Re Scott

IN THE MATTER OF:

The Mutual Fund Dealer Rules

and

Ronald Aleri Scott

2026 CIRO 33

Canadian Investment Regulatory Organization
Hearing Panel (Alberta District)

Heard: October 7, 2026 in Calgary, Alberta
Decision and Reasons (Sanctions): October 27, 2026

Hearing Panel:
Don Young K.C., Chair, Martin Davies, and Jim Ross

Appearances:
Jennie Brodski, Senior Enforcement Counsel
Lerina Koornhof, Enforcement Counsel
Scott Chimuk, for Ronald Aleri Scott
Mark Jacka, for Ronald Aleri Scott
Ronald Aleri Scott (absent)

DECISION ON SANCTIONS AND REASONS

INTRODUCTION

[1] A Hearing on the merits of the allegations against the Respondent, Ronald Aleri Scott (**Respondent**), took place on January 26-28 and April 20, 2026. A decision on those allegations was issued by the Hearing Panel on May 20, 2026 (**Merits Decision**).

[2] The allegations made by Enforcement Counsel, representing CIRO's enforcement staff (**Staff**), against the Respondent were twofold:

> Contravention 1 – Between October 2021 and July 10, 2023, he borrowed monies from clients giving rise to material conflicts of interest, which he failed to identify, report to the Dealer Member, or address in the best interests of the clients, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rules (**MFD Rules**) 2.1.4(2), 2.1.1, and 1.1.2 (as it relates to Rule 2.5.1); and
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> Contravention 2 – Between April 2, 2015 and July 10, 2023, he engaged in an unapproved outside activity, contrary to MFD Rule 1.2.1(c).

[3] In the Merits Decision, with respect to contravention 1, we found that the Respondent acted contrary to MFD Rules 2.1.4(2) and 1.1.2 (as it relates to 2.5.1) by borrowing monies from clients of his Member Dealer, Hub Capital Inc. (**HUB**), thereby giving rise to a material conflict of interest that he failed to identify, report to HUB, or to address in the best interest of the clients.

[4] We dismissed the allegation in contravention 1 made against the Respondent with respect to MFD Rule 2.1.1, and we dismissed contravention 2 in its entirety.

[5] On October 7, 2026, following the receipt of written argument by Staff and Counsel for the Respondent, we convened to hear oral submissions with respect to sanctions (**Sanctions Hearing**). Our factual and legal findings with respect to misconduct are set out in detail in the Merits Decision and, save for specific references below, will not be repeated. These reasons should be read together with the Merits Decision.

SANCTION AUTHORITY AND CIRO GUIDELINES

[6] MFD Rule 7.4.1.1, under the general heading Discipline Powers in 7.4, gives hearing panels authority to impose upon an approved person certain penalties. Under Rule 7.4.1.4, an approved person who was subject to the jurisdiction of CIRO (or its predecessors), remains subject to that jurisdiction for purposes of this Rule notwithstanding that they have ceased to be an approved person.[1] While it was not argued before us, we have concluded that the Respondent is captured by Rule 7.4.1.4 and therefore subject to penalties we deem appropriate under Rule 7.4.1.

[7] Effective February 1, 2024, CIRO issued sanction guidelines based on principles of administrative and securities law to guide, in part, hearing panels in imposing fair and efficient sanctions in disciplinary proceedings (**Guidelines**).[2]

[8] The determination of the appropriate sanction in a matter, if any, is discretionary, and depends on the facts of the particular case. The Guidelines are not binding, and hearing panels retain the discretion to impose sanctions appropriate to the factual narrative and decision rendered. [3] The Guidelines are intended to provide a summary of the principles and key factors upon which that discretion may be exercised consistently and fairly from one case to another. The factors are not exhaustive, leaving hearing panels the jurisdiction to consider other applicable principles, assess aggravating and mitigating factors, and rely on previous decisions in similar circumstances.

