Re Ladeiro

In the matter of:

The Mutual Fund Dealer Rules

and

Marc-Antoine Ladeiro

2025 CIRO 53

Canadian Investment Regulatory Organization
Hearing Panel (Pacific District)

Heard: October 14, 2025, by videoconference in Vancouver, British Columbia
Submission of Supplementary Authorities: October 20, 2025
Decision: November 18, 2025

Hearing Panel:
Susan E. Ross, Chair,
Barbara E. Fraser, Industry Representative
Susan Monk, Industry Representative

Appearances:
Eric Chow, Enforcement Counsel

DECISION AND REASONS ON THE MERITS AND SANCTIONS

INTRODUCTION

[1] This decision concludes an uncontested disciplinary hearing before a Hearing Panel of the Canadian Investment Regulatory Organization (**CIRO**) pursuant to Mutual Fund Dealer Rule 7.3.

[2] On May 14, 2025, a Notice of Hearing with attached Statement of Allegations (together **the Notice of Hearing**) was issued for an Initial Appearance by the Respondent Marc-Antoine Ladeiro on July 29, 2025. The Notice of Hearing alleged that between July 2020 and February 2022, while registered as a Dealing Representative with Scotia Securities Inc. (**the Dealer Member**) and employed by the Dealer Member's bank affiliate, Scotiabank (**the Bank**), the Respondent misappropriated $354,700 from two elderly clients contrary to MFDA Rules 2.1.1 and 2.1.4.[1]

[3] On February 14, 2022, the Respondent resigned from his employment with the Dealer Member and Bank, ceased to be registered in the securities industry in any capacity, and became unlocatable.

[4] The Respondent did not serve a Reply or attend the hearing despite being served in accordance with the

---

[1] On January 1, 2023, the Mutual Fund Dealers Association of Canada and the Investment Industry Regulatory Organization of Canada were consolidated into the Canadian Investment Regulatory Organization (CIRO) and the MFDA Rules were incorporated into the current Mutual Fund Dealer Rules. The Respondent's misconduct was governed by MFDA Rules 1.1.1 and 2.1.4 (now Mutual Fund Dealer Rules 1.1.1 and 2.1.4).

Mutual Fund Dealer Rules of Procedure. The Hearing Panel held the hearing in his absence and accepted the facts alleged and conclusions drawn in the Notice of Hearing as having been proven following review of additional evidence elaborating on the facts alleged.

[5] Enforcement Staff (**Staff**) proposed a permanent prohibition against conducting securities related business in any capacity while employed or associated with a Dealer Member of CIRO, a $504,700 fine comprising $354,700 disgorgement and $150,000 fine, and costs of $18,612.70.

[6] The Hearing Panel agreed with the permanent prohibition and costs but had concerns about the sufficiency of the proposed fine. We therefore reserved our decision and invited Staff to provide any further authorities that might assist us in determining the appropriate fine.

[7] We concluded that the fine proposed by Staff is too low in the circumstances of this case. In addition to a permanent prohibition and costs of $18,612.70, the egregiousness of the Respondent's misconduct, absence of mitigating factors, and his retention of the benefit of the funds misappropriated warrant a fine of $1,064,100, comprising three times the profit obtained from the contraventions of the MFDA Rules.

[8] Our findings and reasons are explained below.

NOTICE TO THE RESPONDENT

[9] The Respondent's National Registration Database (**NRD**) registration form and employee file with the Dealer Member[2] disclose that he carried a French passport and obtained advanced university degrees in economics and finance in France where he worked as a loan, financial and banking adviser for periods of time from 2010 to 2018, when he came to Canada. He also reported that his spouse was Canadian.

[10] The Respondent was registered in British Columbia as a Dealing Representative in securities with a different firm from May 2018 to July 2019. He was then registered with the Dealer Member as a Dealing Representative in mutual funds, and employed by the affiliated Bank, until his resignation on February 14, 2022. His resignation letter said he was resigning for personal reasons, and he advised his branch manager that he was leaving for Europe.

