJM Capital**) to source investors in the Vehicle Business. MJM Capital and these two individuals attracted investors, while the Respondent acted as a liaison between MJM Capital and the Vehicle Business, handling information regarding the available vehicles, their pricing, profits, timelines and transferring funds from the investors to the Vehicle Business. The Respondent was entitled to receive one-third of MJM Capital's commissions generated in the same manner as described above.

[12] Between January and August 2021, the Respondent, either himself or through his corporations or MJM Capital, sold or facilitated the investment of approximately $21,500,000 in the Vehicle Business by

approximately 50 investors. In or about August 2021, the Vehicle Business stopped making payments to the investors. The investors collectively suffered losses of approximately $9,800,000.

[13] On October 24, 2023, MC pled guilty to three counts of defrauding three individuals of money in excess of $5,000 in relation to the Vehicle Business. MC admitted to inducing these individuals to invest in the Vehicle Business but not in fact using the money received from the investors in the purchase and resale of used vehicles.

[14] There is no evidence that the Respondent had any knowledge of or involvement in the fraudulent conduct of MC or any involvement in the operation of the Vehicle Business.

[15] The Respondent engaged in one or more of these activities with respect to each of the 50 investors in the Vehicle Business:

(a) introduced the investor to the investment opportunity;

(b) discussed the terms of the investment with the investor;

(c) facilitated loan agreements between the Vehicle Business and the investor;

(d) provided promissory notes to the investor;

(e) collected cheques and money from the investor and passed them on to the Vehicle Business;

(f) provided information from MC concerning the vehicles allegedly being purchased to the investor;

(g) facilitated the return of profits to the investor.

[16] The Respondent invested $150,000 of his own money in the Vehicle Business. He received a return of $10,750 on that investment but suffered a loss of $139,250.

[17] The Respondent earned commissions of approximately $2,000,000 and frequently reinvested these commissions back in the Vehicles Business. The net amount of commissions the Respondent received either in cash or in-kind, including an expensive luxury vehicle, was $670,468. Of this amount, the Respondent disgorged $432,395 by payment to investors and retained $238,073.

[18] None of the investments in the Vehicle Business, or any of the activities described above, or any of the commissions earned or received by the Respondent were carried on for the account of the Dealer Member or processed through its facilities.

[19] In the Agreed Statement of Fact and at the hearing, the Respondent acknowledged that he engaged in securities related business outside the Dealer Member by selling or facilitating the investments described above in the purchase and resale of used vehicles contrary to Mutual Fund Dealer Rule 1.1.1.

[20] The Respondent and several investors have commenced a civil claim against MC and others to recover the losses. The litigation is ongoing.

[21] The Respondent has not previously been the subject of a CIRO (or MFDA) proceeding.

## ANALYSIS

### FIRST ISSUE: THE CONTRAVENTION

[22] The Agreed Statement of Facts provides the basis for the Panel's determination and finding that the Respondent engaged in securities related business outside the Dealer Member by selling or facilitating investments in the purchase and resale of used vehicles contrary to Mutual Fund Rule 1.1.1.

### SECOND ISSUE: THE SANCTIONS

#### *Sanctions Sought by Staff*

[23] Staff seeks a permanent prohibition from conducting securities related business in any capacity while in the employ of or associated with any CIRO Dealer Member, disgorgement in the amount of $238,073, a fine of $300,000 and $15,000 for costs. For the following reasons, we conclude that the appropriate sanctions are a permanent prohibition, disgorgement of $238,073 and a fine of $200,000. We also award $15,000 for costs of this proceeding.

[24] The Respondent did not oppose permanent prohibition from conducting securities related business in any capacity. However, the Respondent submits that it is impossible for him to make disgorgement or to pay a fine because he simply does not have the financial resources or ability to do so.

***CIRO Sanction Guidelines***

[25] The starting point for determining the appropriate sanctions is a review and consideration of CIRO's Sanction Guidelines[1] (the **Guidelines**). While the determination of the appropriate sanction is discretionary and fact-specific, the Guidelines are intended to promote consistency, fairness, and transparency in the exercise of discretion. The Guidelines establish general principles that provide a framework as well as key factors that should be considered by hearing panels when determining the appropriate sanctions.

