Re Douse

IN THE MATTER OF:

The Mutual Fund Dealer Rules

and

Kevin Douse

2026 CIRO 03

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: November 24, 25 and 28, 2025, in Toronto, Ontario, Hybrid (via videoconference and in-person)
Decision on Liability: November 28, 2025
Decision on Sanctions and Reasons for Decision: January 5, 2026

Hearing Panel:
Joan Smart, Chair
Colleen Wright, Industry Representative
Christopher Hill, Industry Representative

Appearances:
Maria Di Clemente, Enforcement Counsel
Jennie Brodski, Enforcement Counsel
Kevin Douse, (present on November 28, 2025)

DECISION AND REASON FOR DECISION

INTRODUCTION

[1] On May 9, 2025, the Canadian Investment Regulatory Organization (**CIRO**) commenced a regulatory proceeding against Kevin Douse (the **Respondent**) by Notice of Hearing.

[2] In the Statement of Allegations, CIRO alleged that:

1) between January 1, 2018 and October 21, 2020, the Respondent misappropriated or otherwise failed to account for monies that he obtained from clients and other individuals, contrary to Mutual Fund Dealer Rule 2.1.1; and

2) commencing in September 2024, the Respondent failed to cooperate with an investigation by CIRO Staff into his conduct, contrary to Mutual Fund Dealer Rule 6.2.1.

[3] After reviewing the Notice of Hearing, the evidence presented at the hearing on the merits and the submissions of CIRO Enforcement Counsel (**Staff**) with respect to the alleged contraventions, the Hearing Panel found at the conclusion of the hearing that the Respondent had breached Mutual Fund Dealer Rules 2.1.1 and 6.2.1.

[4] The Respondent misappropriated $277,172 from five clients of Quadrus Investment Services Ltd. (**Quadrus** or the **Dealer Member**) and two other individuals for whom the Respondent falsely led to believe he had opened accounts at the Dealer Member.

[5] The Respondent provided some clients and other individuals with fabricated statements that falsely represented that they held investments in accounts at the Dealer Member when such accounts did not exist.

[6] The Respondent's misconduct continued after he resigned from the Dealer Member.

[7] The Respondent failed to attend an interview and cooperate with the investigation by CIRO into his conduct.

BACKGROUND

Procedural Matters

The Respondent's Failure to File a Reply and Attend the Hearing

[8] The Respondent, who was self-represented, attended four appearances prior to the hearing on the merits and attended on the last day of the hearing to make submissions as to a penalty.

[9] The Respondent did not otherwise actively participate in the proceedings against him. He failed to attend an interview during the CIRO investigation in contravention of Mutual Fund Dealer Rule 6.2.1. He did not file a Reply as required by Rule 7.3.2 of the Mutual Fund Dealer Rules. He failed to provide disclosure or witness lists and statements to Staff pursuant to Rules 10 and 11 of the Mutual Fund Rules of Procedure, notwithstanding that he was given an extension to do so by the Hearing Panel. In the end, he did not attend the first two days of the hearing on the merits, despite having clear notice of the hearing date, time and place, including through discussions about the same at the pre-hearing appearances he attended.

[10] As a result, pursuant to Mutual Fund Dealer Rule 7.3.4, the Hearing Panel determined that it was appropriate to proceed with the hearing on the merits on the date set for the hearing, without further notice to the Respondent.

[11] Under Rule 7.3.4, the Hearing Panel could have accepted the facts alleged and conclusions drawn by CIRO in the Notice of Hearing as proven. However, Staff chose to lead evidence and make submissions to establish their case against the Respondent.

Witnesses and Standard of Proof

[12] Staff called two witnesses at the hearing. The first was Patricia West, the Senior Investigator at CIRO who was responsible for conducting the investigation into the Respondent's conduct in this matter. We found Ms. West to be a credible witness.

[13] Ms. West introduced evidence relating to, among other things: the Respondent's registrations; correspondence with the Dealer Member during the investigation; the Respondent's guilty plea in a related matter; cheques written by the subject clients and others; the Respondent's banking records; fabricated documents provided by the Respondent to the subject clients and others; claims instituted by some of the clients and others; and correspondence with the Respondent requesting his cooperation in the investigation.