GUIDELINE FACTORS

[9] The Guidelines set out a non-exhaustive list of factors that a hearing panel may consider when determining an appropriate sanction.[4] The factors themselves are not exclusive, with many involving similar or overlapping concepts. Included in that list are the following:

- the scope of the misconduct,
- whether the respondent's conduct was intentional, wilfully blind, or reckless,
- extent of harm to a client or clients,
- extent of harm to market integrity,
- the respondent's prior disciplinary history, if any,
- the amount the respondent obtained as a result of the improper activity,
- whether the respondent accepted responsibility for and acknowledged the misconduct to their employer or CIRO,
- whether the respondent attempted to delay CIRO's investigation, or conceal information or their conduct, and
- whether the respondent failed to heed the Dealer Member's policies and procedures.

[10] Sanctions that may be imposed under MFD Rule 7.4.1.1 include some or all of reprimands, disgorgement

[1] Mutual Fund Dealer Rules, 7.4.
[2] CIRO Sanction Guidelines.
[3] *Re Addison* 2019 MFDA 2018128 at para. 28.
[4] Guidelines at Part II – Key Factors in Determining Sanctions.

or fines, suspensions, market or registration bars, and other remedial measures. While not a sanction, a hearing panel also has discretionary authority to require a respondent to pay the whole or part of the costs of a proceeding, and any investigations relating thereto.[5]

STAFF SUBMISSIONS ON SANCTION

[11] Staff in its argument sought the following sanctions against the Respondent: a 5-year prohibition of the authority of the Respondent to conduct securities related business in any capacity, a fine in the total amount of $1,955,185 (sufficient to disgorge the $1,853,288 of retained borrowed funds, plus a penalty of $100,000, and $1,897 in fees earned by the Respondent). Staff also sought payment of partial hearing and investigative costs of $30,000.

[12] Staff claimed the Respondent's activities fundamentally compromised the ability of HUB to uphold its professional obligations owed to its clients of fairness, impartiality, and placing the client's interests above its own.

[13] According to Staff, the Respondent borrowed what it termed a very substantial sum of money from HUB clients LG and TG, while making no part of that arrangement known to HUB. Borrowing money from clients of a Dealer Member gives rise to significant conflicts of interest – personal financial dealings fundamentally compromise the ability to meet the professional obligations owed to clients. It is for this reason, Staff asserted, that both HUB and CIRO imposed strict requirements on identification and disclosure of conflicts of interest. Staff argued that HUB viewed the type of conflict present in this case as so serious that its response, had the misconduct been disclosed to it, would most likely have been the termination of The Respondent's employment.

[14] The Respondent's 30 plus years of industry experience was an aggravating factor, according to Staff – in essence, he ought to have known better. Staff also claimed as an aggravating factor that the Respondent failed to acknowledge the misconduct, instead arguing in his defence at the hearing that borrowing from clients did not create a conflict of interest. Staff noted, as well, the significance of the sum borrowed, approximately $2,000,000.

RESPONDENT SUBMISSIONS ON SANCTION

[15] The Respondent argued that no fine is warranted against him in all the circumstances. To the extent a fine is considered by the Hearing Panel, it should at most be $15,000 (represented as the ceiling, based on the *Liu* decision)[6], with a better measure being $1,897 – the amount of trailer fees earned by him in the transaction.

[16] The Respondent submitted that CIRO is not entitled to a costs award, asserting that he was substantially successful at the hearing and defeated what he termed the high-handed and wrongful reputational allegations made against him. In equity, the Respondent alleged that he should be compensated for legal costs rather than CIRO. He claimed a letter of reprimand would be a sanction consistent with the authorities cited by Counsel and the findings of the Hearing Panel in the Merits Decision.

[17] In contrast to the sanction cases provided by Staff, the Respondent asserted that he engaged in a single, isolated incident with clients whose mutual fund accounts he no longer serviced. There was no evidence of harm or loss to LG or TG as a result of the loan – which, he noted, was documented, disclosed, and secured against collateral – and no client complained of his actions. The misconduct was, at most, a technical breach, with the reputational allegations of dishonesty and bad faith unproven.

