

# Re Soco

IN THE MATTER OF:

**The Mutual Fund Dealer Rules**

**and**

**Lou Albert Cruz Soco**

2026 CIRO 11

Canadian Investment Regulatory Organization  
Hearing Panel (Alberta District)

Heard: February 10, 2026 in Calgary, Alberta  
Decision: April 7, 2026

**Hearing Panel:**

Omolara Oladipo, Chair  
Richard Sydenham, Industry Representative

**Appearance:**

Lerina Koornhof, Enforcement Counsel  
Lou Albert Cruz Soco (absent)

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## REASONS FOR DECISION ON LIABILITY AND SANCTIONS

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### INTRODUCTION

[1] The Canadian Investment Regulatory Organization (**CIRO**) alleged that Lou Albert Cruz Soco (the **Respondent**), a former dealing representative registered with PFSL Investments Canada Ltd. (**PFSL** or the **Dealer Member**), obtained funds directly from clients, engaged in undisclosed personal financial dealings with clients outside the Dealer Member, and failed to cooperate with Staff during the course of its investigation.

[2] An electronic hearing was conducted before this Hearing Panel on February 10, 2026 to determine whether, pursuant to Mutual Fund Dealer Rules 2.1.1, 2.1.4, and 6.2.1, the Respondent was liable for the alleged misconduct and, if so, whether the sanctions sought by Staff were appropriate.

[3] The Panel was provided with the affidavit of Caron Handsaeme, Senior Investigator with CIRO, sworn February 10, 2026 (the **Handsaeme Affidavit**). At the Panel's request, an additional affidavit of Nargis Pamiri, Legal Assistant with CIRO, sworn February 25, 2026 (the **Pamiri Affidavit**), was subsequently filed.

[4] The Respondent did not attend the hearing and he was not represented.

[5] At the conclusion of the hearing, the Panel reserved its decision. These are our decision and reasons.

[6] Having considered the affidavit evidence and the submissions of CIRO Enforcement Counsel, we find that the allegations have been established. In particular, we find that the Respondent obtained significant sums of money directly from clients outside the Dealer Member, failed to disclose those arrangements, failed to return those funds, and personally benefitted from their use. We further find that the Respondent failed to comply with requests for information made by Staff during the investigation.

[7] In summary, we find that between approximately November 2021 and January 2023, the Respondent solicited and received funds from clients outside the Dealer Member and engaged in undisclosed personal financial dealings with those clients, contrary to Mutual Fund Dealer Rules 2.1.1 and 2.1.4. We further find that

the Respondent failed to cooperate with Staff's investigation, contrary to Mutual Fund Dealer Rule 6.2.1.

## PROCEDURAL MATTERS

[8] At the outset of the hearing, the Panel considered whether it was appropriate to proceed in the absence of the Respondent pursuant to Mutual Fund Dealer Rule 7.3.4 and Rules of Procedure 7.3 and 8.4.

[9] The Panel was satisfied that the Respondent received adequate notice of the proceeding and had access to the hearing materials. The Pamiri Affidavit confirms that the Respondent had access to those materials at some point.

[10] In these circumstances, the Panel determined that it was appropriate to proceed in the Respondent's absence.

[11] Due to unforeseen circumstances, the third member of the Panel was unable to participate in the hearing. After consultation with CIRO Enforcement Staff, the Panel determined that it was appropriate to proceed as constituted.

## FACTS

### The Contraventions

[12] CIRO alleged that:

- a. between November 2021 and February 2023, the Respondent misappropriated or failed to account for monies obtained from clients, contrary to Mutual Fund Dealer Rules 2.1.1 and 2.1.4;
- b. between December 2021 and January 2023, the Respondent engaged in personal financial dealings with clients that gave rise to conflicts of interest which he failed to disclose or properly address, contrary to Mutual Fund Dealer Rule 2.1.4; and
- c. since September 2023, the Respondent failed to cooperate with Staff's investigation, contrary to Mutual Fund Dealer Rule 6.2.1.

### Staff's Submissions on Penalty

[13] Staff submitted that the financial penalty should reflect both the total amount of client funds obtained by the Respondent and the need for an additional component to achieve meaningful deterrence.

[14] Based on the banking records and affidavit evidence, Staff calculated that the Respondent obtained approximately \$217,950 from clients and submitted that this amount forms the basis for disgorgement.

[15] Staff further submitted that disgorgement is required to ensure that a respondent does not retain any financial benefit derived from misconduct and breach of the Rules.

[16] Consistent with the principle articulated in *Re Northern Securities Inc. et al*<sup>1</sup>, Staff sought a monetary penalty in addition to disgorgement to ensure that the sanction carries a meaningful deterrent effect, reflects the seriousness of the misconduct, and reinforces the need for general deterrence.

