Re Vornicu

IN THE MATTER OF:

The Investment Dealer and Partially Consolidated Rules

and

Sinziana Vornicu

2024 CIRO 93

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: December 6, 2024 in Toronto, Ontario via videoconference
Reasons for Decision: December 24, 2024

Hearing Panel:
Robert P. Armstrong, K.C., Chair
Vanessa Gardiner
Leo Ciccone

Appearances:
Michael Mantle, Enforcement Counsel
Ryan Lapensee, for Sinziana Vornicu
Sinziana Vornicu (Present)

REASONS FOR DECISION

I. Introduction

¶ 1 This is an application in respect of a Settlement Hearing between Sinziana Vornicu (the "Respondent") and the Canadian Investment Regulatory Organization (CIRO), which was heard on December 6, 2024. The parties had entered into the Settlement Agreement dated December 1, 2024 ("Settlement Agreement"). For the reasons that follow, the hearing panel has approved the Settlement Agreement.

II. The Facts

¶ 2 The facts which form the basis of the settlement are set forth in considerable detail in the Settlement Agreement and are summarized in the following paragraphs.

¶ 3 The Respondent in this matter, began her employment in the securities industry in approximately 2011. She was a registered Investment Representative with RBC Dominion Securities Inc. from September 2014 to December 2022, when she was terminated with respect to the issues that gave rise to this matter.

¶ 4 At the relevant times of this matter, the Respondent worked exclusively for Andrew Munro, a former Registered Representative. Mr. Munro managed client portfolios and provided investment

advice to clients. The Respondent assisted Mr. Munro with client communications and documentation relating to trades and other administrative matters.

¶ 5 At some point, two of Mr. Munro's clients expressed concerns about their investments. In order to address these concerns and to retain the business of these two clients, Mr. Munro developed a scheme in which false values of his clients' holdings were reported to them. The Respondent assisted in carrying out this scheme. It was the Respondent who reported these false values at the direction of Mr. Munro. While the Respondent was initially reluctant to participate in the scheme, she eventually became involved.

III. Client #1

¶ 6 Client #1 requested that he be advised by email twice a week with an updated summary of the total month's balance of his family's investments. In early 2022, Client #1 noticed that his investments began to decline in value. Mr. Munro then told the Respondent to send false values to Client #1. Mr. Munro would provide a false number, which he thought would keep Client #1 satisfied and not raise any suspicion. Between May 2022 and November 2022, the discrepancy between the false values and the actual values of Client #1 with respect to his investments ranged from $1.1 million (CAD) to over $2.2 million (CAD).

¶ 7 In July 2022, in response to a request by Client #1 for a list of his portfolio holdings, Mr. Munro and the Respondent produced a spreadsheet which overstated the quantity of certain securities and understated the quantity of other securities. They also included securities that were not held in the account of Client #1 at all.

¶ 8 Finally, regarding Client #1, Mr. Munro instructed the Respondent to remove a reference to a holding of stock in LUCID Group Inc., which had a large unrealized loss. The Respondent complied with the request. This stock had a book value of approximately $1.3 million (USD) and a market value of approximately $950,000 (USD) as of July 2022.

IV. Client #2

¶ 9 Client #2 had requested monthly reports which provided the value of his family's investments in July 2022 and thereafter. He was provided PowerPoint slide decks, which purported to represent the market value of his investments. Between July 2022 and October 2022, Mr. Munro and the Respondent provided four separate slide decks, which misrepresented the market value of the client's portfolio, showing a much higher figure than the actual figure. The discrepancies ranged from approximately 3.2 million dollars to over $7.4 million (CAD).

¶ 10 While engaging in the misconduct, the Respondent and Mr. Munro constructed a form of text messaging not approved by RBC Dominion Securities Inc.

V. Additional Factors

¶ 11 The agreed facts also include the following additional factors:

a. The Respondent's misconduct was intentional and deceived clients.

b. Clients #1 and #2 were not able to make informed decisions about their investments and finances due to the misrepresentations made about their portfolio values.

c. The Respondent's conduct continued for an extended period.

d. The Respondent has no prior history of regulatory misconduct.

e. The Respondent has indicated she is remorseful for her misconduct.

f. The Respondent has indicated that she feared her employment was at risk if she did

not comply with Mr. Munro's request.

g. The Respondent lost her job at the Dealer Member because of her actions.

h. The Respondent has not been registered since December 2022.

i. By entering into the Settlement Agreement, the Respondent has saved CIRO the time, resources, and expenses associated with conducting a full hearing on the allegations.

