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Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES
AND DEALER MEMBER RULES
AND
ANDREW JOHN LOUGHEED**

NOTICE OF HEARING

An initial appearance will be held before a hearing panel of the Canadian Investment Regulatory Organization (“CIRO”)¹ pursuant to Rule 8200 of the Investment Dealer and Partially Consolidated Rules (the “Investment Dealer Rules”) to schedule a hearing in the matter of Andrew John Lougheed (the “Respondent”). The initial appearance and the hearing will be subject to Investment Dealer Rule 8400, as further referenced below, that governs the conduct of enforcement proceedings.

The initial appearance will be held by way of videoconference on Monday, January 13, 2025 at 10:00 a.m. ET

The purpose of the hearing will be to determine whether the Respondent has contravened CIRO requirements. The alleged contraventions are contained in the attached Statement of Allegations.

If the hearing panel finds that the Respondent contravened CIRO requirements alleged in the Statement of Allegations, the hearing panel may impose one or more of the following sanctions pursuant to section 8210 of the Investment Dealer Rules:

- (i) a reprimand,
- (ii) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention,
- (iii) 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 or loss avoided by the person, directly or indirectly, as a result of the contravention.
- (iv) suspension of the person’s approval or any right or privilege associated with such approval, including access to a Marketplace, for any period of time and on any terms and conditions,
- (v) imposition of any terms or conditions on the person’s continued approval or continued access to a Marketplace,

- (vi) prohibition of approval in any capacity, for any period of time, including access to a Marketplace,
- (vii) revocation of approval,
- (viii) a permanent bar to approval in any capacity or to access to a Marketplace,
- (ix) permanent bar to employment in any capacity by a Regulated Person
- (x) any other sanction determined to be appropriate under the circumstances.

In addition, pursuant to section 8214 of the Investment Dealer Rules, a hearing panel may order the Respondent to pay any costs incurred by or on behalf of CIRO in connection with the hearing and any investigation related to the hearing.

The Respondent must serve a response to this Notice of Hearing in accordance with section 8415 within 30 days from the effective date of service of this Notice of Hearing. If the Respondent does not file a response in accordance with subsection 8415(1), the hearing panel may proceed with the hearing on its merits on the date of the initial appearance, 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.

If the Respondent files a response in accordance with subsection 8415(1), the initial appearance will be immediately followed by an initial prehearing conference, for which a prehearing conference form must be filed in accordance with subsection 8416(5).

The Respondent is entitled to attend the hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, and to make submissions to the hearing panel at the hearing.

DATED November 19, 2024.

“National Hearing Officer”
NATIONAL HEARING OFFICER
Canadian Investment Regulatory Organization
40 Temperance Street, Suite 2600
Toronto, Ontario, M5H 0B4

¹ The Canadian Investment Regulatory Organization (“CIRO”) has adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the “Interim Rules”). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and the rules and certain by-laws and policies of the MFDA that were in force immediately prior to amalgamation. Where the rules of IIROC and the rules and by-laws and policies of the MFDA that were in force immediately prior to amalgamation have been incorporated into the Interim Rules, Enforcement Staff have referenced the relevant section of the Interim Rules.

Section 1105 (Transitional provision) of the Investment Dealer and Partially Consolidated Rules sets out CIRO’s continuing jurisdiction, including that CIRO shall continue the regulation of any person subject to the jurisdiction of the Investment Industry Regulatory Organization of Canada that was formerly conducted by the Investment Industry Regulatory Organization of Canada.



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STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated November 19, 2024., Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1: Between December 2021 and February 2023, the Respondent facilitated off-book investments in a private placement without the knowledge or approval of the Dealer Member, contrary to Investment Dealer Rule 1400.

Contravention 2: Between December 2021 and February 2023, the Respondent engaged in an outside business activity in connection with facilitating off-book investments in a private placement, contrary to Dealer Member Rule 18.14 prior to December 31, 2021 and section 2554 of the Investment Dealer Rules thereafter.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. Between December 2021 and February 2023, the Respondent facilitated off-book investments \$752,500USD for 6 clients and 17 other individuals in a stock being offered through a private placement without the knowledge or approval of the Respondent's Dealer Member. The Respondent received \$55,850USD in stock and cash as a result of the off-book investments by the 6 clients and 17 other individuals.

Background

2. The Respondent was first registered in the securities industry in May 2016. Between February 24, 2020 and June 9, 2023, the Respondent was a Registered Representative with Scotia Capital Inc. (the "**Dealer Member**"). The Respondent has not been registered with CIRO since resigning from the Dealer Member on June 9, 2023.