[18] The Respondent asserted, as well, that he has not been a mutual fund representative since July 2023, and LG and TG have not been clients of HUB since June 2023. He has had no disciplinary history in 30 plus years of mutual fund dealing, and he participated fully in the investigation and hearing. He claimed that his actions were not dishonest or in bad faith, and he genuinely believed he was no longer engaged in mutual fund

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[5] Guidelines, supra, Note 4; Mutual Fund Dealer Rules 7.4.1.1 and 7.4.2.

[6] *Re Liu* 2023 CIRO 36.

services after July 2021 and that LG and TG were not his clients.

DECISIONS IN SIMILAR CASES

[19] Staff relied in argument on a number of CIRO and predecessor decisions seeking to show that the sanctions it proposed were appropriate. Respondent's counsel distinguished many of the decisions on their different facts and noted, in particular, that effectively every decision was based on an approved person actively servicing the accounts of the clients with whom they transacted (not the case here).

[20] Decisions in related cases can indeed be of assistance in guiding a hearing panel to its conclusions, having regard to comparable circumstances and findings in those cases. This promotes fairness, consistency, and predictability in the investment industry environment.

[21] That need to relate sanctions to the unique facts of a particular case, however, is also the limiting feature to the utility of these decisions – no two cases are factually alike. Reliance on prior decisions is therefore neither mandatory nor binding. They are another tool to be used by a hearing panel in its analysis of what constitutes an appropriate sanction, along with the Guidelines and, as applicable here, the capable submissions of counsel.

HEARING PANEL ANALYSIS

[22] The fundamental principle of regulation of the securities industry is protection of the investor. Having regard to that principle, a panel's goal when sanctioning a respondent is not to punish past conduct, but rather to restrain future conduct that is likely to be prejudicial to the public interest or harm the capital markets (by the respondent specifically, or another industry participant generally).[7] In addition to specific and general deterrence, panels should also consider: the integrity of the securities market, protection of CIRO's membership, and the protection and integrity of CIRO's enforcement processes.

[23] While the parties do not dispute the factors to be considered by the Hearing Panel in assessing the appropriate sanction in this case, their respective positions after applying those factors led to vastly disparate recommendations. In summary, Staff seek an order of almost $2 million in monetary fines and costs, and a five-year registration prohibition, while the Respondent has countered with a letter of reprimand and no costs, or equitable costs in his favour.

[24] We have assessed these positions using the tools at our disposal afforded by the Guidelines, case law, Counsel submissions, and the evidence before us.

Scope of Misconduct

[25] Staff has characterized the conduct in this case as intentional and significant, involving what they termed an astronomical loan amount, with the Respondent's actions fundamentally compromising HUB's ability to uphold its professional obligations to its clients. The Respondent viewed the conduct as an honest mistake, involving a technical breach, of what he termed a murky regulatory rule. On this broad spectrum of consequence advocated by the parties, we find ourselves more closely aligned with The Respondent's perspective.

[26] As a matter of general principle, loans to or from clients involving mutual fund advisors are serious matters, so much so that there exists an MFD Rule or Rules to address the conduct (*e.g.* Rule 2.1.4(2)). HUB's internal policies referenced termination as a possible consequence for an advisor engaging in such activity. As we found in the Merits Decision, however, there is much more to the narrative in this case than a bare lending relationship with a client, and that context informs our conclusion it is less serious than advocated by Staff.

[27] Firstly, the loan was the culmination of one long insurance-based transaction involving the same or similar parties. The transaction was initiated in 2015, more than half a dozen years before the loan at the center of this case was made by LG and TG to the Respondent. As a result of insurance products offered and sold to an insurance client by the Respondent in 2015 – in an insurance business, the Respondent had disclosed

[7] *Re Ayala* 2017 CA MFDAC 2016104 at para. 11; Guidelines, supra, Note 4, at Part I – Sanction Principles, No. 1; *Re Nunweiler* 2012 MFDA 201030 at para. 41.

to his then Member Dealer that he was compensated for his work. The Respondent's insurance business was also disclosed to HUB, in its Outside Activity Form, along with the fact he intended to be involved in that activity for a long period and that he would be receiving compensation. It was also disclosed to HUB that there would be a link between the insurance clientele and the clients he had as a mutual fund representative.