VI. Contraventions

¶ 12 The Settlement Agreement records that the Respondent committed the following contraventions of CIRO's requirements:

i. Between May 2022 and November 2022, the Respondent provided false portfolio information to two clients contrary to investment dealer Rule 1400; and

ii. Between May 2022 and November 2022, the Respondent communicated with her supervisor using an unapproved communications method, contrary to the dealer member's policies and investment dealer Rule 1400.

VII. The Terms of Settlement

¶ 13 The parties to the Settlement Agreement have agreed to the following:

i. A fine $25,000;

ii. Costs of $5,000;

iii. A prohibition on registration approval with CIRO in any capacity for 12 months;

iv. Close supervision upon registration in any capacity with CIRO for 12 months;

v. Completion of the Conduct and Practice Handbook Course prior to registration with CIRO.

¶ 14 There are other provisions of the Settlement Agreement which are binding on the Respondent. For the purpose of these reasons, it is not necessary to repeat those provisions.

VIII. The basis upon which a Settlement is approved

¶ 15 The cases in respect of this issue make it clear that a Settlement such as this must pass the test of reasonableness. Put another way, the penalty imposed must fall within a reasonable range.

> See *Re Johnson* (2012) IIROC 19; See *Re Jiwa Hoffar* (2012) IIROC 9; See *Re Tropez* C (2012) IIROC 25

¶ 16 In *Re Lilly* (2020) IIROC 21, Paul Moore, Q.C, writing for the panel, gave a somewhat more elaborate description of the relevant factors to consider with respect to the approval of a settlement agreement. He stated the following at paragraphs 18-19:

> 18. The Panel determined that it had to be satisfied regarding three considerations before it could accept the Settlement Agreement. The agreed penalties had to be within the acceptable range taking into account similar cases. Secondly, the agreed penalties had to be fair and reasonable, that is proportional to the seriousness of the contravention taking into consideration other relevant circumstances and should appear to be so to the members of the public and industry. Thirdly, the agreed penalties should serve as an adequate deterrent to the Respondent and the industry.

19. To be satisfied on these three considerations requires an understanding of the particular facts of the case, the circumstances of the Respondent, and the impact on him of the agreed penalties.

IX. Conclusion

¶ 17 This panel agrees that the agreed settlement of this case meets the test of reasonableness.

¶ 18 Most importantly, it falls within an acceptable range as found in similar cases.

¶ 19 As a result, the panel approves the Settlement Agreement and the terms thereof, including the proposed penalties.

¶ 20 In our view, the Settlement Agreement before us passes the test of reasonableness and also satisfies the other additional factors referred to in the Lilly case.

¶ 21 As a result, the order will go approving the Settlement Agreement in this case.

DATED at Toronto, Ontario on this 24th day of December 2024

"Robert P. Armstrong"

Robert P. Armstrong, K.C., Chair

"Vanessa Gardiner"

Vanessa Gardiner

"Leo Ciccone"

Leo Ciccone

Appendix 'A'
Settlement Agreement

IN THE MATTER OF:

The Investment Dealer and Partially Consolidated Rules

and

Sinziana Vornicu

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

¶ 1 The Canadian Investment Regulatory Organization ("CIRO")[i] will issue a Notice of Application to announce a settlement hearing pursuant to sections 8215 and 8428 of the Investment Dealer and Partially Consolidated Rules (the "Investment Dealer Rules") to consider whether a hearing panel should accept this Settlement Agreement between Enforcement Staff and

Sinziana Vornicu (the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

¶ 2 Enforcement Staff and the Respondent jointly recommend that the hearing panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

¶ 3 For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

Registration History

¶ 4 The Respondent first entered the securities industry in approximately 2011.

The Respondent was registered as an Investment Representative ("IR") with RBC Dominion Securities Inc. (the "Dealer Member") from September 2014 until she was terminated in December 2022 for the issues that gave rise to this proceeding.

Overview

¶ 5 During her employment at the Dealer Member, the Respondent initially worked for two investment advisors, and by 2018 worked exclusively as an associate for Andrew Munro ("Munro"), a former Registered Representative.

¶ 6 Munro managed client portfolios and provided investment advice to clients, while the Respondent assisted with client communication and documentation, executing trades, and other administrative tasks.

¶ 7 Over time, two of Munro's high net-worth clients expressed dissatisfaction with their investment returns. As a measure to maintain their business, Munro initiated a scheme where, with the assistance of the Respondent, clients would receive false portfolio values ("false values").

¶ 8 The false values sent to the two clients typically inflated the market value of their investments, and in one instance for one client, misrepresented the names and quantities of certain securities that were held in that client's accounts.

¶ 9 The Respondent was primarily the individual that emailed the false values to the clients but did so at Munro's direction.