[17] Staff also sought a separate penalty in relation to the Respondent's failure to cooperate.

[18] Specifically, Staff proposed:

- disgorgement in the amount of \$217,950;
- a fine of \$217,950 in relation to the misconduct involving client funds; and
- a separate fine of \$50,000 for the failure to cooperate.

[19] Staff submitted that this structure reflects the distinct nature of each contravention and is consistent with prior decisions.

## BACKGROUND

[20] Between October 28, 2019 and February 7, 2023, the Respondent was registered as a dealing

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<sup>1</sup> *Re Northern Securities Inc., Victor Philip Alboini, Douglas Michael Chornoboy and Fredrick Earl Vance* 2012 IIROC 33

representative with PFSL. He had also been registered with the same Dealer Member during an earlier period from February to December 2014. Throughout his registration, the Respondent carried on business in the Edmonton, Alberta area.

[21] The Respondent's registration ended following his resignation on February 7, 2023.

[22] Shortly thereafter, PFSL became aware of concerns raised by a client (the **Initial Complainant**) regarding financial dealings with the Respondent. On February 28, 2023, the Initial Complainant advised that the Respondent had received funds from her following redemptions from her accounts.

[23] Of the \$142,750 transferred by the Initial Complainant to the Respondent, approximately \$117,254.46 originated from redemptions of the Initial Complainant's investment accounts held with the Dealer Member. Those redemptions were processed by the Respondent. In connection with those transactions, the Initial Complainant incurred fees totalling \$4,454.78.

[24] In addition to the redeemed funds, the Initial Complainant transferred other funds directly to the Respondent outside the Dealer Member.

[25] The Dealer Member reported the matter to CIRO on March 3, 2023 and conducted an internal review. That review uncovered additional clients who transferred funds directly to the Respondent outside the the Dealer Member's supervision. In the course of that review, the Respondent was interviewed and provided explanations regarding the source and purpose of the funds that are not consistent with the documentary record or the evidence obtained from clients.

[26] These inconsistencies are material and remain unexplained. In the absence of any credible supporting documentation, the Panel finds that the Respondent provided information to the Dealer Member that was inaccurate and misleading.

[27] CIRO subsequently initiated its own investigation which confirmed the Initial Complainant's complaint as well as additional clients who transferred funds directly to the Respondent outside the Dealer Member. These transfers were not processed through the Dealer Member and were not recorded in any client accounts maintained by the Dealer Member.

[28] The evidence establishes that the Respondent solicited funds from clients in connection with purported investment opportunities that were not offered or approved by the Dealer Member. There is no evidence that the funds were invested for legitimate purposes.

[29] On the contrary, the Respondent deposited funds received from clients, as described above, into his personal bank accounts, where they were mixed with his own expenditures, including everyday expenses, cash withdrawals, and transfers to other individuals.

[30] In at least one instance, the Respondent undertook to repay misappropriated funds in installments but defaulted after making only a single payment in the amount of \$1,000.00.

[31] There is no evidence that the Respondent disclosed these arrangements to the Dealer Member or sought approval to engage in such conduct. In at least one instance, the Dealer Member settled with and paid out \$123,750 as compensation to the Initial Complainant.

[32] Overall, CIRO obtained and reviewed evidence including text message communications, client interviews with individuals whose funds had been obtained by the Respondent, and banking records reflecting deposits into, and withdrawals from accounts controlled by him. While the banking evidence is not a complete tracing of funds, it is consistent with and corroborative of the clients' evidence.

[33] Taken together, the evidence obtained by CIRO supports the conclusion that the Respondent solicited and received client monies outside the Dealer Member, failed to disclose those arrangements, and used the funds for purposes unrelated to any legitimate investment activity.

[34] The Panel notes that no evidence was identified that would support a contrary conclusion.

#### **Failure to Cooperate**

[35] Staff made repeated attempts to obtain information from the Respondent beginning in early 2024.

[36] Staff first sought the Respondent's cooperation by way of a formal interview request dated February 7, 2024, sent by both regular and registered mail. Delivery records confirm that the Respondent received and signed for that correspondence on February 22, 2024. Despite receipt, the Respondent did not provide a timely response to the request, and this attitude appears to frame his response to CIRO at all times.

[37] Further follow-up efforts were required, including communication through counsel, before the Respondent agreed to attend an interview.

[38] The Respondent attended an interview on December 6, 2024. During that interview, he denied knowledge of how the funds came into his possession and did not provide a coherent explanation for the transactions reflected in the banking records.