[26] The overarching principle is that the primary purpose of sanctions in a regulatory proceeding is to protect the public by deterring future conduct that may harm the capital markets. Disciplinary sanctions are preventative in nature and should be designed to protect the investing public, strengthen market integrity and improve overall business standards and practices. To achieve this, sanctions should be significant enough to prevent and discourage future misconduct by the respondent (specific deterrence) and to deter others in the industry from engaging in similar misconduct (general deterrence). The primary goal of sanctions is not to punish the respondent but rather to prevent and discourage the respondent and others in the industry from engaging in misconduct. Industry expectations and understanding are particularly relevant to general deterrence. General deterrence can be achieved if the sanction strikes an appropriate balance by addressing the respondent's specific misconduct and is also in line with industry expectations.[2]

[27] The sanctions imposed on a respondent should be proportionate to the seriousness of the conduct involved and should be within an acceptable range of sanctions imposed on respondents for similar contraventions in similar circumstances and in line with industry expectations. Sanctions consistent with previous securities industry disciplinary decisions foster both specific and general deterrence and public confidence in the industry. However, the determination of the appropriate sanctions is fact-specific and discretionary. The appropriate sanction should depend on the particular facts of the case and the specific circumstances of the respondent's conduct. The sanctions should be tailored to ensure a respondent does not benefit from misconduct, be more severe if a respondent has a prior disciplinary record, reflect the totality of the misconduct, consider a respondent's ability to pay when imposing fines or costs, and reflect a credit if the respondent proactively and exceptionally cooperated with CIRO's investigation. Tailoring the sanctions to the case necessitates a review of the nature of the misconduct, aggravating and mitigating circumstances and the degree of responsibility of the respondent.[3]

[28] The Guidelines set out a list of key factors that should be considered by hearing panels in fashioning an appropriate sanction. The list is not exhaustive and other case-specific factors may apply. Not all the factors listed in the Guidelines are applicable in this case. We have considered the following relevant factors:

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

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

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

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

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

(f) Extent of harm to market integrity.

(g) The Respondent's prior disciplinary history.

(h) The amounts the Respondent obtained as a result of the improper activity.

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[1] CIRO Sanction Guidelines, February 1, 2024

[2] *Re Mills*, [2001] I.D.A.C.D. No. 7, para.6

[3] Guidelines

(i) Whether the Respondent accepted responsibility for and acknowledged the misconduct.

(j) Whether the Respondent made voluntary acts of compensation, including voluntary disgorgement of commissions to clients.

(k) Whether the Respondent provided proactive and exceptional assistance to CIRO in the investigation of the misconduct.

[29] The Guidelines further provide that a respondent's ability to pay may be a relevant consideration when imposing a monetary sanction or costs. Inability to pay should not be considered a predominant or determining factor, but it may be relevant depending on the circumstances and the nature of the misconduct. A respondent's inability to pay is only one of the factors to be weighed in relation to other applicable factors including general and specific deterrence and the need to ensure public confidence in the disciplinary process. The burden is on the respondent to raise the issue and provide evidence of financial hardship.

[30] The Guidelines recommend consideration of a permanent bar from registration for misconduct involving significant harm to the investing public, the integrity of the capital market, or the securities industry, where the misconduct has an element of criminal or quasi-criminal activity, or where there is reason to believe that the respondent cannot be trusted to act in an honest or fair manner in their dealings with the public, their clients or the securities industry as a whole.

[31] We now consider the circumstances and scope of the misconduct and other key factors in determining the appropriateness of the sanctions sought by Staff.

**The Respondent's Misconduct**

[32] We considered the nature, scope and seriousness of the misconduct at issue, whether it was planned and deliberate, reckless or inadvertent, and the harm it caused both to the specific investors involved and to the capital market at large. The more serious the misconduct and the greater the harm, the greater the need for specific and general deterrence measures and increased sanctions. Generally, significant misconduct which causes significant harm will attract substantial sanctions. In this case, the misconduct was significant, which caused significant harm.

[33] The Mutual Fund Dealer Rules and the Dealer Member's policies and procedures prohibited the Respondent from engaging in securities related business outside the Dealer Member, including selling or advising through any entity other than the Dealer Member. Contravention of these Rules and policies is a serious matter because it compromises the Dealer Member's ability to supervise and thereby compromises investor and public protection. When a person undertakes securities activities outside the Dealer Member, the fundamental protection provided for in securities regulation is unable to occur. As well, such contravention places the Dealer Member at risk of liability arising from those activities if they can be seen to be within the scope of the Respondent's employment.

