Re Cole

In the matter of:

The Mutual Fund Dealer Rules

and

Christina (Lorna) Cole

2026 CIRO 21

Canadian Investment Regulatory Organization
Hearing Panel (Pacific District)

Heard: June 24, 2026, by electronic hearing in Vancouver, British Columbia
Decision and Reasons: July 15, 2026

Hearing Panel:
Linda J. Murray (Chair), William Wright, and Jared Webb

Appearances:
Sam Wu, Senior Enforcement Counsel
Christina (Lorna) Cole, present

Reasons for Decision

INTRODUCTION

[1] On May 14, 2026, the Canadian Investment Regulatory Organization (**CIRO**) issued a Notice of Hearing to commence a disciplinary proceeding pursuant to Mutual Fund Dealer Rules 7.3 and 7.4 against Christina (Lorna) Cole (the **Respondent**).

[2] On May 29, 2026, the staff of CIRO (**Staff**) and the Respondent entered into an Agreed Statement of Facts (**ASF**). Staff and the Respondent jointly requested that the Hearing Panel determine the appropriate penalties, based upon the ASF.

[3] The Respondent admitted that between October 2023 and December 2023, she misappropriated or failed to account for monies that she obtained from investment or bank accounts of clients, contrary to Mutual Fund Dealer Rule 2.1.1.

[4] The issue for this Hearing Panel to determine was the appropriate penalties to be imposed upon the Respondent on the basis of the agreed facts in the ASF.

BACKGROUND

[5] The relevant facts are set out in Part IV, paragraphs 9 to 31 of the ASF, which is attached as Schedule A to these Reasons for Decision.

AGREED FACTS

[6] Between November 19, 2020, and January 9, 2024, the Respondent was registered as a dealing representative in British Columbia with BMO Investments Inc. (the **Dealer Member**), a Dealer Member of CIRO. The Respondent was also employed by a bank affiliated with the Dealer Member (the **Bank**) and conducted business at a branch in Squamish, British Columbia (the **Branch**).

[7] On January 9, 2024, the Dealer Member terminated the Respondent's employment, in part, for the

conduct that is the subject of this proceeding. The Respondent is not currently registered in the securities industry in any capacity.

AS Bank Account used to Misappropriate Client Funds

[8] On October 19, 2023, a client of the Bank, AS, moved overseas and asked the Bank to close her accounts. The Respondent was assigned to close AS's accounts. However, the Respondent left open one of AS's accounts (the **AS Bank Account**).

[9] On or around October 24, 2023, the Respondent, without AS's knowledge or authorization:

a) prepared a form to issue the Respondent a replacement debit card associated with the AS Bank Account (the **Replacement Debit Card**);

b) signed AS's signature on the form; and

c) submitted the form to the Bank for processing.

Client WA

[10] WA, a client of the Dealer Member, died on October 10, 2023. On October 23, 2023, the Respondent was notified by Bank staff that:

a) WA had died;

b) the Respondent had an appointment booked with DM (WA's daughter and executor of WA's estate) at the Branch; and

c) DM wished to "start the estate process".

[11] Prior to the meeting with DM, the Respondent without DM's knowledge or authorization:

a) on or about October 24, 2023,

i. processed a redemption of a guaranteed investment certificate (**GIC**) investment in WA's account at the Bank totaling $24,258.84 (**WA's Redemption Proceeds**) ;and

ii. directed WA's Redemption Proceeds to a suspense account used by the Branch and the Bank (the **Suspense Accoun**t); and

b) on or about October 26, 2023,

i. transferred $23,801.78[1] from the Suspense Account to a cash general ledger account used by the Bank (the **Cash General Ledger Account**), and then transferred the monies to the AS Bank Account;

ii. purchased a bank draft payable to the Respondent in the amount of $25,791.83 (which included the $23,801.78 that the Respondent transferred from the Suspense Account) from the AS Bank Account; and

iii. deposited the $25,791.83 bank draft into the Respondent's own personal credit union account, and spent approximately $3,000 of the monies on the Respondent's personal expenses and debts.

[12] On or about October 27, 2023, the Respondent met with DM at the Branch. DM instructed the Respondent to redeem investments in WA's accounts at the Dealer Member and pay out the redemption proceeds to WA's estate.

[13] At the time of DM's meeting with the Respondent, DM was unaware that:

a) WA had held a GIC investment in WA's account at the Bank, which the Respondent did not disclose to DM; and

[1] A $457.06 penalty was charged by the Bank for the early redemption of the GIC investment, and deducted from WA's Redemption Proceeds.

b) the Respondent had processed the transactions in WA's account described above.

Client LB and RB

[14] On July 1, 2023, LB, who held a Tax-Free Savings Account (**TSFA**) at the Dealer Member, died. LB's spouse, RB, was the successor holder of LB's TFSA.

[15] On or about November 27, 2023, the Respondent met with RB at the Branch. RB instructed the Respondent to redeem all investments in the TFSA and transfer the redemption proceeds to RB's account at the Bank.

[16] On the day that the Respondent met with RB, the Respondent processed the redemption of all investments in the TFSA and directed the proceeds, totaling $94,471.91 (**TFSA Redemption Proceeds**) to the Suspense Account.