[14] Ms. West relied in part on an affidavit of Rachel Johnston that was filed in connection with a civil claim against the Respondent and others by one of his former insurance clients. Ms. Johnston was a Senior Investigator, Market Conduct Investigations at the Canada Life Assurance Company, which owns the Dealer Member. She was involved in the investigation into the conduct of the Respondent relating to clients of Canada Life and the Dealer Member.

[15] Under Rule 1.6 of the Mutual Fund Dealer Rules of Procedure, the hearing panel may admit as evidence any testimony or document which it considers relevant to the matters before it, including hearsay, and is not bound by the technical or legal rules of evidence. In line with that Rule, we admitted all of the evidence presented by Ms. West.

[16] The second witness was JK, a former client of the Respondent, who we also found to be credible.

[17] The Hearing Panel applied the standard of proof applicable to CIRO proceedings which is "a balance of probabilities" when considering the evidence presented and making a decision. In our view, the evidence presented was "clear, convincing and cogent", as required to meet the test.

CIRO's Continuing Jurisdiction Over the Respondent

[18] As noted below, the Respondent ceased to be an Approved Person on October 21, 2020. However, we

found that, pursuant to Mutual Fund Dealer Rule 7.4.1.4, for the purpose of these proceedings, CIRO continues to have jurisdiction over the Respondent with respect to his activities while a registrant. The Notice of Hearing was issued and served within the five year limitation period set out in that Rule.

The Respondent's Registration

[19] Between May 2005 and October 21, 2020, the Respondent was registered in Ontario in the securities industry.

[20] Between September 24, 2012 and October 21, 2020, the Respondent was registered as a dealing representative with Quadrus, a Dealer Member of CIRO.

[21] The Respondent serviced approximately 16 clients of the Dealer Member.

[22] On October 21, 2020, the Respondent resigned from the Dealer Member and is not currently registered in the securities industry in any capacity.

[23] During the relevant time, the Respondent was also licensed in the insurance industry.

FACTS AND ANALYSIS

Contravention #1 – Misappropriations

Misappropriations – Facts

[24] In these Reasons for Decision we have used initials to identify the clients and other individuals who were impacted by the Respondent's misconduct in order to protect their identity and personal information.

[25] Below is a summary of the facts as we have found them, based on the evidence presented at the hearing, relating to the Respondent's misappropriations from clients and others.

Client JK and Individual JW

[26] In or around February 2018, JK and JW, who are spouses, discussed with the Respondent opening Tax Free Savings Accounts (**TFSA**) at the Dealer Member and purchasing mutual funds within the accounts.

[27] JK wrote two cheques for $50,000 each, dated February 2, 2018, payable to "Quadrus", to be invested within their respective TFSA accounts. The name "Kevin Douse" was subsequently added to the payee line on the cheques by someone whom JK believed to be the Respondent and the cheques were deposited into one of the Respondent's personal bank accounts.

[28] The Dealer Member had no record of the Respondent opening TFSA accounts for JK or JW at the Dealer Member.

[29] The Respondent provided JK and JW with fabricated account statements, dated January 1, 2019 to March 31, 2019, as well as portfolio listings, dated as of November 19, 2018, that falsely represented that JK and JW held investments in TFSA accounts at the Dealer Member.

[30] In response to a request from JW to redeem an investment in her TFSA account, on September 27, 2019, the Respondent issued a bank draft from his personal bank account for $784.32 and deposited the monies into JW's personal bank account.

[31] After the Respondent resigned from the Dealer Member, he continued to misappropriate monies from JK and JW. On February 16, 2021, the Respondent deposited a cheque for $50,000 from JK, which was intended to be invested within client JK and JW's respective TFSA accounts, into one of his personal bank accounts. The payee was noted as "Kevin Douse". The Respondent had suggested to JK that he leave the payee blank as he was not then certain whether the cheque should be payable to Quadrus or Canada Life.

[32] Between November 29, 2021 and July 6, 2022, in response to requests to redeem monies from JK's and JW's TFSA accounts, the Respondent issued four bank drafts from his personal bank accounts, totaling $45,000, and deposited them into JK and JW's bank account. JK testified that the redemption amounts would just show up in their bank accounts.

