Re Liu

IN THE MATTER OF:

The Investment Dealer and Partially Consolidated Rules

And

Yi Cun (Harry) Liu

2026 CIRO 32

Canadian Investment Regulatory Organization
Hearing Panel (Pacific District)

Heard: August 4, 2026 by videoconference
Decision and Reasons: October 26, 2026

Hearing Panel:
Joseph A. Bernardo (Chair), Bruce Maranda and David Duquette

Appearances:
Lerina Koornhof, Enforcement Counsel

DECISION AND REASONS

Overview

1. On February 23, 2026, the Canadian Investment Regulatory Organization (**CIRO**) issued a Notice of Hearing setting April 27, 2026 as the date for the initial appearance in the matter of Yi Cun Liu, also known as Harry Liu (the **Respondent**).

2. The purpose of the appearance was to set a date for the hearing of allegations that the Respondent had contravened the Investment Dealer and Partially Consolidated Rules (**Rules**). The facts of the alleged misconduct were particularized in a Statement of Allegations accompanying the Notice of Hearing that asserted the Respondent:

   a) between January 2021 and July 2024, had engaged in conduct or practice unbecoming or detrimental to the public interest contrary to Rule 1400;

   b) in July 2023, had engaged in personal financial dealings with a client by borrowing approximately $110,640 without the knowledge or consent of his Dealer Member firm contrary to Rule 3115(1); and

   c) commencing in May 2025, had failed to cooperate with a CIRO investigation contrary to Rule 8104(3).

3. The Respondent failed to attend the April 27, 2026 initial appearance.

4. At the appearance, Enforcement Counsel, representing CIRO's enforcement staff (**Enforcement Staff**), tendered an affidavit that established the Respondent had been personally served with both the Notice of Hearing and the Statement of Allegations. Counsel further advised that during the investigation the Respondent had failed to respond to Enforcement Staff's attempts to communicate with him and following his receipt of the Notice of Hearing, had failed to file a response with CIRO. Accordingly, Enforcement Counsel asked the Hearing Panel to set a hearing date in the Respondent's absence.

5. The Panel granted the application and ordered that a hearing on the merits take place on August 4, 2026. Enforcement Staff was directed to notify the Respondent of the date and time and to provide him with disclosure of its case against him.

6. The Respondent failed to attend the August 4, 2026 hearing.

7. At the hearing, Enforcement Counsel tendered further affidavit evidence and requested that the hearing proceed in the Respondent's absence. The Panel granted the application, received Enforcement Staff's submissions on liability, and ruled the Respondent had contravened the Rules as alleged. After receiving Enforcement Staff's submissions on sanctions, the Panel reserved its decision.

8. These are the reasons for the Panel's finding of liability and the sanctions we deem appropriate in this case.

Hearing in a respondent's absence

9. Rules 8415(4) and 8423(12) confer discretion on hearing panels to make findings of fact and determine sanctions in the absence of a respondent, and to do so without the necessity of receiving and weighing evidence.

10. Rule 8415(4) provides that:

> If a respondent who has been served with a notice of hearing does not serve and file a response in accordance with subsection 8415(1), the hearing panel may proceed with the hearing of the matter on its merits on the date of the initial appearance set out in the notice of hearing, without further notice to and in the absence of the respondent, and the hearing panel may accept as proven the facts and contraventions alleged in the statement of allegations and may impose sanctions and costs pursuant to section 8209 or 8210, as applicable.

11. Rule 8423(12) similarly provides that:

> If a respondent who has been served with a notice of hearing does not attend the hearing on the merits, the hearing panel:
>
> (i) may proceed with the hearing in the respondent's absence and may accept as proven the facts and contraventions alleged in the notice of hearing and statement of allegations, and
> (ii) if it finds that the respondent committed the alleged contraventions, may hear submissions on sanctions from Enforcement Staff immediately, without a further hearing on sanctions and costs, and may impose sanctions and costs pursuant to sections 8209 or 8210, as it considers appropriate.