[17] On or about December 4, 2023, without RB's knowledge or authorization, the Respondent:

a) transferred $1,000 (the source of which was the TFSA Redemption Proceeds) from the Suspense Account to the Cash General Ledger Account, and then transferred the monies to the AS Bank Account; and

b) withdrew the $1,000 in cash from the AS Bank Account using the Replacement Debit Card.

Discovery of Respondent's Misconduct

[18] On or about November 24, 2023, the Bank discovered that the Respondent had purchased a bank draft from the AS Bank Account and deposited it into her own personal account at the Bank.[2]

[19] An investigation on behalf of the Dealer Member was conducted regarding the Respondent's conduct. It was discovered that the Respondent engaged in the misconduct described above.

[20] On December 14, 2023, the Dealer Member suspended the Respondent, in part, for the misconduct described above.

[21] The Respondent failed to repay or account for the monies that she misappropriated.

[22] In March 2024, the Bank and Dealer Member paid compensation for the losses sustained as a result of the Respondent's misconduct by crediting:

a) RB's account at the Bank with $1,014.38 (including interest); and

b) WA's account at the Bank with $24,727.40 (including interest).

[23] On or around October 8, 2024, the Bank recovered $23,000 from the Respondent's personal credit union account.

[24] The Respondent retained a benefit of $1,807.78 from her misconduct.

[25] The Respondent has not previously been the subject of CIRO or MFDA disciplinary proceedings.

Misconduct Admitted

[26] The Respondent admitted that by engaging in the conduct described above between October 2023 and December 2023, the Respondent misappropriated or failed to account for monies that the Respondent obtained from investment or bank accounts of clients, contrary to Mutual Fund Dealer Rule 2.1.1.

Additional Facts

[27] Staff and the Respondent agreed that if the Hearing Panel wished to receive additional facts: (a) those facts could be provided with the consent of the parties if the facts are agreed upon; or (b) if the parties did not agree on the additional facts, the parties would be given a reasonable opportunity to lead evidence and be cross-examined regarding those additional facts.

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[2] The parties subsequently clarified that the bank draft referenced in para 23 of the Agreed Statement of Facts is different from the bank draft referenced in para 16(b)(iii) of the Agreed Statement of Facts.

RESPONDENT'S ADDITIONAL EVIDENCE AND SUBMISSIONS

[28] The Hearing Panel received the following additional information from the parties, by consent, at the hearing:

a) Certificate of Title for a Red Deer condominium in the name of the Respondent's father; and

b) the Respondent's Scotiabank bank account statements from October 2025 to February 2026; Scotiabank investment account statement from October to December 2025; and CRA Notices of Assessment for taxation years 2023, 2024 and 2025.

[29] Prior to the hearing, the Respondent provided a written statement in which she advised:

a) She works 40 hours per week. Her husband is out of work and is struggling to find work due to personal challenges, and they are barely able to get by on the Respondent's income alone.

b) She understands the severity of her actions and the harm caused to the clients, the Bank, and the industry as a whole. She said:

> I want desperately to do the right thing and make amends. [...] I deeply regret my actions, I will carry that guilt and shame for the rest of my life, I struggle with depression and suicidal thoughts, with that said, I want nothing more than anything to make amends. I am on the verge of being homeless. Please allow me to make amends without becoming homeless.

c) She was "scared, stupid, and despite [desperate]. I can not and do not excuse my actions."

d) She provided details about some personal life challenges.

[30] At the hearing, the Respondent provided additional sworn evidence regarding her personal financial circumstances and her inability to pay financial penalties. The Respondent was cross-examined by Enforcement Counsel and answered questions from the Hearing Panel. The Respondent provided the following information in addition to her written submissions referenced above:

a) She is sorry, wants to do what is right, and to make amends. She deeply regrets her actions and will carry the guilt and shame for the rest of her life.

b) She owns nothing. She works at a job for a bit more than minimum wage. Her husband struggles to find work due to personal challenges.

c) The condominium in which she lives in Red Deer belongs to her father.

d) Although her father helped her out from time to time in the past that is no longer an option. He bought the condominium in Red Deer for retirement income but when things fell apart for her he allowed her to live there and she pays rent.

e) She is in the process of a Consumer Proposal to deal with her debts.

f) Regarding the $23,000 payment to the Dealer Member from her personal credit union account at Vancity, the Respondent advised that when she was advised of the situation by Vancity, her lawyer recommended that she agree to make the payment to the Dealer Member from her Vancity account.

g) She understands the severity of her actions and the harm caused to the clients, the Bank and the industry as a whole. She wants to do the right thing and make amends.

h) She is not sure how she would pay back the funds and penalties as she is unable to borrow that kind of money given her financial situation.

[31] The Hearing Panel requested additional information regarding the Respondent's financial situation. No other documents or information were provided by the Respondent regarding the exact nature of her indebtedness, assets, or her Consumer Proposal.