¶ 10 While the Respondent initially hesitated to engage in the misconduct, she ultimately complied with Munro's requests.

¶ 11 At times, Munro would specifically request that the Respondent review the previous false values to ensure that they did not repeat specific false values that had previously been sent. The Respondent complied with Munro's requests.

Client # 1

Bi-Weekly Emails and False Values

¶ 12 In approximately June 2021, Client # 1, who was in his mid-sixties at the time, requested that he be emailed, twice per week on Tuesdays and Thursdays, an updated summary of the total market value of his family's investments which included his personal and corporate accounts as well as the accounts of his spouse.

¶ 13 In early 2022, the value of Client # 1's investments began to decline. During this time, Munro directed the Respondent to send false values to Client # 1 as he feared the client's reaction.

¶ 14 To determine the false values, Munro, and at times the Respondent, would typically utilize the real market value of Client # 1's investments as a starting point and consider the prior investment information sent to him. Normally, Munro would then decide on a number which he believed would keep the client satisfied or not cause the client to grow suspicious.

¶ 15 Between May 2022 and November 2022, the discrepancies between the false values and the actual portfolio values sent to Client # 1 via email ranged from approximately $1.1 million (CAD) to over $2.2 million (CAD).

¶ 16 As an example, outlined below are the portfolio values derived from the client's month-end account statements compared to the false portfolio values reported to the client in emails sent at approximately the same time.

Email Date	False Portfolio Value in CAD (Email)	Statement Date	Actual Portfolio Value in CAD (Statement)	Difference (CAD)
May 3, 2022	$11,053,808.69	30-Apr-22	$9,934,941.68	$1,118,867.01
May 31, 2022	$11,120,858.69	31-May-22	$9,741,635.83	$1,379,222.86
June 30, 2022	$11,112,398.69	30-Jun-22	$8,901,712.85	$2,210,685.84
August 2, 2022	$11,179,648.69	31-Jul-22	$9,786,220.64	$1,393,428.05
September 1, 2022	$11,247,489.69	31-Aug-22	$9,393,966.63	$1,853,523.06
September 29, 2022	$11,256,555.83	30-Sep-22	$9,023,062.99	$2,233,492.84
November 1, 2022	$10,674,555.83	31-Oct-22	$8,542,122.16	$2,132,433.67
November 29, 2022	$10,706,203.77	30-Nov-22	$8,465,521.75	$2,240,682.02

False Holdings

¶ 17 In addition to receiving updated portfolio values twice weekly, Client # 1 occasionally requested that he be sent a separate list of all securities held in the accounts, their market value, and other security specific information.

¶ 18 In July 2022, in response to Client # 1's request for a list of his portfolio holdings, Munro and the Respondent created a spreadsheet which overstated the quantities of certain securities, understated the quantities of other securities, and added securities that were not held in the accounts at all.

¶ 19 In one instance, Munro instructed the Respondent to remove a sizable holding, namely Lucid Group Inc., with a large unrealized loss from the list. The Respondent complied with Munro's request. This holding had a book value of approximately $1.3 million (USD) and a market value of approximately $950,000 (USD) as of July 2022.

Client # 2

Monthly Emails and False Values

¶ 20 Client # 2, who was in his late forties at the relevant time, requested monthly updates which set out the value of his family's investments, which included his personal and corporate accounts as well as the accounts of his spouse.

¶ 21 Commencing in July 2022, Munro and the Respondent began to produce, and subsequently send, PowerPoint slide decks to Client # 2 which contained bar charts intended to represent the month-end market values of the investments.

Between July 2022 and October 2022, Munro and the Respondent sent four separate monthly PowerPoint slide decks. At Munro's direction, the slide decks misrepresented the value of the investment accounts by increasing the market value of the portfolio materially higher than it actually was.

¶ 22 The discrepancies between the false values and the actual portfolio values, as recorded in the monthly portfolio statements, ranged from approximately $3.2 million (CAD) to over $7.4 million (CAD).

Month (2022)	False Portfolio Value in CAD (Email)	Actual Portfolio Value in CAD (Statement)	Difference (CAD)
January	$21,972,500	$17,725,229	$4,247,271
February	$21,290,641	$17,415,281	$3,875,360
March	$25,128,535	$21,880,718	$3,247,817
April	$24,353,718	$19,290,346	$5,063,372
May	$22,215,195	$17,869,844	$4,345,352
June	$22,897,157	$16,652,794	$6,244,363
July	$23,245,534	$18,381,285	$4,864,249
August	$23,878,160	$16,928,597	$6,949,563
September	$24,203,533	$16,709,217	$7,494,317

The Use of An Unapproved Communication Method

¶ 23 At all material times, the Dealer Member's policies affirmed that only electronic messaging channels approved and provided by the Dealer Member could be used for business work purposes.