[11] Staff filed affidavit evidence of their attempts to contact, interview and serve the Respondent between July 2022 and September 2025.[3] Those steps are summarized below.

[12] In July and September 2022, Staff attempted to contact the Respondent about a review of his conduct stemming from a complaint by a client of the first firm with which he was registered. Staff's correspondence was sent to the Respondent's NRD address by registered and regular mail. A voice message was also left at his NRD telephone number. No responses were received and registered mail was returned unclaimed.

[13] In March 2023, Staff engaged a skip tracer who was unable to locate the Respondent at his last known address or telephone number or through searches of public and proprietary records in British Columbia, federal and British Columbia corrections records, public databases in France, and social media sites.

[14] Staff also attempted to message the Respondent at his last known personal email address obtained from the Dealer Member employee file. No response was received nor was there any return notification that the email address was inactive or the email had been undeliverable.

[15] Mutual Fund Dealer Rules of Procedure 4.2, 4.3 and 4.8 stipulate the manner of service of a Notice of Hearing and other documents:

4.2.1 Manner of Service – Notice of Hearing

(1) A Notice of hearing shall be served by one of the following methods:

(a) by personal service on the Respondent;

[2] Affidavit of Jackie Xue (CIRO Enforcement Litigation Assistant), July 23, 2025, Ex A, and Affidavit of Jason Jakubec (CIRO Investigator), October 8, 2025, Ex B and D.
[3] Xue Affidavit, Jakubec Affidavit and Affidavit of Xuan Zhang (Skip Tracer), June 21, 2023.

(b) by registered and ordinary mail or by courier with the confirmation of delivery to the Respondent's last known address recorded in [CIRO's] records or in the records of any securities commission with which the Respondent is or was registered;

(c) by providing it to the Respondent's counsel or agent, with the consent of the counsel or agent; or

(d) by any other means, with the consent of the Respondent or by order of the Hearing Panel.

4.3 Manner of Service – Other Documents

(1) Where these Rules require a document other than a Notice of Hearing to be served, it may be served:

(a) by personal service;

(b) by registered and ordinary mail or courier;

(c) by fax, provided the document does not exceed 16 pages, inclusive of the covering page, unless the party consents or the Panel orders otherwise;

(d) by e-mail, provided that the entire document is capable of being transmitted by e-mail; or

(e) by any other means, with the consent of the party or by order of the Panel.

4.8 Order for Substituted Service or Waiver of Service

(1) A Panel may order substituted service or waive the requirement for service of any document where it is satisfied that it is in the public interest to do so or the circumstances giving rise to the requirement to effect service make it unnecessary or impractical to do so.

[16] On May 21, 2025, Staff sent the Notice of Hearing (issued on May 14, 2025) and associated hearing information to the Respondent's last known personal email address. The documents were not downloaded, nor was any undeliverable notification received. An attempt to contact the Respondent at his NRD telephone number yielded no answer or voicemail option, but the number was still in service. Notification was also posted on the CIRO website.

[17] The Respondent did not appear at the Initial Appearance on July 29, 2025, and the Chair of the Hearing Panel, presiding as a single-member Panel, made an Order finding that Staff had taken all reasonable and necessary steps to locate, communicate with and deliver documents to the Respondent culminating in the Notice of Hearing being sent to his last known personal email address and posted on the CIRO website. The Order scheduled the merits hearing for October 14, 2025. It also directed Staff to serve the Respondent with notice of the merits hearing sent to his last known personal email address and posted on the CIRO website, and to attempt to notify him by telephone at his last known phone number.

[18] The Respondent again failed to appear at the merits hearing on October 14, 2025. Staff filed affidavit evidence that he had been notified in accordance with the Order.[4] They received no communications from him, and he filed no Reply to the Notice of Hearing.

[19] This is a case of a respondent dropping out of sight after resigning from his employment with a Dealer Member and ceasing to be a registrant in the securities industry.[5] The Respondent has not been located despite attempts to contact, interview and deliver documents to him based on his last known NRD and

[4] Jakubec Affidavit, at paras 2-3.