ENFORCEMENT STAFF SUBMISSIONS

Role of the Hearing Panel

[32] Enforcement Counsel submitted that the role of this Hearing Panel is to determine the appropriate penalties based upon the facts set out in the ASF, subject to the exception noted regarding any additional facts. Enforcement Counsel referred the Hearing Panel to the comments of the Ontario Securities Commission (**OSC**) in *Re Vickers*[3]:

> ...when parties to a disciplinary proceeding have entered into an agreed statement of facts, those are the only facts regarding the alleged improper conduct of the respondent that the panel is allowed to consider. This is entirely appropriate as respondents must know the case they have to meet. Hearing panels, including the Panel, are bound by and limited to the facts set out in agreed statements of facts which are intended to substantially simplify proceedings by obviating the need for additional evidence.

Respondent Duties and Misconduct

[33] The Respondent admitted to misappropriating or failing to account for monies totaling $24,801.78 which she obtained from the accounts of clients, contrary to Mutual Fund Dealer Rule 2.1.1. The Respondent admitted to signing AS's signature on the form to obtain the Replacement Debit Card. The Respondent used funds misappropriated from the clients to pay the Respondent's personal expenses and retained $1,801.78 of client funds.

[34] Enforcement Counsel pointed out in her submissions that the standard of conduct in Mutual Fund Dealer Rule 2.1.1 requires that Members and Approved Persons:

a) deal fairly, honestly and in good faith with clients;

b) observe high standards of ethics and conduct in the transaction of business; and

c) not engage in any business conduct or practice which is unbecoming or detrimental to the public interest.

[35] Enforcement Counsel noted that misappropriation is egregious misconduct that involves a serious breach of trust which harms clients, the public, and the integrity of the securities industry. Such conduct is grossly contrary to the standards of ethical and professional practice required by Rule 2.1.1. Misappropriation has been found by hearing panels to constitute a violation of Rule 2.1.1. Enforcement Counsel referred to the following cases:

a) *Re Douse*[4]
b) *Re Armitstead*[5]
c) *Re Naek*[6]
d) *Re Ristovski*[7]

[36] Enforcement Counsel submitted that the Respondent's conduct in misappropriating client funds was a fundamental breach of Rule 2.1.1 and of conduct expected of a registrant, and was egregious.

Potential Sanctions

[37] Enforcement Counsel reviewed the potential sanctions which the Hearing Panel could impose upon the Respondent pursuant to Mutual Fund Dealer Rule 7.4.1.1(a)-(g).

[38] Enforcement Counsel submitted that the following sanctions would be appropriate in this case:

a) the Respondent be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any CIRO Dealer Member, pursuant to Mutual Fund Dealer Rule 7.4.1.1(f);

b) the Respondent disgorge $1,801.78, being the amount the Respondent retained from her

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[3] *Re Vickers*, 2015 LNONOSC 202, at para 58
[4] *Re Douse* 2026 LNCIRO 3, at para 73
[5] *Re Armitstead* 2024 CIRO 60, at para 18
[6] *Re Naek* 2025 CIRO 60, at para 30
[7] *Re Ristovski* 2024 CIRO 15, at para 28

misconduct, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

c) the Respondent pay a fine of $50,000.00, pursuant to Mutual Fund Dealer Rule 7.4.1.1(c), and

d) the Respondent pay costs of $7,500.00, pursuant to Mutual Fund Dealer Rule 7.4.2.

[39] In her submissions, Enforcement Counsel noted the following factors regarding appropriate sanctions.

a) Deterrence and protection. The primary goal of securities regulation is protection of the public interest, the capital markets, and the integrity of the regulatory process by deterring harmful conduct. In order to achieve this goal, sanctions must be significant enough to prevent and discourage future misconduct by the respondent (specific deterrence) and others who may engage in similar conduct (general deterrence).

b) Degree of sanctions. In order to achieve deterrence, sanctions must impose a burden on those who contravene regulatory requirements. A sanction that is too low would not achieve deterrence and would erode public confidence in the disciplinary process.

[40] Enforcement Counsel noted that panels consider a number of factors when determining whether proposed sanctions are appropriate, including the CIRO Sanction Guidelines.

[41] Enforcement Counsel submitted that the Hearing Panel should place emphasis upon the following factors in this case:

a) Nature of the misconduct. The Respondent's conduct was egregious and contravened the basic standards required of Approved Persons in the securities industry.

b) Harm to the client. Misappropriation strikes at the heart of the advisor-client relationship, and harms the client and the Dealer Member. The Respondent's misappropriation resulted in losses to multiple clients. The clients were ultimately compensated in full by the Dealer Member and the Bank, which is not a mitigating factor for the Respondent.

c) Harm to the capital markets. Misappropriation undermines the reputation and integrity of the securities industry. The proposed sanctions will promote confidence in the capital markets.

d) Benefit received by the Respondent. The Respondent used funds misappropriated from multiple clients to pay her personal expenses. The Respondent retained $1,801.78 of client monies. The Respondent benefited financially from her misconduct.

e) Recognition of seriousness of misconduct. The Respondent acknowledged that her conduct was a serious contravention. The Respondent entered into an ASF admitting her misconduct which avoided the time and expense of a fully contested hearing.