[33] JK testified that he had considered the Respondent to be a close friend and he trusted him. He further

indicated that this experience has led to him having trust issues and has had a negative financial and emotional impact on the lives of JK and JW.

[34] The Dealer Member settled with JK and JW by making a payment to them of $124,222.59.

Clients DG and JG

[35] At all material times, DG and JG were spouses and clients of the Dealer Member whose accounts were serviced by the Respondent.

[36] DG wrote a cheque, dated October 9, 2018, for $70,000 payable to "Kevin Douse – Quadrus" to be invested in an account at the Dealer Member.

[37] The Respondent deposited the cheque into one of his personal bank accounts.

[38] Between March 15, 2018 and January 15, 2019, the Respondent issued three bank drafts from one of his personal bank accounts totaling $8,646.36 and deposited the monies into JG's personal bank account.

[39] After the Respondent resigned from the Dealer Member, he continued to misappropriate monies from DG and JG. On November 17, 2021, JG wrote a cheque for $150,000 payable to "Kevin Douse – Quadrus", to be invested within DG and JG's respective TFSA accounts at the Dealer Member. The Respondent deposited the cheque into one of his personal bank accounts.

[40] No TFSA accounts were ever opened for DG and JG at the Dealer Member.

[41] The Respondent provided clients DG and JG with fabricated portfolio summaries, including ones as at November 2021 and as at February 2023, that falsely represented that DG and JG held investments in TFSA accounts at the Dealer Member when no such accounts existed.

[42] On March 9, 2022, the Respondent also issued a bank draft for $1,400 from one of his personal bank accounts and deposited the monies into JG's personal bank account.

[43] The Dealer Member settled with DG and JG by making a payment to them of $73,124.75.

Client TK

[44] At all material times, TK was a friend of the Respondent and a client of the Dealer Member whose RRSP and TFSA accounts were serviced by the Respondent.

[45] Between June 7, 2018 and February 18, 2020, TK wrote six cheques payable to "Kevin Douse", totaling $32,822.52, to be used for investments within TK's Registered Retirement Savings Plan (**RRSP**) account at the Dealer Member. Some of the cheques were written on a personal account and some on her business account.

[46] The Respondent deposited the cheques into his personal bank accounts.

[47] After the Respondent resigned from the Dealer Member, he continued to misappropriate monies from TK. On March 27, 2023, the Respondent deposited a cheque for $12,829.95 payable to "Kevin Douse – Quadrus" drawn on her business account, into one of his personal bank accounts. In addition, on July 14, 2023, the Respondent deposited a cheque for $20,000 payable to "Kevin Douse" and drawn on TK's business account, into one of his personal bank accounts. Both cheques were intended to be invested in TK's account at the Dealer Member.

[48] The Respondent sent TK a fabricated portfolio summary, dated in June 2020, that falsely represented the value of the investments in her TFSA account at the Dealer Member. The Respondent also sent TK a document, dated in June 2022, that falsely represented the value of her holdings in her RRSP.

[49] The Dealer Member made an offer to TK to settle, but the offer has not been accepted by TK.

Individual JP

[50] JP was a senior who hired the Respondent on a referral from the Respondent's father-in-law.

[51] JP wrote a cheque, dated January 19, 2018, payable to "Kevin Douse – Quadrus" for $71,000 to be invested in JP's account at the Dealer Member. The memo line on the cheque stated "Investment".

[52] However, no account for JP was opened at the Dealer Member.

[53] The Respondent deposited the cheque into one of his personal bank accounts.

[54] JP is deceased. The Dealer Member settled with the Estate of JP by making a payment of $71,000 to the estate.

Client KM

[55] KM was referred to the Respondent by his son who was a long-standing friend of the Respondent.

[56] On November 11, 2019, KM wrote a cheque for $3,350 payable to "Kevin Douse – Quadrus" to be invested in his TFSA account at the Dealer Member.

[57] The Respondent deposited the cheque into one of his own personal bank accounts.

[58] After the Respondent resigned from the Dealer Member, he continued to misappropriate monies from KM. In June 2022, the Respondent deposited a cheque from KM for $38,000 into one of his own personal bank accounts.

[59] On July 28, 2022, the Respondent wrote a cheque for $38,000 and deposited it in KM's bank account.