[5] Pursuant to MFDA By-law No. 1, s. 24.1.4(a) (now CIRO General By-law No. 1, s. 14.6(1) and Mutual Fund Dealer Rule 7.4.1.4(a)), the Respondent remained subject to the jurisdiction of the Mutual Fund Dealers Association of Canada, now CIRO, after he ceased to be an Approved Person. MFDA By-law No. 1, s. 24.1.4(b) (now Mutual Fund Dealer Rule 7.4.1.4 (b)) imposes a five-year limitation period on the commencement of proceedings against a former Approved Person. The Notice of Hearing in this matter was issued within that limitation period.

personal contact information, skip trace searches of public and private information sources within and outside Canada, and public notice of this disciplinary proceeding on the CIRO website. Based on those efforts and the Order made by the Panel Chair at the Initial Appearance, the Hearing Panel finds that the Respondent was served with the Notice of Hearing and notice of the merits hearing in accordance with Mutual Fund Rules of Procedure 4.2.1(b) and (c) and 4.3.1(1)(d) and (e).

[20] Mutual Fund Dealer Rule 7.3.4 and Mutual Fund Dealer Rules of Procedure 7.3, 8.4 and 13.5 provide that where a respondent does not serve a reply or attend the hearing, the hearing panel may proceed without further notice to and in the absence of the respondent, accept the facts alleged and conclusions drawn in the Notice of Hearing as having been proven, and impose sanctions and costs described in Mutual Fund Dealer Rules 7.4.1 and 7.4.2.

[21] This disciplinary hearing proceeded in the Respondent's absence and our decision is based on a review of the facts alleged and conclusions drawn in the Notice of Hearing, affidavits from several investigators elaborating on the facts alleged[6], and the written and oral submissions of Enforcement Counsel.

[22] Rule 1.6 of the Mutual Fund Dealer Rules of Procedure provides that a hearing panel is not bound by the technical or legal rules of evidence and may admit hearsay evidence that it considers relevant to the matter before it unless the evidence is inadmissible by reason of a statute or legal privilege. We considered hearsay evidence in the affidavits tendered elaborating to be relevant and admissible under this Rule.

ALLEGATIONS AND FINDINGS

[23] Between August 8, 2019, and February 14, 2022, the Respondent conducted business in Kelowna, British Columbia, as a Dealing Representative with the Dealer Member and employee of the affiliated Bank.

[24] Between 2019 and 2021, he misappropriated $354,700 from a couple, NT and MT (the Clients), who held investments with the Dealer Member and Bank. The Clients were between their late 80s and early 90s at all material times, and MT died in December 2021.

[25] On February 14, 2022, the Respondent resigned from the Dealer Member and Bank for "personal reasons" and advised his branch manager that he was leaving for Europe.

[26] In late 2022, local RCMP informed the Dealer Member and Bank that the Respondent was under investigation for suspected identity theft and fraud involving fictitious accounts in the name of a non-existent person (known as "synthetic accounts"). The concern was that the Respondent had misappropriated the personal information of a client of a previous employer and used that information to open synthetic accounts in the name of KO.

[27] The Dealer Member and Bank started an investigation involving the examination of account opening documents and call logs, Device ID analysis and IP address analysis.

[28] Their investigation disclosed that on July 22, 2020, three savings accounts were opened in the name of KO at the branch where the Respondent worked. An account opening form for one of the accounts was signed by the Respondent, and he was the only advisor who inputted client notes for the KO accounts. The notes described alleged discussions between the Respondent and KO, but no corresponding calls were recorded in the Respondent's call log.

[29] A Device ID is a unique identifier assigned by the Bank to a particular device accessing an online banking application. Device ID analysis revealed that the Device IDs used to access the KO accounts were the same two used by the Respondent to access his own personal bank accounts.