f) Extent of the misconduct. The misconduct involved a pattern of intentional and egregious misconduct involving three clients, including accounts of deceased clients. The Respondent used one client account (AS's) and improperly obtained the Replacement Debit Card by signing AS's signature in order to misappropriate other client monies.

g) Specific deterrence. The Respondent's misconduct was so serious that it is necessary to remove her permanently from the securities markets to protect the markets in the future. A significant fine is also required to reflect the seriousness of her misconduct.

h) General deterrence. The well-established goal of general deterrence is to protect investors. Sanctions imposed should be sufficient to promote public confidence in the regulatory system and ensure that misconduct is not repeated by others in the industry. The proposed sanctions will serve as a general deterrent as they will send a clear message that this type of misconduct is serious and will not be tolerated.

i) Disgorgement. The Respondent retained a benefit of $1,801.78 misappropriated from client funds. The purpose of disgorgement is to deprive the wrongdoer of gains obtained from misconduct and remove the incentive to engage in similar misconduct, and to deter others from similar misconduct in the future. Disgorgement is required in this case. In other cases, hearing panels have calculated the amount of the fine by doubling the amount misappropriated.

j) Additional financial penalty. A financial penalty in addition to disgorgement is required to ensure general deterrence. As noted by the OSC in *Re Northern Securities Inc.*[8]:

> 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.

In *Re Mutual Fund Dealers Assn.*[9], the OSC found that the MFDA panel erred in failing to impose a financial penalty in addition to the other sanctions. The OSC imposed an additional financial penalty.

k) Payment of costs. Mutual Fund Dealer Rule 7.4.2 allows the Hearing Panel to require that the Respondent pay costs of the proceeding and investigation. Although costs do not serve as sanctions, they serve as a way to recover some of the costs incurred to enforce regulatory requirements. An award of costs also holds the Respondent accountable for a portion of the costs incurred by CIRO as a result of her misconduct.

Enforcement Staff provided a Bill of Costs totaling $30,931.55 regarding the investigation ($23,923.25) and prosecution ($7,008.30) of this matter.

Enforcement Counsel submitted that a cost award of $7,500.00, which is a discounted amount from the actual costs in this case, was reasonable and appropriate based on previous cases.

[42] Enforcement Counsel referred to a number of cases regarding the factors noted in her submissions:

a) *Re Olanrewaju*[10]
b) *Re Dew*[11]
c) *Re Ristovski*[12]
d) *Re Mutual Fund Dealers Assn.*[13]
e) *Pezim v. British Columbia*[14]
f) *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario*[15]
g) *Re Cartaway Resources Corp.*[16]
h) *Re Fauth*[17]
i) *Re Tonnies*[18]

[43] Enforcement Counsel submitted that the *Re Olanrewaju*, *Re Dew*, and Re *Ristovski* cases were similar to the present situation for the purposes of determining appropriate sanctions.

Ability to Pay

[44] With respect to the Respondent's submissions regarding her potential inability to pay any financial penalties that may be assessed, Enforcement Counsel made the following submissions:

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[8] *Re Northern Securities Inc.,* 2014 LNONOSC 581, at para 215
[9] *Re Mutual Fund Dealers Assn.* 2021 ONSEC 24
[10] *Re Olanrewaju* MFDA File 202115
[11] *Re Dew* MFDA File 201737
[12] *Re Ristovski, supra, note 7*
[13] *Re Mutual Fund Dealers Assn*., supra, note 9
[14] *Pezim v. British Columbia* 1994 2 S.C.R. 557
[15] *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission* 2001 2 S.C.R. 132
[16] *Re Cartaway Resources Corp*. 2004 SCC 26
[17] *Re Fauth* 2019 LNABASC 90
[18] *Re Tonnies* 2005 LNCMFDA 7

a) Although there is empathy for the Respondent, the CIRO Sanction Guidelines and case law are clear regarding the weight to be given to the inability to pay when assessing sanctions.

b) Even in cases where respondents established an inability to pay, hearing panels recognized that the egregious nature of misconduct, including misappropriation, and the need for effective general deterrence outweighs the respondent's inability to pay as a significant factor in determining appropriate sanctions.

c) A respondent's inability to pay is not a predominant or determining factor and has less significance when determining a penalty in cases where the respondent engages in egregious misconduct that harms clients.

d) In this case, the Respondent's alleged inability to pay should be given little or no weight, given the factors noted above.

e) Enforcement Counsel referred the Panel to the following cases regarding inability to pay:

   i. *Re Mutual Fund Dealers Assn.*[19]
   ii. *Re Fauth*[20]
   iii. *Re Douse*[21]

HEARING PANEL ANALYSIS AND ASSESSMENT

Relevant Regulatory Rules

[45] CIRO By-Law No. 1 (section 14.6) and Mutual Fund Dealer Rule 1A: These Rules confirm that the Respondent remains subject to CIRO's jurisdiction, and confirm the Hearing Panel's jurisdiction to hear this matter.

[46] Mutual Fund Dealer Rule 2.1.1 (Standard of Conduct): This Rule is summarized in Enforcement Counsel's submissions above.