12. The testing of evidence is normally understood as fundamental to procedural fairness. But that understanding assumes respondents will use their opportunity to be heard. The public interest requires the timely resolution of outstanding misconduct allegations. When a respondent's conduct discloses a clear intention to waive their opportunity to be heard, it is reasonable for a hearing panel to accept the allegations against them at their face value.

13. Natural justice places certain conditions on a hearing panel's discretion to make determinations in a respondent's absence:

    a) The panel must be satisfied the respondent has notice of:

        i) the allegations made against them; and

        ii) the potential adverse consequences of failing to engage in the disciplinary process.

    b) The panel must be satisfied the facts alleged by Enforcement Staff *prima facie* establish, on a balance of probabilities, the legal elements of the alleged misconduct.[1]

[1] *Re Armstrong* 2015 IIROC 34 at para. 5.

c) Only violations of which the respondent was notified prior to the hearing may be deemed as proven.

14. As a matter of practice, Enforcement Staff typically forgoes relying entirely on the deeming provisions of Rules 8415(4) and 8423(12). When a respondent fails to participate in the hearing process, Enforcement Staff usually elects to supplement its case by tendering evidence.

15. A hearing panel must assess this evidence in the usual fashion for relevance, credibility, reliability, and probative value. Sometimes, the evidence may establish the misconduct was more egregious in its particulars than originally described in the notice materials. If so, procedural fairness will require that any sanctions ordered be no more severe than what would be proportionate for the misconduct as alleged in the first instance.

Evidence

16. The affidavit tendered at the initial appearance was dated March 17, 2026 and sworn by a process server (**Service Affidavit**).

17. At the August 4, 2026 hearing, Enforcement Counsel tendered into the record:

a) an affidavit sworn by the Senior Investigator at CIRO who investigated the Respondent (**Investigator**) dated July 7, 2026 (**Investigator Affidavit**);

b) two affidavits sworn by a Litigation Assistant employed by CIRO dated July 29, 2026 and August 4, 2026, respectively;

c) an affidavit sworn by a process server dated July 29, 2026; and

d) a Bill of Costs recording that, as at July 31, 2026, the investigation and prosecution of the Respondent had incurred at least $96,354.59 in Enforcement Staff time and disbursements.

18. On their face, each of these affidavits appear to have been sworn in proper form. Nothing in their contents or in the record raises any question about the accuracy or reliability of the matters attested within them.

Notice

19. Rule 8406(4) specifies the means by which a person must be notified of a hearing. Personal service is one of them. The Service Affidavit establishes the Rule was satisfied when, on March 13, 2026, a process server attended a residence in Richmond, British Columbia where, after confirming the Respondent's identity, he personally served him with the Notice of Hearing and Statement of Allegations.

20. The Rules did not oblige Enforcement Staff to make any further efforts to notify the Respondent. After he failed to attend the initial appearance, Enforcement Staff, at the Panel's direction, nonetheless endeavoured to afford the Respondent every opportunity to participate in the hearing process.

21. The Respondent's consistent pattern of avoidance confirms he had no intention of doing so:

a) The Investigator Affidavit, which will be discussed in further detail below, discloses among other things a series of fruitless attempts by Enforcement Staff to communicate with the Respondent during the course of the investigation.

b) The July 29, 2026 affidavit sworn by the Litigation Assistant establishes that:

i) On April 28, 2026, CIRO's Hearings Coordinator sent an email to the Respondent at his last known email address containing a link to a confirmation memorandum that disclosed his disciplinary hearing would take place by videoconference on August 4, 2026 at 10 a.m. The Respondent was also invited to access the online hearing record to help prepare for the hearing. No response was received.

ii) On June 26, 2026, the Litigation Assistant sent an email to the Respondent at his last known email address containing a link to the confirmation memorandum. The email

included other links that gave the Respondent access to the online hearing record. No response was received.

iii) That day, the Litigation Assistant also caused the same information to be sent by registered mail to the Respondent at his last known address. The correspondence was eventually returned, as it had remained unclaimed at the relevant local post office following an unsuccessful initial delivery attempt.