¶ 24 While engaging in the misconduct, Munro and the Respondent typically communicated by a form of text messaging which had not been approved by the Dealer Member.

¶ 25 On numerous occasions throughout 2022, Munro and the Respondent utilized the unauthorized method of communication to consider how to misrepresent the portfolio information provided to Client # 1 and Client # 2.

¶ 26 Typically, the Respondent would send a message, via text, to Munro which set out either the previous account values sent to clients or accurate valuations of client portfolios. Normally, Munro would then reply with a new account value. The Respondent would subsequently email the false portfolio information to the clients.

Additional Factors

The Respondent's misconduct was intentional and deceived clients.

¶ 27 Clients # 1 and 2 were not able to make informed decisions about their investments and finances due to the misrepresentations made about their portfolio values.

¶ 28 The Respondent's conduct continued for an extended period of time.

¶ 29 The Respondent has no prior history of regulatory misconduct.

¶ 30 The Respondent has indicated that she is remorseful for her misconduct.

¶ 31 The Respondent has indicated that she feared that her employment was at risk if she did not comply with Munro's requests.

¶ 32 The Respondent lost her job at the Dealer Member because of her actions.

¶ 33 The Respondent has not been registered since December of 2022.

¶ 34 By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources, and expenses associated with conducting a full hearing on the allegations.

PART IV – CONTRAVENTIONS

¶ 35 By engaging in the conduct described above, the Respondent committed the following contraventions of CIRO requirements:

(i) Between approximately May 2022 and November 2022, the Respondent provided false portfolio information to two clients, contrary to Investment Dealer Rule 1400; and

(ii) Between approximately May 2022 and November 2022, the Respondent communicated with her supervisor using an unapproved communications method, contrary to the Dealer Member's policies and Investment Dealer Rule 1400.

PART V – TERMS OF SETTLEMENT

¶ 36 The Respondent agrees to the following sanctions and costs:

(i) A fine in the amount of $25,000;

(ii) Costs in the amount of $5,000;

(iii) A prohibition on registration approval with CIRO in any capacity for 12 months;

(iv) Close supervision upon registration in any capacity with CIRO for 12 months; and

(v) Completion of the Conduct and Practices Handbook Course prior to re-registration with CIRO.

If this Settlement Agreement is accepted by the hearing panel, the Respondent agrees to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Enforcement Staff and the Respondent.

PART VI – STAFF COMMITMENT

¶ 37 If the hearing panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.

If the hearing panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Investment Dealer Rule 8200 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

¶ 38 This Settlement Agreement is conditional on acceptance by the hearing panel.

¶ 39 This Settlement Agreement shall be presented to a hearing panel at a settlement hearing in accordance with sections 8215 and 8428 of the Investment Dealer Rules, in addition to any other procedures that may be agreed upon between the parties.

Enforcement Staff and the Respondent agree that this Settlement Agreement will form all the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the hearing panel.

If the hearing panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules of CIRO and any applicable legislation to any further hearing, appeal and review.

¶ 40 If the hearing panel rejects this Settlement Agreement, Enforcement Staff and the Respondent may enter into another settlement agreement or Enforcement Staff may proceed to a disciplinary hearing based on the same or related allegations.

¶ 41 The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the hearing panel.

¶ 42 This Settlement Agreement will become available to the public upon its acceptance by the hearing panel and CIRO will post a copy of this Settlement Agreement on the CIRO website. CIRO will publish a notice and news release of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement and the hearing panel's written reasons for its decision to accept this Settlement Agreement.

¶ 43 If this Settlement Agreement is accepted, the Respondent agrees that neither they nor anyone on their behalf, will make a public statement inconsistent with this Settlement Agreement.

¶ 44 This Settlement Agreement is effective and binding upon the Respondent and Enforcement Staff as of the date of its acceptance by the hearing panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

¶ 45 This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.

¶ 46 An electronic copy of any signature will be treated as an original signature.

DATED this "1st" day of "December", 2024.

"Ionut Vornicu"
Witness

"Sinziana Vornicu"
Respondent

"Michael A. M. Mantle"
Michael A. M. Mantle
Enforcement Counsel on behalf of
Enforcement Staff of the
Canadian Investment Regulatory
Organization

The Settlement Agreement is hereby accepted this "6" day of "December", 2024 by the following Hearing panel:

Per: "Robert Armstrong"

Chair

Per: "Leo Ciccone"

Industry Member

Per: "Vanessa Gardiner"

Industry Member

[i] 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.