[30] An IP address is a unique identifier assigned to every device connected to the internet. IP address analysis revealed that KO's and the Respondent's online banking cards were associated with ten common IP

---

[6] Jakubec Affidavit, Affidavit of Alia Lalani (Dealer Member Compliance Officer), May 21, 2025, and Affidavit of Michelle Thiessen (Bank Investigator), March 21, 2023 (included without exhibits as Ex A to the Lalani Affidavit).

addresses, and their bank accounts were repeatedly accessed within minutes of each other using the same IP address.

[31] The Clients had been with the Dealer Member and Bank since 2015. Notes in two joint accounts of the Clients revealed that the Respondent's first contact with them was on April 27, 2020, and he was the only person who added notes to their file from that time on. Statements and receipts for withdrawals revealed that between July 28, 2020, and February 8, 2022, the Respondent undertook six withdrawals totalling $233,504.47 from one of the joint Client accounts to the other. In each instance, there was no corresponding entry in the Respondent's call log to indicate that he received client instructions for the withdrawals. The $233,504.47 plus an additional $121,195.53 in the second Client account were transferred to KO's accounts in several hundred transactions. The misappropriated funds were then layered back and forth between KO's accounts before being eventually withdrawn in hundreds of electronic fund transfers. $89,515.97 was transferred to a payment processing entity used by online gambling websites. $264,609.12 was transferred to a personal account in the Respondent's name at another bank. A small remaining amount was dispersed in two transfers to a charitable organization. The account in the Respondent's name at the other bank was subsequently closed with a zero balance.

[32] When interviewed by a Bank investigator on February 2, 2023, the surviving Client, NT, advised that at no time was he aware of or did he authorize the Respondent to send funds to the accounts of KO. The Dealer Member and Bank concluded that the KO accounts at the Bank were synthetic accounts that the Respondent opened, controlled and used to misappropriate funds from the Clients' accounts. The Bank compensated the Clients in full for their loss of the misappropriated funds plus additional amounts for foregone gains.

[33] In November 2023, NT, then age 93, declined to participate in CIRO's investigation because of his advanced age and the stress that the matter caused him.

[34] Staff bears the burden of proving the allegations against the Respondent on a balance of probabilities. The balance of probabilities standard of proof involves scrutiny of relevant evidence to determine whether it is more likely than not that an alleged event occurred. Evidence must always be sufficiently clear, convincing and cogent to satisfy the balance of probabilities test but there is no objective standard to measure sufficiency, and the standard of proof does not change with the seriousness of the allegations or consequences.[7]

[35] We accepted as proven the facts alleged and conclusions drawn in the Notice of Hearing. Having also had the benefit of the affidavit evidence elaborating on the misconduct, we agree with the investigator's conclusions that the KO accounts were synthetic accounts created and controlled by the Respondent, he was the only person who accessed the KO accounts, and he perpetrated all the unauthorized transfers of monies from the Clients' accounts to the KO accounts and their dispersal from there.

[36] The Notice of Hearing alleges that the Respondent misappropriated or otherwise obtained monies from the Clients that he failed to account for in contravention of MFDA Rules 2.1.1 and 2.1.4.

[37] MFDA Rule 2.1.1 (now Mutual Fund Dealer Rule 2.1.1) requires Dealer Members and Approved Persons to deal honestly, fairly and in good faith with clients; observe high standards of ethics and conduct in the transaction of business; and refrain from engaging in any business conduct or practice which is unbecoming or detrimental to the public interest.

[38] MFDA Rule 2.1.4 (now Mutual Fund Dealer Rule 2.1.4) requires Dealer Members and Approved Persons to take reasonable steps to identify and avoid conflicts of interest between themselves and clients.

[39] Both of these Rules are fundamental to the integrity of the mutual fund industry and the relationship of trust between clients, Dealer Members and Approved Persons.