[28] Secondly, the lenders, LG and TG, were long-standing friends of the Respondent. Of itself, this is not mitigative and we are not making a general conclusion that loans in the industry to clients who are also friends are less serious. It is simply another of many facts that contributed to our assessment of severity. Notably, neither LG nor TG complained to HUB or CIRO regarding the Respondent's actions, and they did not testify at the hearing.

[29] Thirdly, the evidence was clear that the Respondent had sold his entire mutual fund book (**Book**) to his colleague, and HUB employee, JJ, on July 1, 2021, three months prior to the October 2021 loan by LG and TG. We found there to be no persuasive evidence at the hearing that the Respondent had any role to play in the handling, advice, or servicing of LG and TG following his sale to JJ, or to any of HUB's clients, for that matter. While the Respondent did not testify, he stated in his investigation interview with CIRO that he "probably didn't" disclose to HUB the sale of the notes to LG and TG (**Notes**) as they were not his mutual fund clients at the time due to the sale of his Book to JJ.

[30] Fourthly, LG and TG sought and obtained from the Respondent guarantees for the purchase price they paid him for the Notes. The Respondent, through his company, put up as security for the loan a parcel of land it owned, and $1.5 million of the $2 million loan was invested in segregated funds (later converted to mutual funds), with LG and TG being the sole beneficiaries.

[31] Lastly, and importantly in the assessment of this factor, we did not find in all the circumstances that the Respondent was in breach of MFD Rule 2.1.1, relating to good faith and standards of conduct. There was no clear, cogent, and convincing evidence that he had failed to deal fairly, honestly, and in good faith with his former clients LG and TG, or of him engaging in any practice that was unbecoming or detrimental to the public interest. That distinction makes a difference in the characterization of the severity of the misconduct for purposes of sanction.

[32] Having regard to all the circumstances of the case, we viewed the conduct as less serious than advocated by Staff.

Intentional - Not Wilfully Blind or Reckless Conduct

[33] Staff argued that the Respondent's conduct was intentional – he knew he was engaging in lending to clients, and he knew or ought to have known that was prohibited due to his 30 plus years in the industry. The Respondent acknowledged the intentionality of his actions but claimed they were made in good faith and simply mistaken, not reckless.

[34] We view the word 'intentional' in this sanctioning factor as taking its meaning from the modifiers 'wilfully blind' or 'reckless', representing one's state of mind. The only compelling evidence of the Respondent's state of mind was his assertion that he did not think he was obligated to inform HUB of the transaction as LG and TG were not his clients. He no longer had any clients, in his estimation, due to the sale of his entire mutual fund business to JJ.

[35] In our view, an intentional action need not be a reckless or deceitful one, simply because it results in a breach or misconduct. In oral argument, the Respondent acknowledged he had made a mistake, but asserted his actions were not made dishonestly or in bad faith. Punishment for a mistake, he argued, is different than for an intentional action or breach. While we do not view our task as punitive in any fashion, we endorse this distinction. There was no evidence at the hearing establishing that the Respondent acted wilfully blindly, or with reckless disregard for industry rules. In his mind, LG and TG were no longer his clients.

Extent of Harm to a Client or Clients

[36] Staff argued that the loaned funds are "at risk" and outstanding to this day, and that there is no evidence that payments are up to date. The Respondent contested that position, claiming there is similarly no evidence of non-payment of the debt on his part. We agree there is no evidence one way or another to support

the respective positions being advocated regarding the status of the loans.