iv) On June 26, 2026, an Enforcement Staff paralegal emailed the Respondent at his last known email address to provide him with a secure link to the disclosure of Enforcement Staff's case. Approximately two hours after the email was sent, the link was used by an internet protocol address unaffiliated with CIRO. The only persons with access to the link were the Respondent and seven Enforcement Staff members, who, under CIRO's information management procedures are not permitted to use disclosure links provided to respondents.

v) On June 30, 2026, the Hearings Coordinator emailed the Respondent at his last known email address to advise him that through CIRO's Hearings Assistance Program he could be connected to a volunteer lawyer who would be able to provide him with procedural guidance should the Respondent choose to represent himself at the hearing. No response was received.

vi) On July 29, 2026, the Litigation Assistant emailed the Respondent at his last known email address to send him another secure link to the Investigator Affidavit. No response was received.

c) The process server who swore the July 29, 2026 affidavit attests he was unable to serve the Respondent with copies of the confirmation memorandum and the Hearings Coordinator's April 28, 2026 email because he could not ascertain the Respondent's location despite asking the Respondent's father to provide it on three separate occasions.

d) Access to the secure disclosure link emailed on June 26, 2026 to the Respondent's last known email address was restricted to him and a handful of Enforcement Staff, who were foreclosed from using it by CIRO's operating procedures. It is therefore reasonable to infer it was the Respondent who opened the link a couple hours after it had been sent. It follows the Respondent, in all probability, also received the other Enforcement Staff emails sent to him as referenced above. That he did not respond to any of them is consistent with his refusal to communicate with Enforcement Staff during the investigation, file a response to Notice of Hearing, and attend the initial appearance.

22. The Respondent was personally handed the Notice of Hearing and Statement of Allegations.

a) The Notice of Hearing disclosed:

i) that CIRO disciplinary proceedings had been initiated against the Respondent;

ii) the date and time of the initial appearance;

iii) the range of potential sanctions the Respondent faced, should the Panel find he had contravened the Rules as alleged in the Statement of Allegations;

iv) that within thirty days of his receipt of the Notice of Hearing, the Respondent was required to serve CIRO with a response; and

v) that if the Respondent failed to serve a response or attend the hearing, the Panel could, without further notice, and in his absence, accept the allegations against him as proven and impose sanctions and costs on him.

b) The Statement of Allegations disclosed the particulars of the case Enforcement Staff intended to make against him.

23. The Respondent was aware of the serious allegations against him and the significant jeopardy he faced if he failed to answer them. Through ample notice, well beyond that contemplated by the Rules, Enforcement Staff repeatedly invited him to make use of his opportunity to be heard. The Respondent chose not to do so.

Facts

24. The Statement of Allegations and Investigator Affidavit establish the following facts.

Background

25. Beginning on December 7, 2018, the Respondent became a registered representative employed by PI Financial Corp., now called Ventum Financial Corp. (**PI**), in British Columbia, Alberta and Ontario. On June 14, 2019, he also became registered in Manitoba, Quebec and Nova Scotia.

26. In October 2017, an individual became a PI client (**Client**).

27. The Client's first language was Cantonese and his ability to communicate in English was limited. In late 2019, the Respondent, who could speak Cantonese, became the Client's primary contact at PI regarding his investment accounts (**PI Accounts**). This gave the Respondent access to copies of the Client's driver's licence and passport.

28. In January 2020, the Client travelled to China for a six-week vacation. The Client was friendly enough with the Respondent that he asked the Respondent to collect and forward his mail, entrusting him with a key to his residence for that purpose. Due to COVID-19 pandemic travel restrictions, the Client was unable to return to Canada until June 2022.

29. The Client did not have online access to the PI Accounts and received account statements only by mail. While he was out of the country, these were not included in the mail forwarded to him by the Respondent. During this time, the Client relied on the Respondent to keep him informed via WeChat about the status of his accounts.

Impersonation, misappropriation of Client funds, mortgage fraud and credit card fraud

30. On January 25, 2021, the Respondent, without the Client's consent or knowledge, opened a chequing account at The Bank of Nova Scotia (**Scotiabank**) in the Client's name (**Scotiabank Account**). To open the account, the Respondent used an email address and telephone number that did not belong to the Client.