[47] Mutual Fund Dealer Rule 7.4.1.1: This Rule sets out the Hearing Panel's authority regarding potential sanctions and is summarized in Enforcement Counsel's submissions above.

[48] Mutual Fund Dealer Rule 7.4.2: This Rule sets out the Hearing Panel's authority to award costs and is summarized in Enforcement Counsel's submissions above.

Role of the Hearing Panel

[49] As noted by Enforcement Counsel in her submissions, the role of this Hearing Panel is to determine the appropriate sanctions to be imposed given the facts in the ASF subject to the exception noted regarding additional facts.

Respondent's Misconduct

[50] The Respondent admitted, and the Hearing Panel finds, that the Respondent's conduct as set out in the ASF breached Mutual Fund Dealer Rule 2.1.1 and amounts to serious misconduct.

[51] The Hearing Panel agrees with Enforcement Counsel's submissions that the Respondent's conduct was egregious and contravened the most fundamental standards required of a securities industry registrant.

[52] The Respondent was required to deal fairly, honestly and in good faith with clients, while observing the highest ethical standards, and refraining from conduct that would be detrimental to the public interest. The Respondent failed to meet those requirements in her dealings with the accounts of AS, WA, and LB/RB, and in her dealings with the Dealer Member and the Bank relating to those client accounts.

[53] The Respondent, for her own personal benefit, developed a complex system designed to misappropriate funds from WA and LB/RB, using the account and Replacement Debit Card (which she obtained by signing AS's signature on the form without AS's knowledge or consent) of AS, and the Bank and Branch Suspense Account

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[19] *Re Mutual Fund Dealers Assn, supra, note 9*
[20] *Re Fauth*, supra, note 17
[21] *Re Douse, supra, note 4*

and Cash General Ledger Account. Two of the clients were estates and one client was out of the country.

CIRO Guidelines and Other Factors

[54] The CIRO Sanction Guidelines provide guidance in assessing potential sanctions:

a) CIRO's mandate as a national self-regulatory organization with a mandate to strengthen market integrity and public confidence, and to maintain efficient and competitive capital markets.

b) The purpose of the Sanction Guidelines is to assist CIRO staff and respondents in negotiating settlements, and hearing panels in determining whether to accept settlement agreements which include appropriate sanctions.

c) Although the Sanction Guidelines are not mandatory, they provide a summary of principles and key factors (which are not exhaustive), including mitigating and aggravating factors, which panels may take into account when exercising discretion consistently and fairly.

d) In general, sanctions are preventive in nature and should:

i. protect the public, strengthen market integrity, and improve business standards;

ii. be an effective general and specific deterrent;

iii. be proportionate given the seriousness of the conduct and impact upon the Respondent;

iv. reflect industry expectations; and

v. be similar to other cases with similar facts and circumstances.

[55] In addition to the submissions of Enforcement Counsel regarding the factors for consideration in the CIRO Sanction Guidelines, the Hearing Panel notes the following:

a) Extent of the misconduct. The misconduct was not an isolated incident but involved a pattern of intentional and egregious misconduct involving three clients, including accounts of deceased clients. The Respondent used one client account (AS's) and improperly obtained the Replacement Debit Card by signing AS's signature in order to misappropriate other client monies. The Respondent's actions were deceptive and designed to obscure her misconduct and/or prevent detection of her misconduct. The Respondent involved both the Dealer Member and the Bank in her misconduct, putting both at risk in addition to the clients. This is an aggravating factor and speaks to the egregious nature of the Respondent's misconduct.

b) Past experience. The Respondent was registered since November 2020 and at the time of the misconduct had been registered for about three years. The Respondent had sufficient experience to appreciate that her conduct was inappropriate and a serious violation of her regulatory responsibilities. This is an aggravating factor.

c) Harm to clients and others. The Respondent's misappropriation resulted in losses to multiple clients totaling $24,801.78. The Respondent directed LB's TFSA proceeds totaling $94,471.91 to the Bank's Suspense Account. She then transferred $1,000 of those funds to the Cash General Ledger Account, and then into AS's account, which she withdrew with the Replacement Debit Card. Had the Dealer Member and/or Bank not initiated an investigation and discovered the Respondent's misconduct, the balance of LB's TFSA ($93,471.91) was at risk of being misappropriated by the Respondent. This is an aggravating factor.

The Dealer Member's compensation to the clients is not a mitigating factor.

The Dealer Member was able to recover $23,000 from the Respondent's personal credit union account to offset funds repaid to clients from whom the Respondent misappropriated funds. However, the payment was not initiated by the Respondent on a voluntary basis, rather she acquiesced to transfer the funds to the Dealer Member from her Vancity account after being advised of the request by Vancity, and upon the recommendation of her lawyer.

d) <u>Benefit received by the Respondent</u>. The Respondent used funds misappropriated from multiple clients to pay her personal expenses totaling $3,000. The Respondent also retained $1,801.78 of client monies. The Respondent benefited financially from her misconduct, which is an aggravating factor.

e) <u>Recognition of seriousness of misconduct</u>. The Respondent acknowledged that her conduct was a serious contravention. The Respondent entered into an ASF which saved administrative hearing time. This is a mitigating factor.