[37] Factually, we know there was no harm caused to clients in the plural sense, as the allegations by Staff related solely to LG and TG. We know that the loans to LG and TG were made in October 2021, just over five years ago. One would have thought if there was a default of any kind, we would have heard of or been privy to that information. We know that almost 75% of the debt was secured by investing the monies into segregated and then mutual funds, with LG and TG as the beneficiaries. While we have no way of knowing the present-day value of that security, we have no reason to believe those mutual funds no longer exist. Lastly, we know that neither LG nor TG made a complaint at the time, and they did not testify at the hearing almost 4.5 years after the funds were loaned to the Respondent.

[38] There is no doubt that the Respondent received a benefit from the activity. Through the loan, he was able to monetize promissory notes totalling almost $2 million derived from the insurance products he had sold in 2015. That monetization was not, however, without consequence to him. He, or his company, pledged property in the amount of $500,000 as security for the funds he used personally. The remainder, approximately $1.5 million, was put into segregated and then mutual funds for the benefit of LG and TG. Thus, while he was able to use a portion of the funds for his personal benefit, much of it was pledged in favour of LG and TG. In context, the significance of the loan and exposure of LG and TG, is greatly lessened.

Extent of Harm to Market Integrity

[39] We concluded in the Merits Decision that the Respondent did not engage in any practice that was unbecoming or detrimental to the public interest. Above, we concluded that he was not wilfully blind or reckless with respect to industry rules, with his actions more in the nature of a mistake.

[40] In the abstract, a significant sum of money was lent to an advisor by a client of his member firm – an activity that facially engages the industry rules designed to reveal and prevent conflicts of interest. It also engages the policies of the member dealer HUB, similarly designed to prevent dealing of this sort. Market integrity will be compromised if the investing public's trust in the industry is undermined by advisors whose investment decisions on behalf of his or her clients are impacted by their personal gain or benefit. As has been repeatedly expressed, however, that is not the entirety of the story in this case.

[41] Following the sale of his mutual fund business to JJ in July 2021, the Respondent was not active in servicing the mutual fund investment accounts of the clients (LG and TG included), nor was he actively engaged in its ongoing management. The Respondent was not involved in any conversations with clients – JJ "did it all", according to HUB's investigation report. JJ was listed as the advisor of record on the segregated funds purchased with $1.5 million of the loaned funds, and she received 100% of the trailers in the segregated funds account. If, as the evidence showed, the Respondent was not involved after July 2021 in the management of the mutual fund business, having no oversight of and conversations with clients (including LG and TG), their interests cannot have been compromised by the lending relationship that began three months later in October 2021.

[42] In oral argument, counsel for the Respondent remarked that the Merits Decision was necessary to give clarity to the industry/profession with respect to what is a client for the purposes of conflict of interest disclosure and prevention rules. Based on the lack of decisions on point provided to us, we agree. On the specific facts in this case, we do not see that market integrity was harmed generally, or at least not to any meaningful level.

Respondent's Disciplinary History

[43] There is no evidence of the Respondent having any disciplinary history.

The Amount Obtained from the Improper Activity

[44] Staff has characterized the loan obtained by the Respondent from HUB clients LG and TG as "very significant", and, in oral argument, "astronomical". Relative to the loans in other decisions provided to us the sum was indeed significant. As with elsewhere in this Sanctions Decision, however, context is important.

[45] The Respondent held the initial $2 million asset in the LG and TG loan transaction – namely Notes

representing a debt to him for his prior insurance work. He did not obtain a $2 million loan from LG and TG from nothing; he sold them the rights he already owned to receive the payment of $2 million. LG and TG requested guarantees for their purchase of the Notes debt, the details of which are referenced above. Thus, while the Respondent monetized the Notes debt, it was his entitlement at the outset. Further, he only used $500,000 of the funds for personal benefit, with the remainder being deposited into segregated funds and then mutual funds. Even the $500,000 he used for his personal benefit was secured by property that he pledged to LG and TG.

Whether the Respondent Accepted Responsibility

[46] Staff claimed that at no time up to and including the hearing process did the Respondent acknowledge the misconduct, and that he went so far as to argue that borrowing from clients does not create a conflict of interest. The Respondent was not substantially successful in the hearing, as he asserted, results were mixed according to Staff.