31. On February 5, 2021, the Respondent, without the Client's consent or knowledge, entered an electronic funds transfer request into the Client's file at PI. The forged document, which falsely purported to have been signed by the Client, authorized transfers to be made on an ongoing basis from the PI Accounts to the Scotiabank Account.

32. From February 2021 to July 2022, the Respondent made 17 transfers that cycled money back and forth between the PI Accounts and the Scotiabank Account. The Client did not authorize any of these transfers. Relying on the forged electronic funds transfer authorization, the Respondent transferred a total of $132,719.39 out of the PI Accounts. These withdrawals were offset by $80,024 in transfers from the Scotiabank Account back into the PI Accounts. The result was a net misappropriation of $52,695.38 of the Client's funds.

33. On March 18, 2022, the Respondent, without the Client's consent or knowledge, used copies of his driver's licence and passport to apply to a mortgage investment corporation (**Lender**) for a mortgage against the Client's residence. The forged application was approved and documents granting a mortgage in the amount of $268,400 were signed remotely (**Mortgage**).

34. On April 1, 2022, $249,179.62 in net Mortgage proceeds were deposited to the Scotiabank Account. The Respondent then used this money for personal expenses and to make monthly payments on the Mortgage.

35. In September 2023, the Respondent, without the Client's consent or knowledge, forged the Client's identity to obtain a line of credit and credit card in his name from Scotiabank (**Scotiabank Credit**). The Respondent used the Scotiabank Credit to borrow money that he spent for his personal benefit.

Personal financial dealings with Client

36. Between December 2022 and August 2023, the Client, through a series of bank transfers, loaned 594,000 Chinese Yuan (**CNY**) to the Respondent (**Loan**).

37. PI was not aware of the Loan and did not approve it.

38. On July 31, 2023, the Respondent executed a promissory note acknowledging he owed the Client 600,000 CNY (**Promissory Note**). On that date, this amount was equivalent to approximately $110,640. The Respondent has not repaid the Loan.

Misrepresentation

39. In January 2024, the Respondent sent the Client a screenshot via WeChat that purported to show his holdings in the PI Accounts had a value of approximately $200,000.

40. This was untrue. By July 31, 2022, some 17 months before he sent the fake screenshot, the Respondent's thefts had effectively cleaned out the PI Accounts such that their total asset value had been reduced to $43.31.

Discovery of misconduct and admissions

41. Payments on the Mortgage were automatically withdrawn from the Scotiabank Account every month. By late 2023, the Scotiabank Account was often overdrawn and the Mortgage often in arrears. The last Mortgage payment was made in December 2023.

42. At some point in January 2024, the Client learned of the existence of the Mortgage when the Lender notified him it was in default.

43. On January 15, 2024, the Client telephoned the Respondent to confront him about the Mortgage. The conversation was recorded and subsequently transcribed into English from the original Cantonese. The transcript of the call discloses:

    a) The Client and Respondent interacted with the familiarity of two men who were friends.

    b) The Client pointed out that the borrower's telephone number recorded in the Mortgage documents belonged to the Respondent and accused him of obtaining the Mortgage through false pretences.

    c) The Respondent:

        i) admitted he had used the Client's identity to obtain the Mortgage;

        ii) promised the Client would not be liable for the money owed under the Mortgage;

        iii) proposed to make the scheduled payments on the Mortgage until it was discharged; and

        iv) urged the Client to refrain from reporting the matter to the police.

44. The Respondent did not resume making Mortgage payments. As at February 6, 2024, the outstanding amount of principal and interest owed on the Mortgage was $277,069.35.

45. In April 2024, the Lender commenced foreclosure proceedings against the Client's home.

46. Sometime in June 2024, the Client reported the mortgage fraud to the Richmond, British Columbia detachment of the Royal Canadian Mounted Police.