[60] KM is deceased. The Dealer Member settled with the Estate of KM by making a payment of $3,350 to the estate.

Summary of the Respondent's Misappropriations While Registered

[61] Below is a chart showing the monies the Respondent misappropriated or otherwise failed to account for during the period he was registered with the Dealer Member.

Date of Cheque	Client/Individual	Amount	Total
January 19, 2018	JP (individual)	$71,000	$71,000
February 2, 2018	JK (client)	$50,000	$100,000
February 2, 2018	JW (individual)	$50,000	
October 9, 2018	DG and JG (clients)	$70,000	$70,000
June 7, 2018	TK (client)	$1,000	$32,822.52
July 23, 2018	TK (client)	$1,500	
October 31, 2019	TK (client)	$3,000	
November 21, 2019	TK (client)	$2,000	
February 8, 2020	TK (client)	$1,300	
February 18, 2020	TK (client)	$24,022.52	
November 11, 2019	KM (client)	$3,350	$3,350
			$277,172.52

The Respondent's Misappropriations After Resignation

[62] As described above and in the paragraph below, after the Respondent resigned from the Dealer Member, he continued to misappropriate monies, including from clients and other individuals, totaling

$236,429.95.

SB and KB

[63] On December 14, 2022, the Respondent received a cheque for $55,000, intended to be invested within individual KB's TFSA account at the Dealer Member. The memo line read "K's TFSA".

[64] The Respondent deposited the cheque into one of his personal bank accounts.

[65] The Respondent did not open a TFSA account for KB at the Dealer Member.

[66] The Respondent provided a fabricated statement, dated June 16, 2023, which misrepresented the investments that JB and KB held at the Dealer Member.

The Respondent's Guilty Plea

[67] On September 19, 2025, the Respondent pleaded guilty in the Ontario Court of Justice to a charge that between October 3, 2016 and November 20, 2023, he did by deceit, falsehood or other fraudulent means, defraud the public of monies which exceeded the sum of $5,000, contrary to section 380(1)(a) of the Criminal Code of Canada.

[68] The Respondent admitted to facts set out in an Agreed Statement of Facts (**ASF**) that was read in at the court proceeding. In the ASF, the Respondent admitted that he used his role as financial advisor to misappropriate over $1,800,000 from 25 victims. The victims referenced in the ASF include those who are the subject of the CIRO proceeding and the admitted facts surrounding the subject misappropriations from those victims are in many respects similar.

[69] The judge found the Respondent guilty. The Respondent is scheduled to be sentenced on February 5, 2026.

[70] Based on the transcript of the Guilty Plea Proceeding, it appears that the Respondent will be subject to a period of incarceration as a result of the charge.

Civil Claims against the Respondent

[71] Some of the Respondent's victims have instituted civil actions against him relating to the misappropriations that are the subject of the CIRO proceedings against him.

Misappropriations - Analysis

[72] Rule 2.1.1 of the Mutual Fund Dealer Rules requires that Approved Persons, among other things, deal fairly, honestly and in good faith with clients; observe high standards of ethics and conduct in the transaction of business; and not engage in any business conduct or practice which is unbecoming or detrimental to the public interest.

[73] Misappropriation of client money is highly unethical and is one of the most egregious forms of misconduct in the securities business. It is exacerbated when, as in this case, it occurs on multiple occasions involving multiple victims over a period of time. Misappropriation is a serious breach of trust. It harms clients financially and can take a significant toll on them emotionally. It can also seriously harm the reputation of others in the mutual fund business and the securities industry as a whole.

[74] In addition, after the Respondent had misappropriated money he took active steps intended apparently to disguise the misappropriation and the fact that he had not opened the subject accounts at the Dealer Member. For example, in a number of instances when a client requested money from their accounts, the Respondent deposited money from one of his personal bank accounts directly into the bank account of the client. Also, he provided some clients and others with fabricated documents indicating they had investments at the Dealer Member that they did not in fact have.

[75] We have found that, between January 19, 2018 and October 21, 2020, the Respondent misappropriated or otherwise failed to account for monies obtained from clients and other individuals, contrary to Mutual Fund Dealer Rule 2.1.1.