[47] The Respondent submitted that he did acknowledge the factual nature of his actions, at all times, but that he disagreed with Staff's application of those facts to the law. He characterized the contest as a legal dispute, not a factual one, and that what constituted a "client" was a live issue throughout the hearing (as far, even, as closing oral argument). He claimed substantial victory at the hearing, particularly with respect to what he termed the unfounded reputational allegations (variously described as false or misleading conduct, bad faith, dishonesty).

[48] A respondent is entitled to argue – even vigorously, as the Respondent asserted – his or her legal or factual position in an administrative hearing. That entitlement is codified in MFD Rule 7.3.1.5, headed Right to be Heard. There was, in our view, a lack of compelling authority on the issue of whether the prohibition against borrowing from clients meant a client of the advisor or a client of the member dealer, or both. We concluded based on our reading of MFD Rule 2.1.4(2) that all clients were captured in the language, and we relied on the *Chau* authority provided to us by Staff in support.[8] Given the lack of authorities, we do not find the defence mounted by the Respondent to have been unwarranted, especially with the corresponding reputational allegations tied to the conduct alleged by Staff. As the Respondent asserted in argument, we expect the Merits Decision will give clarity to the industry.

Specific Deterrence

[49] A sanction that is meant to deter specifically is aimed at the offender (in this case, the Respondent). Its goal is to prevent him from engaging in similar misconduct going forward, thus protecting the investing public.

[50] The Respondent sold his entire mutual fund business in July 2021, three months prior to obtaining the loan from LG and TG in October 2021. He resigned from HUB in July 2023. Had he sold his Book cleanly to JJ, with no payments to be made to her over time, and no transitional obligations to ensure his clients were taken care of, arguably this proceeding would not exist. It was structured in that fashion, however, and as a result he breached the MFD Rules (obtaining a loan from a client of his dealer member, HUB).

[51] In our view, the likelihood of the Respondent reoffending is slight, if non-existent. He had a 30-year career in the mutual fund industry, with no disciplinary history. He sold his entire Book to JJ, more than five years ago. He resigned from HUB, more than three years ago. We do not see that a five-year prohibition on registration will serve any deterrent purpose with respect to the Respondent in the circumstances of this case.

[52] Supporting this conclusion is our finding that the Respondent did not breach MFD Rule 2.1.1 relating to good faith and standards of conduct. He held a genuine belief that he was not obliged to disclose the loan with LG and TG as they were no longer his clients. While we concluded he was mistaken in his assessment of the disclosure obligation, we did not find his actions to be unbecoming or detrimental to the public interest.

General Deterrence

[8] *Re Chau* 2024 CIRO 78.

[53] A sanction that is meant to deter generally is a sanction designed to keep a wrongful activity from happening – discouraging similar wrongdoing in others. To achieve deterrence, sanctions must inevitably impose a burden on market participants who contravene CIRO's regulations. If too low, a sanction may not only fail to achieve deterrence in others but could also erode public and industry confidence in the disciplinary process. Too high, and a chilling effect may result, with participants being punished (instead of deterred), and industry participants having a lack of faith in the fairness of the process.

[54] This is a unique case, different in material respects from the authorities provided to us by the parties at the liability and now at the sanction stage. The most significant difference relates to the fact the Respondent had sold his entire mutual fund business three months before the loan was made to him by LG and TG. They were not his clients at the time of the transaction. While we found in the Merits Decision that they were clients of the member dealer HUB, and therefore covered by the conflict of interest Rule, this is a compelling difference. Had the Respondent resigned at the time of the sale, or had there been no transition period, or payment over time via fees (due to JJ not having the funds to pay for the book up front), this proceeding might not exist.

[55] We believe there should be some consequence in this case to generally alert the industry to the scope of the conflict of interest Rule, but we do not see the benefit to a significant sanction. In the particular circumstances of this case, that would be unduly punitive.