47. On June 6, 2024:

    a) The Client spoke by telephone with another investment advisor at PI with a view to withdrawing some funds from the PI Accounts. He learned that instead of holding about $200,000 in assets,

the PI Accounts had been effectively drained by transfers to the Scotiabank Account. The Client told the investment adviser that he did not understand this, as he had never had an account with Scotiabank.

b) PI commenced an investigation. In a preliminary telephone conversation with supervisory personnel the Respondent falsely claimed the Scotiabank Account belonged to the Client. He admitted the statement of PI Account assets he sent to the Client in January 2024 had been false but claimed he had done it to assist the Client with a mortgage application.

c) PI immediately suspended the Respondent pending further internal investigation.

48. On June 11, 2024, PI interviewed the Client who, among other things, confirmed that:

a) Due to his difficulties with the English language, he had relied on the Respondent for information about his accounts.

b) He had asked the other investment adviser to facilitate a cash withdrawal because the Respondent had kept delaying his requests to do so.

c) The Client did not need a mortgage, contrary to what the Respondent had claimed.

d) The Client had never opened an account with Scotiabank and had not signed the electronic fund transfer request.

e) The Respondent had borrowed money from the Client.

49. On June 28, 2024, the Client learned about the Scotiabank Credit when Scotiabank commenced a civil claim against him to recover $10,295 that was owed and outstanding.

50. On July 5, 2024, PI terminated the Respondent for cause after he failed to respond to numerous requests for an interview.

51. On November 28, 2024, the Respondent executed a promissory note acknowledging he owed the Client $268,400, namely, the amount he had obtained under the Mortgage by impersonating the Client (**Second Promissory Note**). Under the Second Promissory Note, the Respondent agreed to pay the Client by or before January 3, 2025. He did not do so.

52. On March 5, 2025, the Respondent swore an affidavit in connection with the foreclosure proceedings. In the affidavit, he admitted he had obtained the mortgage by using copies of the Client's driver's licence and passport to impersonate him without his consent or knowledge.

Investigation

53. On September 4, 2024, the Investigator sent a letter by registered mail to the Respondent at his last known address notifying him that CIRO had commenced a disciplinary investigation with respect to an allegation that, among other things, he had misappropriated the Client's funds. The letter was returned to CIRO's offices.

54. Subsequently, Enforcement Staff made numerous attempts to engage the Respondent:

a) On October 4, 2024, the Investigator sent an email to the Respondent at his last known email address attaching the same letter previously sent by registered mail and asking him to confirm receipt. The Respondent failed to respond.

b) On February 4, 2025, the Investigator emailed the Respondent requesting that he contact him no later than February 14, 2025 to schedule an interview concerning allegations against him. The Respondent failed to respond.

c) On March 14, 2025, a process server attempted to personally serve the Respondent with an interview request letter at his last known residential address, but was told by two individuals at that address that the Respondent was unknown to them.

d) The Investigator obtained a different potential address for the Respondent. On March 20, 2025, a process server personally served the Respondent at that address with a letter requesting that he

respond by April 4, 2025 to schedule an interview on April 15, 16 or 17, 2025. The Respondent failed to respond.

e) On April 14, 2025, a process server personally served the Respondent with a letter advising him that, further to Rule 8103, he was being compelled to attend an interview by videoconference scheduled for May 1, 2025, at 9:00 a.m. Pacific time. The Respondent failed to attend the interview.

f) On July 30, 2025, a letter from Enforcement Counsel was delivered to the Respondent by confirmed registered mail. The letter advised that Enforcement Staff intended to commence a disciplinary hearing against him and he should respond in writing by no later than August 15, 2025 if he wished to provide Enforcement Staff with relevant information before a notice of hearing was issued. The Respondent did not respond.

Liability

55. Rule 1400 sets out the standards of conduct that regulated persons are obligated to observe.

56. The cardinal obligation is stated in section 1402(1):

> A Regulated Person:
>
> (i) in the transaction of business must observe high standards of ethics and conduct and must act openly and fairly and in accordance with just and equitable principles of trade, and
>
> (ii) must not engage in any business conduct that is unbecoming or detrimental to the public interest.