Contravention #2 – Failure to Cooperate

Failure to Cooperate - Facts

[76] Below are the facts as we have found them, based on the evidence presented at the hearing, with respect to the Respondent's failure to cooperate with the CIRO investigation.

[77] In January 2024 Patricia West commenced a review of the Respondent's conduct in response to a report filed by the Dealer Member on the Member Event Tracking System relating to the Respondent misappropriating client monies and providing fabricated account statements to clients.

[78] On January 30, 2024 and April 23, 2024, Ms. West sent letters to the Respondent's last known address, requesting that he provide a written response to the matters under investigation. The Respondent did not respond. The letters were returned by Canada Post, ultimately citing that the Respondent had moved.

[79] On May 24, 2024, Ms. West requested a driver's license search in order to obtain an updated address for the Respondent.

[80] On August 13, 2024, Ms. West sent another letter to the Respondent, at the new address, requesting that he contact Staff by August 30, 2024 to arrange a date for an interview. The Respondent signed, noting receipt of the letter but did not respond.

[81] On September 6, 2024, Ms. West had a letter served on the Respondent requiring that he attend at the CIRO offices on October 9, 2024, to give a statement under oath and warning him that, if he failed to attend, Staff may consider commencing a disciplinary action against him.

[82] On October 8, 2024, the Respondent phoned Ms. West, asking to reschedule the interview as he indicated he was ill and his counsel was unavailable. Ms. West requested that his counsel reach out to Staff by October 16, 2024 to reschedule the interview.

[83] On October 17, 2024, Ms. West sent an email to the Respondent advising that she had not been contacted by his counsel about rescheduling the interview. Ms. West also sent an email to the Respondent's counsel requesting to reschedule the interview.

[84] An interview with the Respondent was rescheduled for November 20, 2024.

[85] On November 19, 2024, counsel for the Respondent sent an email to Ms. West advising that the Respondent would not be attending the interview. His counsel stated that,

> "To date there has not been any contact from the police regarding this matter. There has been a civil action commenced and Mr. Douse has civil counsel defending the claim.
>
> In the circumstances, Mr. Douse is not in a position to provide a statement to CIRO at this time. We may be able to schedule an interview later once some of the civil claim issues have been resolved."

[86] In response to the email from the Respondent's counsel, Ms. West advised him by email that Staff may consider the Respondent's failure to attend the interview as failure to cooperate in the investigation and may commence enforcement proceedings relating to that failure, and warning of the possible implications of such proceedings.

[87] The Respondent never attended an interview with Staff.

[88] As a result of the Respondent's failure to attend an interview, Ms. West was unable to determine the full nature and extent of the Respondent's misconduct or to hear his version of the events.

Failure to Cooperate - Analysis

[89] Under Rule 6.1 of the Mutual Fund Dealer Rules, CIRO is to make such examinations of and investigations into the conduct, business or affairs of any Approved Person as it considers necessary or desirable in connection with any matter relating to compliance by such person with, among other things, the By-laws and Rules of CIRO.

[90] Rule 6.2.1 of the Mutual Fund Dealer Rules provides for the corresponding obligation of Approved Persons. It requires that, for the purpose of an investigation, an Approved Person or other person under the jurisdiction of CIRO, may be required to, in addition to other things, answer questions with respect to the

matter and attend and answer questions under oath or otherwise, and the person is obligated to cooperate in the investigation.

[91] CIRO and MFDA hearing panels have repeatedly held that an Approved Person's failure to cooperate with an investigation undermines the regulator's obligations under Rule 6.1. CIRO requires cooperation from Approved Persons to investigate the conduct of registrants in the mutual fund industry in order to fulfill its regulatory investor protection mandate. As stated by the hearing panel in *Vitch (Re):*

> "There can be no exceptions to that obligation. The fulfillment of that obligation is particularly important to the MFDA because it has no statutory power to search and seize or to compel the production of documents. Without the cooperation of Members and Approved Persons, the MFDA's ability to investigate and discipline its Members and Approved Persons is gravely fettered."

[92] Multiple securities regulators have noted that the privilege of being permitted to participate in the securities markets as an advisor comes with the fundamental obligation to submit to the jurisdiction of securities regulators and participate in regulatory investigations when asked to do so. See, for example, *Robb (Re)*[1].