[39] When confronted with evidence of deposits into his personal account, the Respondent suggested that the funds represented repayment of cash loans. Although the relevant materials had been provided to his counsel in advance of the interview, the Respondent appeared not to have reviewed them or to have taken steps to support his explanations with any documentation.

[40] The Respondent also denied preparing or recognizing documents provided to clients, despite their consistent format and use across multiple transactions.

[41] The Respondent suggested that the Initial Complainant's allegations were motivated by personal animus arising from what he characterized as unreciprocated romantic interest.

[42] The Panel does not accept these explanations. The documentary and banking evidence is consistent and reliable. The Respondent's position is unsupported and internally inconsistent.

[43] The Respondent undertook to provide additional documentation following the interview but failed to do so.

[44] As a result, Staff was required to rely on third-party records to reconstruct the flow of funds. The Respondent's lack of cooperation limited the scope of the investigation.

#### **CASE LAW**

[45] CIRO Enforcement Counsel referred the Panel to a number of authorities addressing the standard of proof, the seriousness of misappropriation and conflicts of interest, the obligation to cooperate, and sanction principles.

[46] These included:

- *Re Brauns* MFDA 201203
- *F.H. v. McDougall*, 2008 SCC 53
- *Re Breckenridge* MFDA 200718
- *Re Palumbo* MFDA 201916
- *Re Douglas* MFDA 201824
- *Re Yin 2022* MFDA 202180
- *Re Ladeiro 2025* CIRO 53
- *Re Saavedra*, 2024 CIRO 82
- *Pezim v. British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557
- *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, 2001 SCC 37
- *Re Tonnies* MFDA 200503
- *Fauth (Re)*, 2019 ABASC 90
- *Re Kowalsky* MFDA 202102

- *Re Douse* 2026 CIRO 03
- *Re Smith* 2025 CIRO 31
- *Re Rojas Diaz* 2021 ONSEC 24
- *Re Olanrewaju* MFDA 202115
- *Re Ayala* MFDA 2016104
- *Cartaway Resources Corp. (Re)*, [2004] 1 S.C.R. 672, 2004 SCC 26 Corp. 2004 SCC 26
- *Re Yung* MFDA 202148
- *Re Derksen* 2023 CIRO 45
- *Re Davies* MFDA 201968
- *Northern Securities Inc. et al (Re)*, 2014 ONSEC 27

[47] The Panel has drawn on these authorities for general guidance while ensuring that its conclusions remain grounded in the particular facts of this case.

## **ANALYSIS**

### **Misappropriation of Client Funds**

[48] The evidence establishes that the Respondent received funds directly from clients outside the Dealer Member.

[49] The banking and documentary evidence is consistent, contemporaneous, and uncontradicted.

[50] The Respondent's explanations are unsupported and gravely task credibility. In the absence of any plausible alternative explanation, the Panel concludes that the Respondent obtained and used client funds outside any legitimate investment activity.

[51] This conduct constitutes a serious breach of the standard of conduct required under Rule 2.1.1. It is most especially galling that the Respondent was aware of the clients' financial situation, and they could not afford the loss of the funds which he misappropriated.

[52] Applying the standard in *F.H. v. McDougall*<sup>2</sup>, we find that the evidence is clear, cogent, and convincing.

### **Undisclosed Personal Financial Dealings**

[53] The Respondent entered into financial arrangements with clients outside the Dealer Member which arrangements were not disclosed or approved.

[54] Such conduct gives rise to conflicts of interest that were not addressed in the best interests of clients.

[55] We find that the Respondent breached Rule 2.1.4(2).

### **Failure to Cooperate**

[56] The Respondent failed to respond to requests for information, delayed his participation, and failed to fulfill undertakings and this conduct impeded the investigation.

[57] The obligation to cooperate is fundamental to the regulatory framework.

[58] We find that the Respondent breached Rule 6.2.1.

### **Conclusion on Liability**

[59] CIRO Staff established all the allegations.

## **SANCTIONS ANALYSIS**

### **Purpose of Sanctions**

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<sup>2</sup> *F.H. v. McDougall*, 2008 SCC 53

[60] The role of this Panel at the sanction stage is not to revisit the misconduct, but to determine what regulatory response is required in light of the findings made. The focus is prospective. The Panel must decide what measures are necessary to protect investors, uphold the integrity of the regulatory framework, and maintain confidence in the conduct of Approved Persons.

[61] Sanctions in regulatory proceedings are protective and preventative. As affirmed in *Pezim v. British Columbia*<sup>3</sup> (*Superintendent of Brokers*) and *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*<sup>4</sup>, their purpose is to protect investors and maintain confidence in the capital markets.