57. Rule 3115 provides that except in highly limited circumstances an "employee or Approved Person of a Dealer Member must not, directly or indirectly, engage in any personal financial dealings with clients." Among other things, Registered Representatives are prohibited from borrowing money from their retail clients without the prior knowledge and consent of their employing Dealer Member.

58. Rule 8104 states that a regulated person "who receives a request made under section 8103 must comply with the request within the time specified in it" and, more generally, is obligated to "cooperate with Enforcement Staff who are conducting an investigation".

59. The evidence in this case is uncontested and overwhelming. The facts speak for themselves. The Panel finds the Respondent:

a) Between January 2021 and July 2024, engaged in conduct detrimental to the public interest by impersonating the Client to:

i) steal $52,695.38 of the Client's money through unauthorized transfers from the PI Accounts to the Scotiabank Account;

ii) obtain the Mortgage and defraud the Lender of at least $268,400; and

iii) deprive Scotiabank of at least $10,295 through credit card fraud;

as well as by lying to the Client and PI to cover up the true status of the PI Accounts, all contrary to Rule 1400.

b) By July 31, 2023, had borrowed approximately $110,640 from the Client without PI's knowledge or consent, contrary to Rule 3115.

c) By no later than May 2025, had failed to cooperate with the investigation into his misconduct, contrary to Rule 8104(3).

Sanctions

Relevant principles

60. The core objective of securities regulation is to protect the investing public and, in so doing, foster public confidence in the securities industry and capital markets. The purpose of sanctions in the

securities regulatory context is not to punish or otherwise condemn registrants for their past misconduct. It is to prevent future harm. The imposition of penalties should always be prospective and preventative in orientation.[2]

61. Preventing future harm is not by itself sufficient to ensure the validity of a sanctions order. Sanctions must be founded on reasons that follow "an internally coherent and rational chain of analysis" that establishes the sanctions as rationally connected and proportional to the misconduct.[3]

62. Advancing the protective purpose of sanctions requires a hearing panel to account for general deterrence in a balanced way:

> A penalty that is meant to deter generally is a penalty that is designed to keep an occurrence from happening; it discourages similar wrongdoing in others. In a word, a general deterrent is preventative. It is therefore reasonable to consider general deterrence as a factor, albeit not the only one, in imposing a sanction... The respective importance of general deterrence as a factor will vary according to the breach... and the circumstances of the person charged [.][4]

63. The importance that should be given to general deterrence in any given case will, therefore, necessarily depend on the character and consequences of the misconduct at issue.[5]

64. On February 1, 2024, CIRO published Sanction Guidelines to assist hearing panels in their sanctions deliberations. These summarize the principles and factors that past panels have identified as most relevant in the determination of sanctions.

65. The Guidelines are not prescriptive. Rather, they offer a general analytical framework for achieving rational enforcement outcomes, that is, sanctions that strike a proper balance between effective deterrence and fairness. A sanctions order should be sufficient to deter both the respondent and other registrants from engaging in similar future misconduct, and at the same time should be proportionate to the objective gravity of the misconduct.

Analysis

66. The Guidelines identify a number of sanctioning principles. The ones germane to this case are:

a) A respondent should not benefit financially from their misconduct.

b) A sanctions order should reflect the gravity of a respondent's misconduct as a whole.

67. The Guidelines also identify a range of specific circumstances hearing panels are advised to consider as aggravating or mitigating when deliberating on sanctions.

68. An admission of wrongdoing is to be regarded as a mitigating factor. The Respondent's admission in his March 5, 2025 affidavit that he obtained the Mortgage by impersonating the Client was obviously helpful to the Client, who filed the affidavit with the Supreme Court of British Columbia as part of his defence in the foreclosure proceedings.

