Re Nafarrate

IN THE MATTER OF:

THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES

and

Emilio Nafarrate

2024 CIRO 92

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: November 26, 2024 and December 3, 2024, in Toronto, Ontario by videoconference
Decision: December 3, 2024
Reasons for Decision: December 19, 2024

Hearing Panel:
Martin Sclisizzi, Chair
Charles MacFarlane, Industry Representative
Stuart Livingston, Industry Representative

Appearances:
Jagdeep Khun-Khun, Enforcement Counsel
Emilio Nafarrate, Respondent

REASONS FOR DECISION

OVERVIEW

¶ 1 This is a settlement hearing pursuant to sections 8215 and 8428 of the Investment Dealer and Partially Consolidated Rules (the "Investment Dealer Rules") to determine whether to accept or reject the terms of a Settlement Agreement entered into by Enforcement Staff of the Canadian Investment Organization of Canada ("CIRO") and the respondent, Emilio Nafarrate (the "Respondent") dated October 22, 2024 (the "Settlement Agreement"), pursuant to which Enforcement Staff of CIRO ("Staff") and the Respondent agreed to settle discipline proceedings against the Respondent.

¶ 2 The Settlement Agreement, a copy of which is attached as Schedule "A" to this decision, concerns a contravention of Rule 1400 of the Investment Dealer Rules, namely, that between June 2023 and October 2023, the Respondent failed to make diligent inquiries in relation to a proof of funds letter he created and issued for a potential client. The Respondent created and provided a proof of funds letter to a potential client, at the potential client's request, which contained unverified and inaccurate information with respect to financial details including financial assets.

¶ 3 Subject to the Hearing Panel's acceptance of the Settlement Agreement, the Respondent admits the aforesaid contravention of the Investment Dealer Rules.

¶ 4 The Settlement Agreement provides the following sanctions:

a) A prohibition of approval in any capacity with CIRO for a period of nine (9) months commencing on October 19, 2023.

b) Payment of a fine in the amount of $14,000.

c) Payment of costs in the amount of $3,000.

d) The Respondent to successfully complete the Conduct and Practices Handbook Course or an equivalent course as mandated by CIRO.

¶ 5 At the hearing on November 26, 2024, the Panel expressed concerns that the cases relied on were not recent, sufficiently similar to this case and of sufficient precedential value to assist the Panel in determining whether the agreed sanctions fall within the range of sanctions for similar contraventions in more or less similar circumstances. Enforcement Counsel requested an adjournment of the hearing to permit the filing of a supplementary submission and supplementary brief of authorities. The Panel agreed to an adjournment and the hearing resumed on December 3, 2024. We were provided with supplementary material prior to resuming the hearing.

¶ 6 After considering the material filed, the submissions of counsel, previous decisions of hearing panels referred to by Enforcement Counsel, the factors which should be considered in determining whether or not to accept a proposed settlement agreement and the CIRO Sanction Guidelines, at the conclusion of the hearing the Panel determined that the sanctions provided in the Settlement Agreement are fair and reasonable in the circumstances and within the range of appropriateness. The Panel determined that it is in the public interest to accept the Settlement Agreement. We advised the parties and counsel that the Panel accepts the Settlement Agreement with reasons to follow. These are our reasons.

BACKGROUND

¶ 7 The Respondent began working in the securities industry with RBC Dominion Securities Inc. ("RBCDS") in or about January 2017 and became fully registered on or about April 18, 2017. The Respondent has not previously been the subject of disciplinary proceedings by CIRO.

¶ 8 The agreed facts are contained in the Settlement Agreement. Particulars of the Respondent's contravention of the Investment Dealer Rules are found in paragraphs 14 to 40 of the Settlement Agreement, and therefore, we do not propose to repeat the facts in detail. However, to put our decision in context we will summarize the material facts and the key elements of the Respondent's contravention of the Investment Dealer Rules.

Proof of Funds Letter

¶ 9 In June 2023 the Respondent was introduced to R.V. by a close mutual friend, a real estate agent (the "Real Estate Agent"). The Respondent and R.V. became friends. The Real Estate Agent or R.V. told the Respondent that he and his family were clients of RBCDS or Royal Bank of Canada, that R.V.'s family is wealthy and that R.V. worked in real estate development with his family. R.V. told the Respondent that he had authority over a $250,000,000 corporate account (the "Corporate Account") and an R.V. Family Trust account at RBCDS. On a call with the Respondent and the Real Estate Agent on or about August 3, 2023, R.V. asked the Respondent for a proof of funds letter required by a lender in connection with a real estate transaction in New York. R.V. requested the proof of funds letter for the Corporate Account which stipulated that the account was in good standing at RBCDS with liquid assets of $250,000,000 (the "Proof of Funds Letter"). R.V. told the Respondent that the requirement for the Proof of Funds Letter was time sensitive and that he could not reach his own advisor at RBCDS to provide the letter. The Respondent agreed to provide the Proof of Funds Letter.