[34] The seriousness of such misconduct was well expressed by the hearing panel in *Re Qi*[4] as follows:

> "Conducting securities related business or outside business activity without the approval or knowledge of the Member is serious misconduct. The Member loses its ability to supervise the transactions and to assess the suitability of the transactions for the investors. The misconduct can have dire consequences for the investors involved as the off-book investments may not be suitable for the investors or even legitimate investments. The misconduct may bring the Member or the mutual fund industry into disrepute."

[35] The Respondent did not report to the Dealer Member that he was engaged in the business of facilitating investments in the Vehicle Business. The Vehicle Business involved the purchase and resale of used vehicles. The investors provided short-term loans to MC, the operator of the Vehicle Business, to finance the purchase of the vehicles. The loans were to be repaid with interest upon the resale of the vehicles.

[36] The Respondent was introduced to the investment opportunity by a friend. MC, the operator of the

[4] *Re Qi*, 2013 LNCMFDA 87 at para. 11

Vehicle Business, is the brother of the Respondent's friend. As described in the Agreed Statement of Facts in January 2021, the Respondent made a personal loan to the Vehicle Business. His loan was repaid with interest. Shortly thereafter, the Respondent conceived a business plan of approaching potential investors to provide financing to the Vehicle Business by providing short-term loans and generating commissions for himself. The Respondent testified that before embarking on the business, he sought legal and accounting advice concerning his business plan. The Respondent invested $150,000 of his own money in loans to the Vehicle Business.

[37] The Respondent testified that he forgot to inform his Dealer Member of his involvement in the Vehicle Business. We do not accept the Respondent's testimony in this regard.

[38] This case illustrates the reason for the prohibition against outside business rule. Between January and August 2021, the Respondent, either directly or through the companies he incorporated or through MJM Capital Group Ltd., a company in which the Respondent had an ownership interest, facilitated the investment of approximately $21,000,000 in the Vehicle Business by way of short-term loans made by approximately 50 investors. Some of the investors were the Respondent's friends and family members, including his parents. The Respondent also made loans to the Vehicle Business. This demonstrates that the Respondent believed the business to be legitimate. However, the investors, including members of the Respondent's family, his friends and the Respondent himself, suffered a collective loss of approximately $9,800,000.

[39] The Respondent was required to report his outside business activities in the Vehicle Business to his Dealer Member. His failure to do so was a serious violation. While there was no evidence that the Respondent had any knowledge that the Vehicle Business involved any fraudulent conduct, the Panel is of the view that he intentionally and recklessly proceeded with his business plan without disclosure to the Dealer Member, thereby depriving the Member of the ability to supervise and protect the prospective investors. The Respondent became a tool or dupe of the unscrupulous MC to the detriment of the investors. Being a dupe is less morally blameworthy than being a knowing participant, but is nonetheless serious misconduct, particularly where the Respondent's misconduct facilitated the fraudulent conduct by MC. The Respondent's failure to disclose his outside business activities to his Dealer Member created the opportunity for the Respondent to be duped by MC. Had the Respondent disclosed the business to the Dealer Member, it is unlikely that "the dire consequences for the investors involved" would have occurred. That such substantial losses were suffered by investors because of the Respondent's misconduct is undoubtedly the reason for the prohibition against the outside business rule.

**Permanent Bar**

[40] The Guidelines point to consideration of a permanent bar in certain circumstances, including where there has been significant harm to investors or the market. The Respondent has caused significant harm to investors, and his conduct has put the reputation of the securities industry at risk. Staff submits that the appropriate penalty must reflect the seriousness of the Respondent's misconduct and the resulting significant losses suffered by investors and that the appropriate penalty for causing more than $9,000,000 losses to investors is a permanent bar. The Respondent does not oppose Staff's request for a permanent bar. Nevertheless, the Panel will consider whether there are any relevant mitigating factors against a permanent bar and whether a permanent bar is in line with comparable cases.

[41] Staff submits that the proposed sanctions are well within the range of those imposed in prior comparable cases. The Panel has considered the cases referred to us by Staff including *Re Dziadecki*[5], *Re Wemple*[6], *Re Breckenridge*[7] and *Re Harmer*[8].

[42] In *Re Dziadecki,* the review panel upheld a permanent prohibition on registration and a $300,000 fine on a respondent who facilitated the investment of approximately $1,400,000 in syndicated mortgages outside his Dealer Member.