69. However, as a mitigating factor the admission is far outweighed by the aggravating factors present in this case. The Respondent:

a) breached the Client's trust by exploiting their friendship and the Client's limited English language skills;

b) over an extended time period, engaged in a pattern of misconduct that was both intentional and wide ranging;

c) committed the misconduct through a large number of deliberately dishonest actions;

d) attempted to conceal his misconduct by lying to both the Client and PI; and

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[2] *Pezim v. British Columbia (Superintendent of Brokers),* [1994] 2 S.C.R. 557 at paras. 59, 68.
[3] *Canada (Minister of Citizenship and Immigration) v. Vavilov*, 2019 SCC 65 at paras. 14, 85.
[4] *Cartaway Resources Corp. (Re),* [2004] 1 S.C.R. 672 at para. 61.
[5] *Cartaway, supra,* at para. 64.

e) obtained major financial benefits from his misconduct that imposed corresponding financial harm on multiple persons.

70. The distinguishing characteristic of the Respondent's misconduct is the sheer breadth and duration of his deliberate dishonesty.

71. When the COVID-19 pandemic prevented the Client from returning to Canada, the Respondent concocted an elaborate scheme to steal money from the PI Accounts by uttering forged documents to impersonate the Client and open the Scotiabank Account. For a period of 18 months, from February 2021 to July 2022, the Respondent repeatedly pretended to be the Client to effect a series of thefts that transferred a total of $52,695.38 from the PI Accounts to the Scotiabank Account.

72. The Respondent was able to perpetrate his scheme by exploiting the Client's vulnerabilities and his trust. The Respondent did not include PI Account statements in the mail forwarded to the Client while he was out of the country. Given his limited English language abilities, the Client most likely would have had difficulty understanding them in any case. As his June 11, 2024 interview with PI makes clear, after returning to Canada, the Client continued to rely on the Respondent to keep him informed about his accounts. As a result, the Respondent was able to keep the Client in the dark about the scheme for two years after his return.

73. The series of bank transfers from the Client to the Respondent that comprised the Loan began in December 2022, but would be documented by the Promissory Note only some seven months later in July 2023. This discloses the Client's high level of trust in the Respondent, which, unfortunately, was entirely misplaced. Unbeknownst to the Client, by December 2022, the Respondent had already cleaned out the PI Accounts.

74. This was not the end of the Respondent's betrayal of trust or his dishonesty:

a) The last bank transfer in connection with the Loan was made in August 2023. In September 2023, presumably to keep up his cash flow, the Respondent promptly proceeded to again impersonate the Client, this time to obtain the Scotiabank Credit.

b) The evidence does not disclose the date in January 2024 on which the Respondent sent the Client the text that misrepresented the PI Account holdings. By this time, the Mortgage was either in default or on the verge of it, which is to say the Client's inevitable discovery of its existence could be expected to shake his confidence in the Respondent. The Panel infers the Respondent's purpose in sending the text was to allay the Client's doubts and steer him away from making inquiries of PI that would reveal the Respondent's thefts from the PI Accounts.

c) The Client eventually learned of the Mortgage's existence and, on January 15, 2024, telephoned the Respondent to confront him about it. To prevent the Client from reporting the fraud to the police, the Respondent made empty promises about paying off the Mortgage.

d) When PI supervisory personnel on June 6, 2024 asked the Respondent about the Scotiabank Account, he lied that it belonged to the Client. When confronted about sending the Client the fake screenshot, the Respondent fabricated the excuse that he had done it to help the Client with a mortgage application.

e) Under the Second Promissory Note, the Respondent committed to pay $268,400 to the Client within the roughly one-month period between November 28, 2024 and January 3, 2025. Given the surrounding circumstances, a promise to pay such a large amount in such a short period can only be construed as a ruse designed to placate the Client.

75. The Respondent's misconduct imposed economic deprivation on not just the Client, but also the Lender and Scotiabank:

a) The Respondent stole $52,695.38 from the Client by making unauthorized transfers from the PI Accounts.

b) Client was not aware of this theft when he advanced funds to the Respondent under the Loan. It is unreasonable to believe he would have done so had he known the true state of affairs. The $110,640 advanced to the Respondent under the Loan was fraudulently obtained.

c) Through impersonation and forgery, the Respondent fraudulently caused the Lender to advance him $268,400 under the Mortgage.

d) Likewise, the Respondent, through impersonation and forgery, fraudulently caused Scotiabank to advance him $10,295 under the Scotiabank Credit.