¶ 10 On August 3, 2023, the Respondent issued the Proof of Funds Letter confirming that the Corporate Account at RBCDS with liquid assets of $250,000,000 was in good standing, free of liens, encumbrances or restrictions. The Respondent prepared and issued the Proof of Funds Letter solely based on information provided to him by R.V. verbally without making any additional inquiries or performing any due diligence to verify the information. In fact, the account had a negative balance when the Proof of Funds Letter was issued.

¶ 11 On August 4, 2023, the Respondent revised the Proof of Funds Letter to include the date of August 3, 2023, which had been omitted. On August 30, 2023, the Respondent revised the letter again to include his personal phone number as opposed to an RBCDS business telephone number.

¶ 12 On August 30, 2023, the potential lender sent the Proof of Funds Letter to their own RBC banker, who in turn forwarded it to the Respondent's branch manager. The branch manager advised that the Proof of Funds letter was inaccurate.

¶ 13 On September 1, 2023, R.V. asked the Respondent to speak to the potential lender and on the same day, the Respondent attended a Zoom meeting with the potential lender during which the Respondent, without having made any inquiries as to the accuracy, verified the contents of the Proof of Funds Letter. After the Zoom meeting the potential lender emailed the Respondent requesting the contact information of the RBCDS lawyer who would be assisting with the real estate transaction. The Respondent informed R.V. of this email. R.V. advised the Respondent to ignore the email as he would deal with the potential lender's inquiry.

¶ 14 On September 7, 2023, the Respondent questioned the contents of the Proof of Funds Letter and on September 8, 2023, he questioned R.V. who admitted the inaccuracy of the Letter. Recognizing the serious consequences of the inaccuracies in the Proof of Funds Letter, the Respondent asked R.V. to terminate the real estate transaction. Subsequently, on September 11, 2023, R.V. informed the Respondent that the transaction had been restructured such that the Proof of Funds Letter would no longer be required.

¶ 15 An investigation was launched by RBC Global Special Investigation Unit. The Respondent admitted to the investigators that he had created the Proof of Funds Letter and provided it to R.V. without verification. The Respondent volunteered assistance to the investigators and fully cooperated with the investigation.

¶ 16 On October 18, 2023, the Respondent's employment with RBCDS was terminated.

Additional Facts

¶ 17 The Respondent did not derive any financial benefit from his misconduct. There was no noted prejudice suffered by any investor as a result of the Respondent's misconduct.

¶ 18 As mentioned above, the Respondent has not previously been the subject of any disciplinary proceedings by CIRO.

¶ 19 Mr. Nafarrate addressed the Panel at the hearing. He accepted full responsibility and apologized for his misconduct. He passionately described how by his lapse of judgment he let down his family, who placed trust in him, and how his error has affected him emotionally, professionally and financially and caused him to lose his self-esteem.

ANALYSIS

¶ 20 A panel considering whether to accept a settlement agreement is in a different position than a panel determining an appropriate sanction in a contested hearing. A hearing panel can only decide whether to accept or reject the proposed settlement. It is well established that a settlement hearing panel is not tasked with deciding whether it would have imposed the same sanctions as those agreed through negotiations by the parties, nor is the panel to modify or alter the sanctions. Rather the settlement hearing panel's task is to decide whether the proposed sanctions fall within a reasonable range of appropriateness and meet the objectives of the disciplinary process.[1] The Hearing Panel should not interfere lightly in the negotiated settlement if the proposed sanctions are within a reasonable range of appropriateness having regard to the Respondent's conduct.[2] In our view, the proposed sanctions clearly fall within a reasonable range of appropriateness.

¶ 21 The Respondent's misconduct arose from a misguided attempt to assist a person who was a potential client and a potential future source of business. The Respondent's reliance on R.V. for the accuracy of the information included in the Proof of Funds Letter and his failure to verify the information before issuing the letter was a reckless and serious breach of the Investment Dealer Rules. The Respondent failed to exercise good judgement in trusting R.V., who he had met less than two months earlier and with whom he had no previous dealings, and in failing to perform any due diligence to verify the information provided to him by R.V.