Facilitating Off-Book Investments

3. Power Leaves Corp. ("**PLC**") is a manufacturer and international distributor of decocainized coca leaf derivatives. On or about December 13, 2021, the Respondent subscribed for \$50,000USD of PLC shares offered through a private placement.

4. Between December 2021 and February 2023, the Respondent promoted and facilitated off-book investments in PLC shares. The Respondent facilitated the investment of \$752,500USD by 6 clients and 17 other individuals in PLC shares offered through a private placement in the amounts set out in the table below:

Clients	Amount Invested (\$USD)
VM	\$25,000
LM	\$50,000
MD	\$25,000
JL	\$25,000
KB	\$25,000
SK	\$25,000
Other Individuals	Amount Invested (\$USD)
KM	\$50,000
BC Inc.	\$50,000

MP	\$50,000
DF	\$25,000
SG	\$50,000
SC	\$50,000
DB	\$25,000
SO	\$25,000
JG	\$25,000
DT & JH	\$50,000
241 Corp.	\$25,000
JF	\$10,000
KF	\$22,500
PC	\$45,000
MK	\$25,000
GD	\$50,000
Total: \$752,500	

5. The Respondent engaged in the following conduct with some or all of the investors described above and other clients and individuals who did not invest in PLC (hereinafter, the “**potential investors**”):

- (a) introduced the investment opportunity to invest in PLC when potential investors asked the Respondent about the Respondent’s own investments;
- (b) described PLC’s business, the investment opportunity, his belief in the business, and his belief in the Chief Executive Officer of PLC, PM;
- (c) in at least one instance, gave assurances to a potential investor concerning the liquidity risk of the private placement;
- (d) had meetings with potential investors to discuss the investment opportunity in PLC;
- (e) arranged telephone calls between potential investors and PM;
- (f) provided potential investors with a PLC Investor Presentation and the PLC Term Sheet;
- (g) assisted PLC with organizing an investor presentation by PM and invited potential investors;

- (h) sent a recording of the presentation to those potential investors who were unable to attend the investor presentation;
- (i) sent blank subscription agreement to potential investors;
- (j) assisted potential investors with the completion of their subscription agreements by writing in the required information, including completing the section addressing whether these investors satisfied the accredited investor exemption;
- (k) sent completed subscription agreements to PLC; or
- (l) assisted investors with obtaining share certificates from PLC.

6. In at least five instances, the Respondent completed the subscription agreements on behalf of potential investors inaccurately. On individual DF's subscription agreement, the Respondent inaccurately recorded that DF satisfied the accredited investor exemption by virtue of being a close personal friend of PM when this was not the case. On client VM, individual, KM, individual BC Inc., and individual MP's subscription agreements, the Respondent improperly included the investors' real estate as forming part of their "financial assets", without which these investors would not satisfy the \$1,000,000 of net financial assets required for the accredited investor exemption. Absent the inaccurate information recorded by the Respondent, these investors would have been unable participate in the PLC private placement.

7. On or about February 14, 2023, in connection with the investments in PLC shares by the 6 clients and 17 other individuals described above, the Respondent submitted two invoices from his company, 2805039 Ontario Inc., to PLC for \$14,125USD and \$41,725USD, respectively.

8. The Respondent received \$14,125USD in PLC shares and received \$41,725USD in cash from PLC paid to his personal bank account.

9. The Respondent did not disclose his activities described above with respect to facilitating investment in PLC shares to the Dealer Member. PLC shares were not approved for sale by the Dealer Member and the investments described above were not recorded in the books of the Dealer Member.

Unapproved Outside Business Activities

10. As described above, between December 2021 and February 2023, the Respondent engaged in various activities to facilitate investments in PLC's private placement described above, including introducing potential investors to PLC.

11. On or about May 4, 2022, the Respondent entered into a "Finders Agreement" with PLC, entitling the Respondent to a commission for introducing potential investors to PLC who participate in its private placements.

12. As described above on February 14, 2023, the Respondent invoiced PLC and subsequently received compensation in connection with the investments in PLC shares by the 6 clients and 17 other individuals described above at paragraph 4.

13. The Respondent did not inform the Dealer Member nor obtain its approval prior to engaging in the activities described above between paragraphs 11 and 13.

14. At all material times, the Dealer Member's policies and procedures required its Approved Person to disclose and obtain pre-approval from the Dealer Member prior to engaging in any outside business activities.

DATED at Toronto , Ontario this November 19, 2024.