Decisions

[56] In our view, there were critical activities in, or missing from, many of the decisions we reviewed in support of the sanctions recommended to us. That is not a criticism, merely a commentary on the variability of factual scenarios and their utility, or not, in providing guidance in what we see as a unique set of circumstances. Without mentioning all the cases specifically, we note the following differences:

> *Re Mills* – suitability and supervision concerns[9]
>
> *Re Yalkezian*– conduct not isolated, involving 13 of his own clients and numerous contraventions, misled his member firm[10]
>
> *Re Davis* – undisclosed dual occupation, deliberate deceit, refused to participate in disciplinary process[11]
>
> *Re Rahman* – deceit, false or misleading statements to the member[12]
>
> *Re Nunweiler* – conduct was "egregious, not isolated, misled his member firm, did not cooperate with investigation, funds not likely to be repaid[13]

[57] The decisions were informative, tending to show the level of sanctions considered appropriate in cases involving more aggravating circumstances than herein.

COSTS

[58] We concluded in relation to Contravention 1 that the Respondent borrowed monies from HUB clients, giving rise to a material conflict of interest, which he failed to identify or report to HUB. We dismissed the remainder of the allegation in Contravention 1, concluding that the Respondent was not in breach of MFD Rule 2.1.1 relating to good faith and standards of conduct. We dismissed Contravention 2, alleging that the Respondent engaged in unapproved outside activity. Staff viewed the results as mixed, the Respondent viewed them as substantially successful, in his favour.

[59] While the results were mixed, they were skewed in the Respondent's favour – and the reputational allegations made against him were not established on the evidence.

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[9] *Re Mills* [2001] I.D.A.C.D. No 7.
[10] *Re Yalkezian* 2021 MFDA 202164.
[11] *Re Davis* 2016 MFDA 201615.
[12] *Re Rahman* 2021 MFDA 202074.
[13] *Nunweiler*, supra, Note 7.

[60] The Respondent claimed in argument to be equitably entitled to payment of his costs in defeating what he described as the high-handed allegations made against him. The costs regime does not provide for an award of costs to a successful respondent.[14] In oral argument, the Respondent's counsel rightly conceded this point. Were we permitted, we would not have made such an award in any event. In the end result, the Respondent's actions were in breach of the MFD Rules.

[61] Staff has already reduced its costs from approximately $70,000 to $30,000. While it is not an arithmetical formula, based on the circumstances, we would reduce Staff's costs request by half, to $15,000.

SANCTION

[62] We have considered the facts, Guidelines, the law, as well as written and oral submissions of counsel, and are well aware of the factors to be considered in fashioning an appropriate sanction. We viewed this case as unique, with circumstances more in the nature of a technical breach of the MFD Rules than one motivated and acted upon by dishonesty or bad faith.

[63] For the reasons detailed above and on the facts of this case, we impose upon the Respondent under MFD Rule 7.4 Discipline Powers, the following sanctions:

1.1. A fine in the amount of $25,000 (Rule 7.4.1.1(c)); and

1.2. Costs of $15,000 (Rule 7.4.2).

[64] We decline to make an order of disgorgement as recommended by Staff, or at all. We do not see it as merited, in the circumstances. We also decline to order a prohibition on registration of the Respondent, finding that it is similarly not merited and will serve no effective or appropriate purpose.

CONCLUSION

[65] We believe the sanctions we are imposing are within the reasonable range of appropriateness based on the facts of this case and will meet our mandate to enforce high quality regulatory and investment industry standards, protect investors, and maintain competitive and efficient capital markets. We also believe the Merits Decision and this Sanctions Decision will provide clarity on who or what is a client in the context of MFD conflict of interest rules.

DATED at the City of Calgary, in the Province of Alberta, this 29 day of October, 2026.

"Don Young, KC"

"Martin Davies"

Martin Davies

"James Ross"

James Ross

[14] *Re Pariak-Lukik* 2015 LNONOSC357 at para. 110.