¶ 22 The Respondent has acknowledged that his conduct was an exercise of poor judgement and constituted a serious breach of the Investment Dealer Rules. He acknowledged and admitted his misconduct to both his

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[1] *Milewski* (*Re*), [1999] I.D.A.C.D. No. 17; *Sterling Mutuals Inc. (Re)*[2008] Hearing Panel, Central Regional Council, MFDA File No. 200820; Reasons for Decision dated September 3, 2008

[2] *Jacobson (Re),* [2007] Hearing Panel of the Prairie Regional Council, MFDA File No. 200712, Reasons for Decision dated July 13, 2007, para. 68 ("*Jacobson"*)

former employer and CIRO. He has accepted responsibility for his actions and has shown genuine remorse. By his prompt acknowledgement of his misconduct and by entering into the Settlement Agreement, the Respondent has accepted responsibility for his misconduct and has saved CIRO the time, resources and expense of a full investigation and a contested disciplinary hearing.

¶ 23 We note that there was no noted prejudice suffered by any investor because of the Respondent's misconduct and that the Respondent did not receive any financial benefit from engaging in the misconduct.

¶ 24 We also note that the Respondent has no previous disciplinary record with CIRO.

¶ 25 One of the factors to consider when determining whether to accept a settlement agreement is whether the agreed sanctions are within an acceptable range of appropriateness taking into account other decisions in similar circumstances. At the initial hearing we were referred to previous decisions to illustrate that the agreed sanctions in the Settlement Agreement are consistent with previous hearing panel decisions in similar circumstances.[3] The Panel was not satisfied that the facts in those decisions were sufficiently similar to the facts in this case to provide useful precedential value. In advance of the hearing on December 3, 2024, the Panel was provided with additional decisions.[4] Enforcement Counsel submitted that this is a somewhat unique case and acknowledged that none of the cases referred to the Panel are "on all fours" with this case but as they are the closest to the circumstances of this case, they should be applied by analogy. We considered the additional cases referred to us but found that they also were not particularly helpful in providing guidance because their facts were quite different from the agreed facts in this case.

¶ 26 We considered the *Sanction Guidelines* to assist us on whether to accept the Settlement Agreement and the agreed sanctions. The *Sanction Guidelines* provide that hearing panels may rely on previous decisions when determining what sanctions should be imposed, and in determining whether a proposed settlement is within the reasonable range of appropriateness. Prior decisions are relevant to ensure that a respondent is dealt with fairly in relation to other persons in similar circumstances and to promote consistency in determining the appropriate sanctions for similar contraventions in similar circumstances. However, there are not always previous decisions of hearing panels in sufficiently similar circumstances to provide a helpful guide on the range of appropriateness of the sanctions. This is one of such cases.

¶ 27 The determination of the appropriate sanctions is discretionary and always depends on the particular facts of each case. In determining that the proposed sanctions fall within a reasonable range of appropriateness, we were guided by the specific facts applicable to Mr. Nafarrate and the specific circumstances of his conduct. We were also guided by the principle that when considering specific and general deterrence in the imposition of sanctions, consideration must be given to relevant aggravating and mitigating factors and to ensuring that the sanctions are fair and proportionate, bearing in mind the facts of this case, the extent of the seriousness of the misconduct and the impact that the sanctions will have on the Respondent.

¶ 28 In considering whether to accept the Settlement Agreement, we considered the factors referred to in *Jacobson*[5], namely, whether the Settlement Agreement is in the public interest and the sanctions will protect investors; whether the Settlement Agreement is reasonable and proportionate, having regard to the Respondent's conduct; whether the Settlement Agreement addresses both specific and general deterrence; whether the Settlement Agreement will prevent repetition of the type of misconduct described in the Settlement Agreement in the future; and whether the Settlement Agreement will foster confidence in the integrity of the Canadian capital markets and the integrity of CIRO and confidence in the regulatory process. We are satisfied that the Settlement Agreement satisfies all these factors.

¶ 29 In our view the proposed sanctions are reasonable and proportionate in the circumstances. In accepting

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[3] *Re Lamontagne,* 2009 IIROC 23; *Re. Lamontagne,* 2009 ABASC 490; *Re Warkentin,* 2012 IIROC 40; *Re Conville,* 2013 IIROC 5; *Re Dickson,* 2013 IIROC 53; *Re Farber,* 2014 IIROC 14; *Re Smith,* 2014 IIROC 16

[4] *Re Gill,* 2015 IIROC 39; *Re Nother,* 2020 IIROC 22; *Re Eley,* 2014 IIROC 52; *Re Lee,* 2017 LNCFDA 4; *Re Derrick Foley,*2015 CanLII 93980