f) <u>Internal disciplinary measures</u>. The Respondent was suspended (in part) by the Dealer Member on December 14, 2023 and then terminated (in part) by the Dealer Member on January 9, 2024, following an investigation into the Respondent's misconduct. The Respondent did not come forward and admit her misconduct to the Dealer Member and the Bank. Rather, the Respondent's misconduct was uncovered by the Dealer Member as a result of an internal investigation. The internal discipline is not mitigating for the Respondent in this instance.

g) <u>Mitigating steps by the Respondent</u>. In her submission and testimony, the Respondent said that she wants to make amends for her misconduct. However, the Respondent has taken no voluntary steps to make amends for her misappropriation. In particular:

   i. She did not voluntarily disclose her misconduct to the Dealer Member or the Bank. Her misconduct only came to light as a result of an investigation initiated by the Dealer Member and Bank.

   ii. She did not voluntarily repay any of the client funds she misappropriated. She only acquiesced to the return of $23,000 to the Dealer Member (who compensated the clients) after the Dealer Member contacted Vancity, and after her lawyer recommended she agree to the return of the funds.

   iii. Despite the passage of more than two years since her misconduct, she has not repaid the $1,801.78 of client funds that she misappropriated.

   iv. Based upon a review of the Respondent's Notices of Assessment issued after the period of her misconduct, it appears that she was entitled to refunds for the taxation years 2023, 2024, and 2025 totaling $12,681.53.

h) <u>Prior disciplinary history</u>. The Respondent has no prior disciplinary history. This is a mitigating factor.

i) <u>Disgorgement</u>. The Respondent retained a benefit of $1,801.78 misappropriated from client funds. The Hearing Panel agrees with the submissions of Enforcement Counsel that disgorgement is required in this case to ensure adequate specific and general deterrence.

j) <u>Additional financial penalty</u>. The Hearing Panel agrees with the submissions of Enforcement Counsel and panels in other cases that a financial penalty in addition to disgorgement is required to ensure general deterrence. In other cases, hearing panels have calculated the amount of the fine by doubling the amount misappropriated.

   The Hearing Panel notes that the amount actually misappropriated by the Respondent would include the additional $93,471.91 from LB's TFSA. Although the Respondent did not withdraw those funds (due only to the timely intervention of the Dealer Member), she nonetheless diverted those funds from LB's account into the Suspense Account without the client's knowledge or authorization. Accordingly, the potential total misappropriation was arguably $118,273.69 ($93,471.91 plus $24,801.78).

   However, given the Respondent's potential inability to pay, submissions by Enforcement Counsel and the Respondent, and other cases, the Hearing Panel finds that a $50,000 fine is within an appropriate range albeit at the bottom end of the range.

k) <u>Payment of costs</u>. Enforcement Counsel's proposed cost amount of $7,500 is reasonable in the circumstances and is in line with other similar cases.

l) <u>Specific deterrence</u>. The Respondent expressed remorse for her conduct and advised that she will carry the guilt and shame of her actions for the rest of her life. The Hearing Panel concluded that despite the Respondent's statement of remorse and wish to make amends, the Respondent's misconduct was so egregious that it is necessary to remove her permanently from the securities markets to protect the markets in the future. A significant fine, in addition to disgorgement, is also required to reflect the seriousness of her misconduct. The Hearing Panel concluded that the sanctions proposed by Enforcement Counsel meet the criteria for effective specific deterrence.

m) <u>General deterrence</u>. The well-established goal of general deterrence is to protect investors and the capital markets. Sanctions imposed should be sufficient to promote public confidence in the self-regulatory system and ensure that misconduct is not repeated by others in the industry. As noted in the cases cited by Enforcement Counsel, a penalty which is too low does not ensure adequate general deterrence.

The Hearing Panel concluded that the sanctions proposed by Enforcement Counsel were in line with the cases cited (*Re Olanrewaju*, *Re Dew*, and *Re Ristovski*) and will serve as a general deterrent as they will send a clear message that this type of misconduct is serious and will not be tolerated.

The proposed sanctions will further CIRO's mandate to enhance investor protection and strengthen public confidence in the securities markets by ensuring high standards of conduct from market participants.

Inability to Pay

[56] With respect to the Respondent's submissions regarding her potential inability to pay any financial penalties that may be assessed, the Hearing Panel concluded as follows:

a) The Hearing Panel notes the submissions by the Respondent regarding her challenging personal and financial situation. However, as noted by Enforcement Counsel, the CIRO Sanction Guidelines and case law are clear regarding the weight to be given to the inability to pay when assessing sanctions.

b) The CIRO Sanction Guidelines provide that the burden is on the Respondent to raise the issue, and to provide evidence of financial hardship and inability to pay.

c) The Respondent provided copies of bank and investment statements for her Scotiabank accounts for a very limited period in 2025/2026 and only up to February 2026. It was apparent from her testimony that the Respondent had other bank accounts at other institutions, but no documents were provided for those accounts. The Respondent provided no specific details regarding her debts or her Consumer Proposal. The Respondent did not provide details regarding the disposition of the taxation refunds totaling more than $12,000 she apparently received during the two-year period after her misappropriation of client funds and which presumably could have been used to repay the $1,801.78 of client funds she misappropriated.

d) As noted by Enforcement Counsel in her submissions, even in cases where respondents established an inability to pay, hearing panels recognized that the egregious nature of misconduct, including misappropriation, and the need for effective general deterrence outweighs the respondent's inability to pay as a significant factor in determining appropriate sanctions.

e) Given the Respondent's egregious misconduct which caused harm to clients, and the lack of information provided by the Respondent to meet her burden of showing an inability to pay, the Hearing Panel concluded that her inability to pay was not a predominant or determining factor. The Hearing Panel gave the Respondent's claim of inability to pay little weight when determining the penalties to be assessed in this case.