[40] We find that between July 2020 and February 14, 2022, the Respondent willfully and deceptively misappropriated $354,700 from two elderly clients of the Dealer Member and Bank. The misconduct involved

---

[7] *F.H. McDougall,* 2008 SCC 53, at paras 40, 45, 46 and 49, and *Re Brauns* 2013 LNCMFDA 68, at para 15.

recording false notes in the Clients' account files and making hundreds of unauthorized transfers from their accounts to synthetic accounts that the Respondent created and controlled. His deliberate and surreptitious scheme to misappropriate client funds was a clear, protracted and egregious breach of his obligations as an Approved Person under MFDA Rules 2.1.1 and 2.1.4.

APPROPRIATE SANCTIONS

[41] Pursuant to Mutual Fund Dealer Rule 7.4.1.1(i), if in the opinion of a hearing panel an Approved Person has failed to comply with any provisions of any CIRO By-law or Rule, the hearing panel may impose any of the sanctions in Mutual Fund Dealer Rule 7.4.1.1(a) to (f). The sanctions include prohibition of authority to conduct securities related business for any period of time and a fine not exceeding the greater of $5,000,000 per offence and an amount equal to three times the profit obtained, or loss avoided, as a result of committing the violation.

[42] Pursuant to Mutual Fund Dealer Rule 7.4.2, a hearing panel may also require the Respondent to pay the whole or part of the costs of the disciplinary proceeding and any investigation relating to it.

[43] Staff proposed the following sanctions:

a) the Respondent shall be 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 shall pay a fine of $504,700 comprising:

i an amount sufficient to disgorge $354,700, being the amount the Respondent obtained from his contraventions; and

ii a fine of $150,000;

c) the Respondent shall pay costs of $18,612.70 set out in Staff's Bill of Costs comprising part of the costs for Staff's investigation and prosecution of this proceeding against the Respondent.

[44] The primary goal of securities regulation is the protection of investors and fostering of public confidence in the capital markets and securities industry. Disciplinary sanctions imposed in a securities regulatory context should be protective and preventative to restrain future misconduct in furtherance of those goals.[8]

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

> "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".[9]

[46] To achieve deterrence, sanctions must inevitably impose a burden on those who contravene CIRO's regulations. However, a sanction that is too low will fail to achieve deterrence and erode public confidence in the disciplinary process and integrity of the capital markets. As stated by the Alberta Securities Commission in *Re Fauth*:

> "…we also agree with the reasoning of the panel in *Homerun*, which observed that "…a monetary sanction almost inevitably involves…a burden on a respondent. This does not in itself demonstrate

[8] *Pezim v. British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557, at para 59, *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)* 2001 SCC 37, at para 42, *Re Tonnies* 2005 LNCMFDA 7, at paras 44-45.

[9] *Re Cartaway Resources Corp.* 2004 SCC 26, at para 61.

> disproportion or unreasonableness in the *Walton* sense; an order with no real effect on the recipient may be no sanction at all" (para. 18). Balancing is involved so that general deterrence is not over-emphasized and individual circumstances are not overlooked, but the administrative penalty should still be sufficient to have a deterrent effect (*Guindon v. Canada*, 2015 SCC at paras. 77, 80). We agree with Staff's submission that an administrative penalty that is too low – especially in cases like this one, involving the most serious sort of capital-market misconduct – could erode public confidence".[10]

[47] The Hearing Panel was assisted by the CIRO Sanction Guidelines which, while not exhaustive or binding on hearing panels, are intended to reinforce consistency, fairness and transparency in the sanctioning process. They cover such principles as the expectation that sanctions are preventative, not punitive; that offenders should not be able to benefit financially from their misconduct; that multiple violations should be sanctioned proportionately to the totality of the misconduct; and that repeat offenders should be treated more severely.