[93] We note that in November 2024, counsel for the Respondent indicated to Ms. West that the Respondent would not be providing a statement at that time, referring in particular to a civil claim that had been filed. In our view, the legal strategy of the Respondent does not override his regulatory duty to cooperate in a CIRO investigation and any reliance by the Respondent on his counsel's advice is not a defence to his failure to cooperate in the investigation.

[94] We have found that, by engaging in the conduct described above, the Respondent, who continued to be subject to the jurisdiction of CIRO, failed to cooperate with CIRO's investigation into his conduct, contrary to Mutual Fund Dealer Rule 6.2.1.

SANCTION

Position of Parties

Staff Position

[95] Staff proposed that the following sanctions be imposed on the Respondent:

i) a permanent prohibition on conducting securities related business in any capacity while in the employ of, or associated with, any Dealer Member of CIRO, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);

ii) a fine of $527,172, comprised of $277,172 which is an amount sufficient to disgorge the benefit the Respondent obtained from the misconduct; a $200,000 fine for misappropriation; and a $50,000 fine for failure to cooperate, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b); and

iii) costs in the amount of $30,000, which would constitute part of the costs to Staff of conducting the investigation and prosecution of the Respondent, pursuant to Mutual Fund Dealer Rule 7.4.2.

The Respondent's Position

[96] The Respondent appeared on the last day of the hearing and made submissions on an appropriate sanction. He indicated he was aware that the sanction should be serious. The Respondent was prepared to accept a lifetime ban.

[97] In respect of a monetary sanction, the Respondent indicated he wants restitution to be made and was concerned that any fine would hurt his victims. The Respondent asked that the Hearing Panel not impose costs.

[98] The Respondent advised the Hearing Panel that he accepted full responsibility for his actions, was deeply sorry and knew that he had broken trust. He noted that he had accepted responsibility in the criminal case against him.

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[1] [2002] I.D.A.C.D. No.1

Sanctions Analysis

The Goal of Sanctions in Securities Regulation

[99] Sanctions imposed by regulators should be preventative, protective and prospective in nature. They are intended to protect investors and further public confidence in the securities industry by deterring likely future harm to the capital markets.

[100] An appropriate sanction should achieve both specific deterrence in relation to the Respondent and general deterrence in relation to others in the capital markets.

[101] General deterrence is an appropriate consideration in making orders that are both protective and preventative. As was stated in *Re Cartaway Resources Corp.,*[2]

> "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, general deterrence 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."

[102] In order for a sanction to be an effective general deterrent, it must be such that it will discourage like behaviour in others.

[103] Further, as was stated in *Re Mills,*[3]

> "Industry expectations and understandings are particularly relevant to general deterrence. If a penalty is less than industry understandings would lead its members to expect for the conduct under consideration, it may undermine the goals of the Association's disciplinary process; similarly, excessive penalties may reduce respect for the process and concomitantly diminish its deterrent effect. Thus the responsibility of the [hearing panel] is to determine a penalty appropriate to the conduct and respondent before it, reflecting that it's primary purpose is prevention, rather than punishment."

[104] As noted in the CIRO Sanction Guidelines (the "Guidelines"),

> "When considering specific and general deterrence in the imposition of sanctions, consideration should be given to ensuring the sanctions are proportionate, bearing in mind the extent and seriousness of the misconduct and the impact the sanctions will have on the respondent"

Previous Cases

[105] A review of prior cases is instructive in assessing the reasonableness and proportionality of a proposed sanction and industry expectations. Sanctions imposed in a particular case should generally be in line with sanctions imposed in the past on respondents for similar contraventions in similar circumstances. However, sanctions imposed in each case must be based on the particular facts and circumstances of the case.

[106] Staff submitted that their proposed sanction fell within the range of what hearing panels have ordered for comparable conduct in the past and referred us to the cases summarized below. In each of the cases, the hearing panels imposed a permanent prohibition on the respondent's registration, in addition to the fine described.