76. These losses total $442,030.38. Nothing in the evidence indicates the Respondent has returned, or genuinely intends to return, any part of his ill-gotten gains to any of the victims.

77. The Respondent's misconduct and its harms go beyond these financial losses.

78. Transparency is fundamental to the effective supervision of the securities industry and protection of the investing public. Failing to cooperate with a CIRO investigation, therefore, always constitutes serious misconduct because it prevents Enforcement Staff from determining the full circumstances and extent of a respondent's misconduct.

79. By completely refusing to make himself available to answer Enforcement Staff's inquiries, the Respondent blocked CIRO from learning what he did with the money he fraudulently obtained, and whether he had engaged in other misconduct while employed as a Registered Representative.

Decision

80. Under Rule 8210, a hearing panel may, among other things, order a person who has been found to have contravened the Rules to:

a) be suspended or prohibited from approval by CIRO or employment by a regulated person in any capacity for any period of time, up to and including a permanent prohibition;

b) disgorge any amount obtained directly or indirectly as a result of a contravention;

c) pay a fine not exceeding the greater of:

i) $5,000,000 for each contravention; and

ii) an amount equal to three times the profit made directly or indirectly as a result of the contravention.

81. Under Rule 8214, after a disciplinary hearing a person subject to a sanctions order may be further ordered by the hearing panel to pay the costs incurred by CIRO in connection with the investigation and hearing.

82. On behalf of Enforcement Staff, Enforcement Counsel submitted the appropriate outcome in this case would be orders requiring the Respondent to:

a) be permanently barred from approval or employment in any capacity in the securities industry;

b) disgorge his ill-gotten gains of $442,030;

c) pay a fine of at least $200,000; and

d) pay costs per the Bill of Costs tendered by Enforcement Staff.

83. Enforcement Counsel supported Enforcement Staff's submissions on sanctions by citing a number of relatively recent precedents that involved significant misappropriation. In these cases, orders for disgorgement were accompanied by fines ranging between $200,000 and $500,000, with deliberately fraudulent misconduct falling at the higher end of the range.[6]

84. CIRO cannot protect the investing public without an effective investigative capability. It follows that failures to cooperate must attract sanctions that lead securities industry participants to recognize that

[6] *Re Rutledge* 2022 IIROC 36; *Re Scerbo* 2017 IIROC 57; *Re Howell* 2016 IIROC 48.

frustrating or delaying CIRO investigations will lead to serious consequences. In cases where a failure to cooperate is a component of the misconduct, hearing panels in the interest of general deterrence will routinely account for it by including $50,000 in the overall fine.

85. When addressing the question of costs, Enforcement Staff typically asks for an amount less than the total evidenced by its Bill of Costs. This practice is usually followed even when a failure to cooperate has made the investigation more costly than it should have been. In the present instance, Enforcement Staff has asked for the full amount set out in its Bill of Costs. In the Panel's view, the usual expectation that respondents will be afforded some leeway with respect to costs should be observed unless extraordinary reasons are provided that justify proceeding otherwise.

86. The Respondent's manifold deliberate dishonesty and his failure to cooperate with CIRO's investigation calls for specific deterrence of the highest order. The sanctions ordered against him must also demonstrate to the securities industry and investing public that wholesale failures to meet CIRO's standards of conduct will be met with disciplinary responses that are commensurately firm.

87. Further to Rules 8210 and 8214, we order the Respondent:

a) is permanently prohibited from approval with CIRO and from employment by regulated persons in any capacity;

b) disgorge the $442,030 he obtained by theft and fraud from the Client, the Lender and Scotiabank;

c) pay a total fine of $500,000, representing:

i) $450,000 in respect of his breach of CIRO's standards of conduct and unauthorized personal financial dealings with the Client; and

ii) $50,000 in respect of his failure to cooperate with the investigation; and

d) pay costs in the amount of $50,000.

DATED at Vancouver, British Columbia, this 26th day October 2026.

"Joseph A. Bernardo"

Joseph A. Bernardo, Chair

"Bruce Maranda"

Bruce Maranda

"David Duquette"

David Duquette

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