[5] 2024 ONCT 22
[6] 2017 LNCMFDA 138
[7] 2007 LNCMFDA 38
[8] 2022 LNCMFDA 125

[43] In *Re Wemple*, the hearing panel imposed a permanent prohibition on registration and a $250,000 fine on a respondent who sold approximately $3,500,000 in debentures and other investments outside his Dealer Member.

[44] In *Re Breckenridge,* the hearing panel imposed a permanent prohibition on registration and a $350,000 fine on a respondent who sold approximately $1,900,000 in outside investments.

[45] In *Re Harmer*, the hearing panel imposed a permanent prohibition on registration and a $450,000 fine on a respondent who engaged in a securities related business outside the Dealer Member involving approximately $1,100,000 in real estate investments. In each of these cases the investors lost substantially all their investments.

[46] The amount of the investments facilitated by the Respondent and the amount of the losses suffered by the investors in this case far exceed the amounts in the aforesaid comparable cases cited to us. An appropriate sanction must reflect not only the seriousness of the Respondent's misconduct but also the significant harm that the misconduct has caused. As noted above, in this case, the investors invested approximately $21,500,000 and lost approximately $9,800,000. There is no doubt that the Respondent has caused significant harm to the investing public, and his conduct has put the reputation of the securities industry at risk. Hearing panels have previously found a permanent bar appropriate in cases such as this, recognizing that "the misconduct [securities related outside the Member] goes to the heart of the MFDA regulatory regime".[9]

[47] The Respondent accepted responsibility for his misconduct and the significant damage his misconduct caused, and he has cooperated with Staff in its investigation. The Respondent also entered into the Agreed Statement of Facts, thereby avoiding the time and expense of a full contested hearing. The Respondent is genuinely remorseful for his misconduct and the harm it has caused, and he has voluntarily disgorged to investors $432,395 of the commission he received. However, notwithstanding these mitigating factors, given the seriousness of the Respondent's misconduct and the significant harm it caused, the Panel concludes that only a permanent prohibition satisfies the objectives of specific and general deterrence and market integrity. A loud and clear message must be sent to the industry that such misconduct will not be tolerated and that the price for such misconduct may be a permanent bar from the industry.

**Disgorgement and Fine**

[48] The public interest demands that a respondent should not retain any financial benefit from their own misconduct. In addition to permanent prohibition, the need to ensure that the Respondent does not financially benefit from his misconduct is also relevant in fashioning the appropriate sanctions. As stated in the Guidelines, "[a]s a general principle, wrongdoers should not benefit from their wrongdoing" and where a respondent benefitted financially because of the misconduct, the sanction should require disgorgement of some or all of any amounts obtained in addition to any fine.

[49] The Respondent received $670,468 in commissions from his activities. He disgorged $432,395 to some of the investors. Staff seeks disgorgement of $238,073, being the balance of the commissions received by the Respondent. Staff also seeks a fine of $300,000. The fine of $300,000 is in line with the fines imposed on the respondents in the comparable cases referred to above.

[50] The Respondent submits that it is impossible for him to disgorge $238,073 and to pay a fine of $300,000 because his income and unencumbered assets simply cannot support it.

[51] As stated, inability to pay is a relevant consideration in determining the appropriate financial sanctions to be imposed on a respondent. However, inability to pay should not be considered a predominant or determining factor, but it may be relevant depending on the circumstances and nature of the misconduct. A sanction should not be reduced simply because of the respondent's inability to pay.[10]The burden is on the Respondent to raise the issue of inability to pay and provide evidence of financial hardship. Such evidence should be in the form of sworn affidavits, declaration or sworn or declared statement of affairs, or oral testimony at the hearing, accompanied by commonly accepted financial documents such as tax returns, notices

[9] *Re Gomes,* 2020 LNCMFDA 33 at para. 21; *Re Breckenridge,* supra at para. 80

[10] *Re Kowalsky,* 2022 LNCMFDA 31 at para. 32; *Re Mutual Fund Dealer Assn.,* 2021 ONSEC 24; *Re Fauth,* 2019 LNABASC 90

of assessment, bank statements, mortgage statements, audited financial statements or other externally verified financial records and statements.[11]