[107] In the case of *Re Saavedra,*[4] the hearing panel imposed a fine of $100,000 on the respondent who had misappropriated $56,065 from a client of the Dealer Member and failed to cooperate with the Staff's investigation. The respondent had also misappropriated funds from at least five insurance clients, which led to the Alberta Insurance Council imposing a $105,000 fine. In addition, the respondent was found guilty of the criminal offence of uttering a forged document and required to pay $73,515 in restitution.

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[2] [2004] 1 S.C.R. 672 at paras 60-61
[3] [2001] I.D.A.C.D. No. 7 at para. 6
[4] 2024 CIRO 82

[108] In the case of Re *Yung,*[5] the hearing panel imposed a global fine of $300,000 on the respondent who had misappropriated $309,956 from two clients of the Dealer Member and four bank clients and failed to cooperate in the investigation. The respondent and his spouse had made partial restitution of $147,285 to the clients.

[109] In the case of *Re Levesque,*[6] the hearing panel imposed a $300,000 fine on the respondent who had misappropriated $203,949 from one client of the Dealer Member and two others who were insurance clients, and had failed to cooperate in the investigation.

[110] In the case of *Re Ladeiro,*[7] the hearing panel imposed a fine of $1,064,100, being triple the amount that the respondent had misappropriated from two elderly clients of the Dealer Member and related bank.

[111] Also in some previous cases, hearing panels have considered conduct that occurred both during and after the respondent was registered in considering an appropriate sanction.

Re Allison 2024[8]

Re Cox[9]

Re Lam [10]

Considerations and Decision

Permanent Prohibition

[112] The CIRO Sanction Guidelines note that a permanent bar should be considered in certain circumstances, which we have found exist in this case. In particular,

i) the Respondent's contraventions caused significant harm to investors and to the integrity of the market and the securities industry;

ii) the Respondent's misconduct was criminal in nature; and

iii) the Respondent's conduct in this case was so abusive as to raise a serious doubt that he can be trusted to act honestly and fairly with clients and the securities industry as a whole in the future.

[113] As a result, we have decided to impose a permanent prohibition on the Respondent conducting securities related business in any capacity while in the employ of, or associated with, any Dealer Member of CIRO. In our view, the Respondent's misconduct in relation to clients of the Dealer Member and others while he was a registrant and thereafter was so serious that it is necessary to remove him from the securities markets to protect the markets in the future.

[114] In addition, by failing to cooperate in the investigation, the Respondent proved that he is ungovernable by CIRO. The Respondent's failure to attend the first two days of the hearing on the merits was also indicative of his disregard of the regulatory process.

[115] In our view, the Respondent's misconduct in relation to insurance clients, as outlined in the ASF in the Guilty Plea Proceeding, further confirms that the Respondent is not an appropriate person to be registered in the securities industry.

Monetary Sanction

[116] According to Rule 7.4.1.1 of the Mutual Fund Dealer Rules, the Hearing Panel has the power to impose a fine not exceeding the greater of $5,000,000 and an amount equal to three times the profit the Respondent obtained as a result of committing the subject violations.

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[5] 2022 LNCMFDA 123
[6] 2022 LNCMFDA 88
[7] 2025 CIRO 53
[8] CIRO 84 at para. 7
[9] 2016 LNCMFDA 24 at paras. 58 and 81
[10] 2019 LNCMFDA 23 at paras. 23-24 and 27

[117] We reviewed and weighed the relevant aggravating and mitigating factors that the CIRO Sanction Guidelines suggest should be considered in fashioning an appropriate sanction. We have determined that the following were aggravating factors relating to the Respondent's misconduct:

i) his behaviour in misappropriating client funds was highly unethical and criminal in nature;

ii) his conduct was intentional, even involving him taking active steps to conceal his wrongdoing;

iii) it appears that he targeted persons who he believed would trust him and then violated that trust;

iv) his misconduct was not an isolated incident, but rather constituted a pattern of conduct carried out over approximately 33 months;

v) his misconduct negatively impacted multiple victims, at least one of whom was vulnerable;

vi) he illegally obtained $277,172 from clients and others while a registrant;

vii) he has not made any restitution to his victims;

viii) he did not acknowledge his misconduct or accept responsibility prior to it being detected;

ix) his actions in misappropriating funds from clients and others is highly damaging to the reputation of the securities industry; and

x) he failed to cooperate with CIRO in connection with the investigation into his conduct.