[48] The Sanction Guidelines recognize that sanctions should address specific and general deterrence, weigh relevant mitigating and aggravating factors, and conform to sanctions in comparable prior cases. They list key factors that are commonly considered when determining appropriate sanctions. Those factors, not all of which will apply in every case, include the number, size, extent and duration of the transactions in issue, whether there was a pattern of misbehaviour, the extent of harm caused by the misconduct, the vulnerability of victims and efforts to compensate them, financial benefit to the respondent, prior disciplinary history, whether the misconduct was intentional, wilfully blind or reckless respecting regulatory requirements, and whether the misconduct occurred notwithstanding prior warnings from regulators or supervisors.

[49] Staff also referred us to a detailed list of frequently cited factors in hearing panel decisions.[11]

[50] Misappropriation of client funds is an egregious form of misconduct that involves significant breach of trust, causes serious harm to affected clients, and shakes public confidence in the mutual fund industry.[12]

[51] The Respondent's misconduct was serious, calculated and deceptive. It targeted very elderly clients, occurred over a period of years, and involved concealment through the falsification of records, use of synthetic accounts and theft of a former client's personal information.

[52] The absence of mitigating factors or consequences of any kind for the misconduct and the need for general deterrence to restrain future wrongdoing are striking features of this deplorable case.

[53] The Respondent obtained the full benefit of the funds he misappropriated. He has not repaid anything or been held accountable by criminal or civil proceedings, and there is no reason to believe that he will.

[54] The Bank's compensation of the Clients has no impact on the Respondent's accountability. As the Ontario Securities Commission found in *Re Mutual Fund Dealers Association*:

> "Whether the loss was suffered by the client who was targeted or the bank that compensated the client, the seriousness of the Respondent's dishonesty, the amount of financial harm suffered and the corresponding financial benefit obtained are all unaffected. The MFDA panel erred by considering the steps taken by a third party to redress the harm to investors as a mitigating factor".[13]

[55] Prior decisions have held that the absence of a prior disciplinary record has little or no relevance to the determination of sanctions where the misconduct committed is egregious.[14] We agree and attach no mitigating weight to the fact that the Respondent has no prior disciplinary record.

[56] We agree with Staff that a permanent prohibition is necessary to ensure both specific and general

---

[10] *Re Fauth* 2019 LNABASC 90, at para 100.
[11] For example: *Re Tonnies* 2005 LNCMFDA 7, at paras 44 and 46, and *Re Breckinridge* 2020 LNCMFDA 38, at para 77.
[12] *Re Palumbo* 2020 LNCMFDA 16, at paras 37-39, *Re Douglas* 2018 LNCMFDA 216, at para 24, *Re Yin* 2022 LNCMFDA 78, at paras 30-31, and *Re Olanrewaju* 2022 LNCMFDA 14, at para 22.
[13] *Re Mutual Fund Dealers Association* 2021 LNONOSC 400, at paras 39-40.
[14] *Re Olanrewaju*, *supra*, at para 33, *Re Douglas*, *supra*, at para 24(f), *Re Au* 2024 CIRO 58, at para 44, *Re Yung* 2022 LNCMFDA 123, at para 39, and *Re Schwartz* 2018 LNCMFDA 157, at para 20.

deterrence. The Respondent cannot be trusted to return to the securities industry, and a permanent ban is the norm where Approved Persons have misappropriated funds. This case meets all the non-exhaustive considerations for a permanent bar listed in the Sanction Guidelines:

- the contraventions involve significant harm to the investing public, the integrity of the market or the securities industry;
- the misconduct had an element of criminal or quasi-criminal activity; or
- there is reason to believe that the respondent cannot be trusted to act in an honest and fair manner in their dealings with the public, their clients, and the securities industry as a whole.[15]

[57] A costs order of $18,612.70 based on the Bill of Costs provided by Staff is also appropriate.