[52] The Respondent testified that he is married with two children, one aged 19 and the other aged 11. His wife is not employed. The Respondent testified at the hearing concerning his financial affairs. He provided bank account statements, credit card statements, a mortgage statement, a Canada Revenue Agency ("CRA") statement indicating that he is indebted to CRA for approximately $600,000 and CRA notices of assessment for 2022 and 2023. He testified that the value of his home is approximately $1,800,000. The property is subject to a mortgage for approximately $1,000,000 and a CRA lien for approximately $500,000. The Respondent also owes approximately $47,000 in credit card debt. The Respondent testified that he has had to borrow money from his brother to help "put food on the table". The Respondent testified concerning his family's monthly expenses but his evidence concerning his income was sparse. However, the Respondent's evidence overall satisfies the Panel that the Respondent has limited financial means.

[53] The Respondent has owned a company that operates a synthetic grass and landscape design business since 2012. The Respondent testified that in the years prior to the discovery of the Vehicle Business fraud in August 2021, the business had annual gross sales of approximately $2,000,000 and that he earned income of approximately $300,000 to $400,000 from the business. He testified that the success of the business depended on his ability to personally visit clients and potential clients to make sales calls. The Respondent testified that his physical, emotional and mental health significantly deteriorated after discovery of the fraud and this impaired his ability to meet clients and to generate and earn income from the synthetic grass and landscape design business.

[54] The Respondent testified that he has various health issues which significantly deteriorated after August 2021. He testified that over the past several years he has been "bedridden on and off" and "in and out of hospital". However, the Respondent's evidence concerning his health issues was not supported by any medical reports or doctor's notes. Although we accept the Respondent's evidence that he has some health issues, there was no medical evidence tendered concerning the nature and seriousness of the Respondent's health issues or that his health condition prevents the Respondent from working, restricts his employment in any way or otherwise prevents him from earning an income.

[55] Staff submitted that a respondent's inability to pay is not a factor that applies to disgorgement of financial benefits received by respondents from their misconduct as it would encourage and reward wrongdoers who spent and squandered ill-gotten gains. With respect to disgorgement, we agree with the comments of the Alberta Securities Commission in *Re Fauth*[12] and in *Re Magee*[13] that generally the inability to pay "would seem inapplicable". In *Magee* the panel stated:

> "We are mindful of what was said about a respondent's ability to pay in *Walton*..., but it would seem inapplicable to disgorgement orders. Indeed, it would seem perverse that disgorgement could be ordered against a respondent who has retained amounts illegally obtained, but not against a respondent who has squandered such amount." [14]

[56] We agree that impecuniosity, even if proved, does not preclude the imposition of a disgorgement order. In our view, with respect to disgorgement, except in the most exceptional circumstances, it is not in the public interest not to order disgorgement because of a respondent's inability to pay. In this case, no exceptional circumstance exist.

[57] We note that the Respondent was also a victim of the fraud. He invested $150,000 of his own money in the Vehicle Business and lost $139,250 of that amount. We also note that the Respondent voluntarily disgorged the sum of $432,395.

[58] Having considered all the facts, the Respondent's evidence of his financial hardship and his health

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[11] Guidelines
[12] 2019 LNABASC 90 at paras. 84-85, 94-95
[13] 2015 ABASC 846
[14] Supra., para. 191

issues and the other factors described above, the Panel concludes that disgorgement of $238,073 and a fine of $200,000, instead of the $300,000 fine sought by Staff, are appropriate in the circumstances. A fine of $200,000 is sufficiently large to send the message that there will be serious financial consequences to serious misconduct of this nature and will achieve the objectives of specific and general deterrence.

**Costs**

[59] Staff requests that an order for costs in the amount of $15,000 be made against the Respondent. The Panel agrees that the Respondent should pay some amount for the cost of this proceeding. Staff filed a bill of costs outlining the time spent and the costs incurred by CIRO in the investigation and prosecution of this matter. In our view, the amount requested by Staff is reasonable and we order the Respondent to pay the sum of $15,000 for costs.

[60] In the result, for these reasons, the Panel orders the following sanctions and costs:

(a) The Respondent is permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO.

(b) The Respondent disgorge the sum of $238,073.

(c) The Respondent pay a fine in the sum of $200,000

(d) The Respondent pay costs in the sum of $15,000.

**DATED** at Toronto, Ontario this 16th day of December 2025.

"Martin Scliszzi"

Martin Sclisizzi, Chair

"Melody Potter"

Melody Potter

"Sarah Shody"

Sarah Shody