HEARING PANEL CONCLUSION

[57] Taking into account the ASF, submissions by Enforcement Counsel and the Respondent, additional evidence provided by the parties, the Hearing Panel orders the following sanctions as appropriate in this case:

a) the Respondent be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any CIRO Dealer Member, pursuant to Mutual Fund Dealer Rule 7.4.1.1(f);

b) the Respondent disgorge $1,801.78, being the amount the Respondent retained from her misconduct, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b)

c) the Respondent pay a fine of $50,000.00, pursuant to Mutual Fund Dealer Rule 7.4.1.1(c), and

d) the Respondent pay costs of $7,500.00, pursuant to Mutual Fund Dealer Rule 7.4.2.

DATED at Vancouver, British Columbia, on July 15, 2026.

"Linda J. Murray"

Linda J. Murray, Chair

"William Wright"

William Wright

"Jared Webb"

Jared Webb

CIRO · OCRI
Canadian Investment Regulatory Organization
Organisme canadien de réglementation des investissements

IN THE MATTER OF

THE MUTUAL FUND DEALER RULES

AND

CHRISTINA (LORNA) COLE

AGREED STATEMENT OF FACTS

I. INTRODUCTION

1. By Notice of Hearing dated May 14, 2026, the Canadian Investment Regulatory Organization ("CIRO") commenced a disciplinary proceeding against Christina (Lorna) Cole (the "Respondent") pursuant to Mutual Fund Dealer Rules 7.3 and 7.4.

2. The Statement of Allegations attached to the Notice of Hearing set out the following allegations:

> **Contravention**: Between October 2023 and December 2023, the Respondent misappropriated or failed to account for monies that the Respondent obtained from investment or bank accounts of clients, contrary to Mutual Fund Dealer Rule 2.1.1.

II. IN PUBLIC / IN CAMERA

3. The Respondent and Staff of CIRO ("Staff") agree that this matter should be heard in public pursuant to Rule 1.8 of the Mutual Fund Dealer Rules of Procedure.

III. ADMISSIONS AND ISSUES TO BE DETERMINED

4. The Respondent has reviewed this Agreed Statement of Facts and admits the facts set out in Part IV herein. The Respondent admits that the facts in Part IV constitute misconduct for which the Respondent may be penalized on the exercise of the discretion of a hearing panel of the Pacific District Committee (the "Hearing Panel") of CIRO pursuant to Mutual Fund Dealer Rule 7.4.1.

5. Staff and the Respondent jointly request that the Hearing Panel determine, on the basis of this Agreed Statement of Facts, the appropriate penalty to impose on the Respondent.

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6. Staff and the Respondent agree that submissions made in this proceeding will be based only on the agreed facts in Part IV, and no other information, facts or documents, subject to the content of this paragraph and paragraph 7 below.

7. In the event that the Hearing Panel advises one or both of Staff and the Respondent of any additional facts that it considers necessary in order to determine the issues before it, Staff and the Respondent agree that such additional facts may be provided to the Hearing Panel, either: (a) with the consent of both Staff and the Respondent if the additional facts are agreed upon; (b) if the Respondent is not present at the hearing, Staff may disclose additional relevant facts, at the request of the Hearing Panel; or (c) if the parties are both present at the hearing and are not in agreement about the additional facts requested by the Hearing Panel, the parties will be given a reasonable opportunity to lead evidence concerning the additional facts. In circumstances where a party leads evidence concerning additional facts requested by the Hearing Panel, the opposing party may cross-examine any witness tendered to lead such evidence and shall be given a reasonable opportunity to lead responding evidence if they wish to do so.

8. Nothing in this Part IV is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against the Respondent.

IV. AGREED FACTS

Registration History

9. Between November 19, 2020 and January 9, 2024, the Respondent was registered as a dealing representative in British Columbia with BMO Investments Inc. (the "Dealer Member"), a Dealer Member of CIRO.

10. On January 9, 2024, the Dealer Member terminated the Respondent, in part, for the conduct that is the subject of this proceeding. The Respondent is not currently registered in the securities industry in any capacity.

11. At the material time, the Respondent was also employed with a bank affiliated with the Dealer Member (the "Bank") and conducted business at a branch of the Dealer Member in the Squamish, British Columbia area (the "Branch").