[58] We agree that a fine is also necessary. Staff submitted that the fine should be at least sufficient to disgorge the benefit the Respondent obtained plus an additional amount to ensure general deterrence. The Sanction Guidelines and prior hearing panel decisions support these general propositions.[16] They also support the principles that "wrong-doers should not benefit from their wrong-doing"[17] and:

> [t]he "amount of the fine should be commensurate with the seriousness of the misconduct. A fine should not be viewed as a "licensing fee" or "cost of doing business".
>
> ...disgorgement should be ordered, where applicable, to ensure that a respondent does not financially benefit from the misconduct and to remove any incentive to engage in non-compliance with regulatory requirements."[18]

[59] The amount of the fine in addition to disgorgement should be substantial enough to serve as a true deterrent and cost. As explained by the Ontario Securities Commission in *Re Northern Securities*:

> "Imposing that fine, in addition to disgorgement, is necessary as a matter of general deterrence. There may be significant financial benefits that can be obtained as a result of a contravention of IIROC Rules. As a general principle, no registrant should be able to profit from the breach of IIROC Rules. It is not sufficient deterrence simply to pay to IIROC an amount equal to the profit obtained from the misconduct. IIROC Dealer members and Approved Persons must recognize that there will be a substantial cost to misconduct. A substantial fine, in addition to disgorgement, is appropriate in these circumstances".[19]

[60] Staff proposed a fine of $504,700 comprised of the amount taken plus $150,000. This would impose a premium on the amount taken. The Hearing Panel concluded that this is too low to serve as a meaningful deterrent and substantial cost in this case. It is not commensurate with the gravity of the Respondent's misappropriation and retention of client funds, the absence of mitigating factors, public and industry repugnance at the misconduct, reputational damage to the industry, and the need for general deterrence to restrain similar wrongdoing in others.

[61] Staff provided 15 prior decisions involving the misappropriation of client funds by Approved Persons. The decisions date from 2013 to 2025. Most were uncontested cases where the respondent failed to appear at the disciplinary hearing, often after actively misleading or failing to cooperate with regulators. A permanent prohibition, fine and costs were ordered in every instance.

[62] The fines ordered varied with the particular facts of the cases such as the amount taken, partial restitution by a respondent, a civil judgment against a respondent that exceeded the amount misappropriated, and the inclusion of a discreet amount for failure to cooperate (an allegation that was not made in the Notice

---

[15] Sanction Guidelines, at pp 6-7.
[16] Sanction Guidelines, at p 3, *Re Derksen* 2023 CIRO 45, at paras 61-67, and *Re Davies*, MFDA File No. 201968, June 16, 2020, at paras 33-36.
[17] Sanction Guidelines, at p 3.
[18] Sanction Guidelines, at p 6.
[19] *Re Northern Securities Inc.* 2014 LNONOSC 581, at para 215.

of Hearing before us). Sometimes there were mitigating factors. Sometimes the aggregate fine was simply lower than what we might have considered appropriate for general deterrence on the described facts.

[63] We found the facts and the reasoning of the hearing panel in *Re Vandermey* to be the most comparable and instructive for the present case. *Re Vandermey* considered the MFDA Penalty guidelines, which preceded the CIRO Sanction Guidelines, but the sanction principles discussed by the hearing panel in the extracts below were substantially the same as those in the current Sanction Guidelines:

> "To be preventative of future harm, a sanction may be a prohibition order removing a person permanently from the industry or preventing forever the re-entry of a person to the industry. Where an Approved Person is still in the industry, a prohibition order will have a significant impact on the person. However, where the person has already left the industry or has no intention to continue in it, a prohibition order, while still preventative, usually will have much less of an impact on him or her. In such a situation, a significant fine will also be necessary as a deterrent to the individual and generally to others in the industry.
>
> Merely taking back funds misappropriated by a thief will often have little deterrent impact on the thief. For this reason, law enforcers are sometimes given authority to impose fines greater than the amounts misappropriated. The threat of this counters the adage "nothing ventured, nothing gained" with the prospect of increasing the odds unfavorably so that dishonest conduct may result in significant loss to the perpetrator.
>
> In our case, the Respondent left the industry and left the country. It is unlikely he intends to return to the industry. Accordingly, the prohibition order, while being protective of the investing public, will likely have minimal impact on him. In this case, a significant fine is also warranted.
>
> The Respondent had been registered as a dealing representative in Ontario for at least 14 years and was in a long-standing relationship with Sun Life and client JK. He was in a position of trust with client JK who was particularly vulnerable after her husband's recent tragic death. Yet he deliberately and deceitfully set out to defraud her. He fabricated documents and statements which included his Member's letterhead, to mislead the client as to the whereabouts of her funds. This was not a case of a dealing representative having good intentions that went wrong, or negligence. The Respondent misled and deceived his clients JK and JR, and his associate, MF, and left his associate (or his associate's sister) and his Member, unreimbursed. The Respondent showed no remorse. He left the country for Nicaragua.
>
> The MFDA Penalty guidelines state that in appropriate cases, distinctions should be drawn between misconduct that was unintentional or negligent, and misconduct that was manipulative, fraudulent or deceptive. Factors to consider include deception, vulnerable clients and premeditation, all of which were present in our case.
>
> The guidelines also suggest that hearing panels should consider the extent to which a respondent received a financial benefit from the misconduct and whether there has been any restitution or disgorgement. In our case there has been no repayment by the Respondent of the funds he misappropriated, with the limited exception of $2,000 deposited to the charity bank account.
>
> The penalty guidelines state that the appropriate amount of a fine or other penalty depends on the facts of each case, including the need for specific and general deterrence. They state that while prior decisions are instructive, the nature and extent of the penalty to be imposed in a given case cannot necessarily be determined by comparison with the penalties imposed in similar proceedings. Staff provided us with several cases involving conduct in violation of MFDA Rule 2.1.1. There was no case in which the fine amounted to three times the benefit received or loss avoided by the applicable respondent. However, many were 10 years or more old, and some involved reimbursement and other factors.
>
> ...

> Section 24.1.1 of MFDA By-law No. 1 provides that a hearing panel may impose upon an Approved Person a fine not exceeding the greater of $5,000,000 or "an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation." While the fine we imposed on the Respondent does not exceed the limit provided in section 24.1.1, we found the reference to three times the profit instructive. We concluded that this multiple was intended for a most egregious situation." [20]

[64] The hearing panel in *Re Vandermey* ordered a fine approximating three times the monies misappropriated, plus an additional amount for a failure to cooperate allegation. Aggregate fines on this scale have also been ordered in other decisions involving egregious misappropriation with few or no mitigating factors.[21]

[65] The Hearing Panel concludes that a fine of at least three times the benefit obtained is required to account for the relevant features of the Respondent's misconduct and impose a fine that is significantly more than a tolerable risk and "cost of doing business" for dishonest actors who may be inclined to enter the industry, misappropriate funds and then exit the industry and country.

[66] The Respondent obtained $354,700 in profit from his contraventions of the MFDA Rules. We fix the fine at $1,064,100, comprising three times the profit obtained from the contraventions.

CONCLUSION

[67] The Hearing Panel finds that the Respondent contravened MFDA Rules 2.1.1 and 2.1.4.

[68] Pursuant to Mutual Fund Dealer Rules 7.4.1.1 and 7.4.2, we find it appropriate to order that:

a) the Respondent shall be 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 shall pay a fine of $1,064,100, comprising three times the profit the Respondent obtained from his contraventions of the MFDA Rules; and

c) the Respondent shall pay costs of $18,612.70, being part of the costs for Staff's investigation and prosecution of this disciplinary proceeding.

Dated at Vancouver, British Columbia, this 18 day of November 2025.

"Susan E. Ross"

Susan E. Ross, Chair

"Barbara E. Fraser"

Barbara E. Fraser, Industry Representative

"Susan Monk"

Susan Monk, Industry Representative

Copyright 2025 Canadian Investment Regulatory Organization.

[20] *Re Vandermey*, MCFD File No. 201702, October 2, 2017, at paras 29-35, 37.

[21] *Re Backer*, MFDA File No. 201791, February 8, 2019, *Re Smith* 2025 CIRO 31, and *Re Schwartz*, *supra*.