[62] This exercise is necessarily contextual. Sanctions must respond to the specific conduct established on the record and the risks that flow from it, rather than being imposed by formula or abstraction.

### **Deterrence**

[63] Deterrence is an essential component of that analysis.

[64] From the perspective of specific deterrence, the Panel must consider whether the Respondent's conduct demonstrates a risk of repetition. In this case, the Respondent engaged in a pattern of conduct involving the receipt of client funds outside the Dealer Member, failed to disclose those dealings, and did not comply with his obligations during the investigation. These are not isolated lapses. They reflect a sustained departure from the standards expected of an Approved Person. The sanctions must therefore ensure that the Respondent is not in a position to engage in similar conduct in the future.

[65] General deterrence operates more broadly as the Panel must consider the message conveyed to other Approved Persons. Conduct of this nature — particularly where it involves the movement of client funds outside the Dealer Member's supervision and a failure to cooperate with the regulator — undermines the safeguards that the regulatory system depends upon. Sanctions must be sufficient to signal that such conduct will attract serious consequences.

[66] At the same time, deterrence must be grounded in proportionality. Sanctions that fall below what industry participants would reasonably expect risk diminishing their preventative effect. Conversely, sanctions that exceed what is warranted on the facts may weaken confidence in the fairness and consistency of the disciplinary process.

[67] We sought to strike an appropriate balance.

### **Proportionality and the CISO Sanction Guidelines**

[68] The CISO Sanction Guidelines direct panels to consider the nature and seriousness of the misconduct, the extent of any client harm, the benefit obtained by a respondent, a respondent's level of cooperation, and the need for both specific and general deterrence.

[69] Here, the misconduct involves three interrelated forms of non-compliance: the receipt of client funds outside the Dealer Member, undisclosed conflicts arising from personal financial dealings, and a failure to cooperate with the investigation. Each misconduct engages core regulatory concerns. Taken together, they demonstrate a conscious breakdown in adherence to the obligations that govern the relationship between Approved Persons, their clients, and the Dealer Member.

[70] The evidence also establishes that the Respondent obtained a financial benefit and did not provide a satisfactory accounting for those funds. At best, we perceived his approach to the CISO investigation to be nonchalant and unserious. In addition, the Respondent's failure to fulfill undertakings during the investigation limited Staff's ability to fully assess the scope of the conduct. These considerations weigh in favour of a sanction that is both protective and deterrent.

### **Application of Sanction Principles**

[71] We have considered the CISO Sanction Guidelines and the authorities cited and consistent with the

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<sup>3</sup> *Pezim v. British Columbia (Superintendent of Brokers)*, 1994 CanLII 103 (SCC)

<sup>4</sup> *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, 2001 SCC 37

structured approach reflected in *Re Smith*<sup>5</sup> and *Re Douse*<sup>6</sup>, we weigh the aggravating and mitigating factors.

[72] Here, the aggravating factors include:

- multiple clients were affected;
- significant sums were obtained from clients, some of whom could not afford them;
- the Respondent’s misconduct occurred over an extended period;
- the Respondent failed to repay the funds; and
- the Respondent deliberately failed to cooperate with CIRO’s investigation.

[73] Mitigating factors are limited to the absence of prior discipline. Following the statement by the Ontario Securities Commission in *Re Mutual Fund Dealers Assn. and Omar Enrique Rojas Diaz*<sup>7</sup>, we did not consider the compensation paid by the Dealer Member to the Initial Complainant as a mitigating factor.

[74] Having considered the applicable principles, the evidentiary record, and the guidance provided by the CIRO Sanction Guidelines, the Panel is satisfied that the sanctions imposed in this case are appropriate and proportionate to the misconduct established.

#### **ORDER**

[75] The Panel therefore orders that the Respondent:

- is permanently prohibited from conducting securities-related business with any CIRO Dealer Member;
- shall pay disgorgement in the amount of \$217,950;
- shall pay a fine of \$217,950 for misappropriation of client funds and personal financial dealings with clients; and
- shall pay a fine of \$50,000 for failing to cooperate with CIRO’s investigation.
- shall pay costs in the amount of \$32,167.25.

**DATED** at Calgary this 7<sup>th</sup> day of April 2026.

“Omolara Oladipo” \_\_\_\_\_

Omolara Oladipo, Chair

“Richard Sydenham” \_\_\_\_\_

Richard Sydenham, Industry Representative

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<sup>5</sup> *Re Smith* 2025 CIRO 31

<sup>6</sup> *Re Douse* 2026 CIRO 03

<sup>7</sup> *Re MFDA (Rojas Diaz) 2021 ONSEC 24*