Respondent Misappropriated or Failed to Account for Client Monies

Bank Account Respondent Used to Misappropriate Client Monies

12. On October 19, 2023, AS, a client of the Bank who had moved overseas, asked the Bank to close her bank accounts. The Respondent, who was assigned to close AS's bank accounts, closed accounts belonging to AS, but left one account open (the "AS Bank Account").

13. On or around October 24, 2023, the Respondent, without AS's knowledge or authorization: (i) prepared a form to issue the Respondent a replacement debit card that was associated with the AS Bank Account (the "Replacement Debit Card"), (ii) signed AS's signature on the form, and (iii) submitted the form to the Bank for processing.

Client WA

14. WA was a client of the Dealer Member. On October 10, 2023, WA died.

15. On October 23, 2023, the Respondent was notified by Bank staff that:

(a) client WA had died;

(b) the Respondent had an appointment booked with DM (client WA's daughter and executor of client WA's estate) at the Branch; and

(c) DM wished to "start the estate process".

16. Without DM's knowledge or authorization, and prior to meeting with DM, the Respondent:

(a) on or about October 24, 2023,

i. processed a redemption of a guaranteed investment certificate ("GIC") investment in WA's account at the Bank, totaling $24,258.84 ("WA's Redemption Proceeds"); and

ii. directed WA's Redemption Proceeds to a suspense account used by the Branch and the Bank (the "Suspense Account"); and

(b) on or about October 26, 2023,

i. transferred $23,801.78[1] from the Suspense Account to a cash general ledger account used by the Bank (the "Cash General Ledger Account"), and then transferred the monies to the AS Bank Account;

ii. purchased a bank draft payable to herself in the amount of $25,791.83 (which included the $23,801.78 that the Respondent transferred from the Suspense Account) from the AS Bank Account; and

iii. deposited the $25,791.83 bank draft into the Respondent's own personal credit union account, and spent approximately $3,000 of the monies on the Respondent's personal expenses and debts.

17. On or about October 27, 2023, the Respondent met with DM at the Branch. DM instructed the Respondent to redeem investments in WA's accounts at the Dealer Member and pay out the redemption proceeds to WA's estate.

18. At the time, DM was unaware that: (i) WA had held a GIC investment in WA's account at the Bank, which the Respondent did not disclose to DM; and (ii) the Respondent had processed the transactions in WA's account described above.

Client LB and RB

19. On July 1, 2023, LB, who held a Tax-Free Savings Account at the Dealer Member (the "TFSA"), died. LB's spouse, RB, was the successor holder of LB's TFSA.

20. On or about November 27, 2023, the Respondent met with RB at the Branch. RB instructed the Respondent to redeem all investments in the TFSA and transfer the redemption proceeds to RB's account at the Bank.

21. On the same day, the Respondent processed the redemption of all investments in the TFSA, and directed the proceeds from the redemption, totaling $94,471.91 ("TFSA Redemption Proceeds"), to the Suspense Account.

22. On or about December 4, 2023, without RB's knowledge or authorization, the Respondent:

[1] A $457.06 penalty was charged by the Bank for early redemption of the GIC investment, and deducted from WA's Redemption Proceeds.

(a) transferred $1,000 (the source of which was the TFSA Redemption Proceeds) from the Suspense Account to the Cash General Ledger Account, and then transferred the monies to the AS Bank Account; and

(b) withdrew the $1,000 in cash from the AS Bank Account using the Replacement Debit Card described above at paragraph 13.

Discovery of Respondent's Misconduct

23. On or about November 24, 2023, the Bank discovered that the Respondent had purchased a bank draft from the AS Bank Account and deposited it into her own personal account at the Bank.

24. An investigation into the Respondent's conduct was conducted on behalf of the Dealer Member, where it was discovered that the Respondent engaged in the conduct described above.

25. On December 14, 2023, the Dealer Member suspended the Respondent for, in part, the conduct described above.

26. The Respondent failed to repay or account for the monies that she misappropriated as described above.

27. In March 2024, the Bank and Dealer Member paid compensation for the losses that were sustained resulting from the Respondent's misconduct described above by crediting:

(a) RB's account at the Bank with $1,014.38 (included interest); and

(b) WA's account at the Bank with $24,727.40 (included interest).

28. On or around October 8, 2024, the Bank recovered $23,000 from the Respondent's personal credit union account.

29. The Respondent thus retained a $1,801.78 benefit from her misconduct.

Additional Factors

30. The Respondent has not previously been the subject of CIRO or MFDA disciplinary proceedings.

Misconduct Admitted

31. By engaging in the conduct described above, the Respondent admits that between October 2023 and December 2023, the Respondent misappropriated or failed to account for monies that the Respondent obtained from investment or bank accounts of clients, contrary to Mutual Fund Dealer Rule 2.1.1.

Execution of Agreed Statement of Facts

32. This Agreed Statement of Facts may be signed in one or more counterparts which together shall constitute a binding agreement.

33. A facsimile copy of any signature shall be effective as an original signature.

DATED this 29th day of May, 2026.

"Christina (Lorna) Cole"
Christina (Lorna) Cole

"Sam Wu"
Staff of the Canadian Investment Regulatory Organization
Sam Wu, Senior Enforcement Counsel