[118] There were very few mitigating factors to consider in deciding on an appropriate monetary sanction in this case. The most significant was that the Respondent's employment was terminated by the Dealer Member and he is now subject to both civil and criminal proceedings as a result of his misconduct. The latter is expected to have significant implications for the Respondent. We considered the presence of the criminal proceedings to be an important factor when deciding on an appropriate monetary sanction in this case.

[119] We also note that, while belated, the Respondent finally accepted responsibility for his actions when he pled guilty to the criminal charge in September 2025 and when he advised the Hearing Panel on the last day of the hearing that he accepted full responsibility and was deeply sorry for his actions.

[120] In addition, we have given some, albeit limited, consideration to the Respondent's likely reliance on his counsel's advice not to give a statement to CIRO in November 2024, in relation to an appropriate monetary sanction for his failure to cooperate.

[121] CIRO's Sanction Guidelines also indicate that a hearing panel may consider an inability to pay by the Respondent as a factor in determining an appropriate sanction. We are aware that the Respondent would currently be hindered from paying a fine in light of a Mareva Injunction impacting his assets. While the Respondent stated he has no money, he did not otherwise present evidence at the hearing with respect to his financial circumstances and his ability to pay a fine in the future. In any event, in our view, the egregiousness of the Respondent's conduct and the need for general deterrence trumps his possible inability to pay as a significant factor in determining an appropriate sanction.

[122] Having considered, among other things, the need for deterrence, the factors in the CIRO Sanction Guidelines and previous cases, we are of the view that a serious monetary sanction should be imposed on the Respondent.

[123] The fine imposed on the Respondent should include the $277,172 that he illegally obtained from clients and others while a registrant, on the basis that he should be required to disgorge his ill gotten gains.

[124] The Hearing Panel considered imposing a fine to include an amount that is three times the benefit the Respondent illegally obtained, primarily to address the need for general deterrence. However, we have decided to impose a lesser global fine of $530,000, which we believe is still commensurate with the seriousness of the Respondent's wrongdoing and takes into account the particular circumstances of this Respondent, including the fact that he is facing civil and serious criminal proceedings arising out of his misconduct. The latter should also serve as a significant deterrent to the Respondent and others from misappropriating client funds in the future.

[125] We are of the view that the monetary sanction we are imposing in the circumstances of this case,

combined with the permanent prohibition, is reasonable and proportionate, in line with previous cases and should meet industry expectations. In addition, it should achieve the goals of specific and general deterrence and thereby help to protect the capital markets in the future, strengthen market integrity and improve business standards in the securities industry.

Costs

[126] Staff submitted a Bill of Costs indicating that their costs and that of the investigator totaled $84,100, excluding disbursements.

[127] We note that the proceedings may not have been as prolonged and the costs might have been less if the Respondent had taken certain steps, such as cooperating in the investigation and filing a Reply, which could have reduced the amount of time required for Staff to complete the case.

[128] In our view, the claim of $30,000 for costs is reasonable, given the time actually spent by CIRO personnel in investigating and prosecuting a somewhat complex case, in which the hearing on the merits took one full and two partial days to complete.

CONCLUSION

[129] We have decided to impose the following sanctions on the Respondent:

i) a permanent prohibition on conducting securities related business in any capacity while in the employ of, or associated with, any Dealer Member of CIRO, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);

ii) a global fine of $530,000 pursuant to Mutual Fund Dealer Rule 7.4.1.1(b); and

iii) costs in the amount of $30,000, pursuant to Mutual Fund Dealer Rule 7.4.2.

[130] While the Hearing Panel's role in this case was primarily to impose a sanction that is protective of the public interest by deterring future harm to the capital markets, we also have a concern about how the sanction may impact the victims who were defrauded by the Respondent. Staff advised in their submissions that they do "not intend to stand in front of a complainant who is being repaid by the Respondent". We agree with Staff's approach as we would not want the payment of the fine and costs in this matter to impede restitution to those affected by the Respondent's misconduct.

DATED at Toronto, Ontario this 5th day of January 2026.

"Joan Smart"

Joan Smart, Chair

"Colleen Wright"

Colleen Wright, Industry Representative

"Christopher Hill"

Christopher Hill, Industry Representative