[5] *Supra*, para. 70

the Settlement Agreement and the proposed sanctions, the Panel also considered the fact that the contravention occurred early in the Respondent's career, the Respondent does not have a prior disciplinary record, there was no financial harm to the public or financial gain to the Respondent, he acknowledged and admitted his misconduct to both his former employer and CIRO and provided exceptional cooperation with the CIRO investigation, he accepted responsibility for his misconduct. Mr. Nafarrate's employment was terminated by RBCDS because of his misconduct, and this is a significant penalty, both financially and emotionally. Mr. Nafarrate has learned from his mistake and can now have a fresh start. The proposed sanctions will, in our view, achieve specific and general deterrence and convey the message to Approved Persons that strict compliance with the Investment Dealer Rules is mandatory.

CONCLUSION

¶ 30 Considering the aforesaid factors, we have concluded that the agreed sanctions are fair, reasonable, proportionate and appropriate in the circumstances and provide an adequate specific and general deterrent. Accordingly, the Panel accepted the Settlement Agreement.

DATED at Toronto, Ontario this 19th day of December 2024.

"Martin Sclisizzi"

Martin Sclisizzi, Chair

"Charles Macfarlane"

Charles Macfarlane, Industry Representative

"Stuart Livingston"

Stuart Livingston, Industry Representative

SCHEDULE "A"
Settlement Agreement

IN THE MATTER OF:

THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES

and

Emilio Nafarrate

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 Emilio Nafarrate (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.

Overview

¶ 4 The Respondent created and provided a proof of funds letter to a potential client ("R.V.") which contained unverified and inaccurate information with respect to financial details including financial assets.

¶ 5 This letter falsely indicated that an account was in good standing at RBC Dominion Securities Inc. ("RBCDS") with liquid assets of $250,000,000 based on unverified verbal information provided to the Respondent by R.V.

¶ 6 Further in the letter, the Respondent certified the funds were free of liens, encumbrances, or restrictions.

¶ 7 The Respondent did not perform any additional due diligence to validate the information used in this letter.

¶ 8 The Respondent used his personal email to provide the letter to R.V.

¶ 9 Moreover, on September 1st, 2023, during a Zoom meeting, the Respondent confirmed the contents of the letter to R.V., and others.

¶ 10 The Respondent did not follow the proper RBCDS compliance policies and procedures for the provision of proof of funds letters.

¶ 11 As a result of creating and providing the letter, the Respondent was terminated from his employment with RBCDS on October 18th, 2023.

Registration History

¶ 12 The Respondent first began working in the securities industry in or about January 2017 at RBCDS. The Respondent became fully registered on or about April 18, 2017.

¶ 13 Since his termination from RBCDS, the Respondent began the process of becoming registered with a private investment counsel firm.

Respondent Meets R.V.

¶ 14 In or about late June 2023, the Respondent was introduced to R.V. by one of his friends, a real estate agent (the "Real Estate Agent"). The Real Estate Agent was a close friend of both the Respondent and R.V.

¶ 15 The Respondent, Real Estate Agent, and R.V. all became friends.

¶ 16 The Respondent was not the registered representative for any account operated by R.V., or his family. The Respondent viewed R.V. as a potential future source of business.

¶ 17 The Respondent was told by the Real Estate Agent or R.V. that:

i. R.V. and his family were clients of RBCDS or Royal Bank of Canada ("RBC") Wealth Management; and

ii. R.V.'s family was wealthy and R.V. worked in real estate development with his family.

¶ 18 R.V. told the Respondent that he had authority over two accounts at RBCDS:

i. A $250,000,000 corporate account (the "Corporate Account"); and

ii. The R.V. Family Trust.

(collectively the "Accounts").

¶ 19 R.V. purportedly wanted to complete a real estate transaction in New York, United States. R.V. required a proof of funds letter for this transaction (the "Transaction").

Proof of Funds Letter

¶ 20 On or about August 3rd, 2023, the Respondent had a call with the Real Estate Agent and R.V.

¶ 21 During this call, R.V. requested from the Respondent a proof of funds letter for the Corporate Account that stipulated the account was in good standing at RBCDS with liquid assets of $250,000,000 (the "Proof of Funds Letter").

¶ 22 The Respondent required the Proof of Funds Letter to secure a loan required for the Transaction.

¶ 23 R.V. told the Respondent that he could not reach his own advisor at RBCDS and that the Proof of Funds Letter was time sensitive.

¶ 24 R.V. further told the Respondent that the Proof of Funds Letter would only be used temporarily, for a maximum of 24 hours, and then his own advisor would assist with the Transaction.

¶ 25 The Respondent agreed to R.V.'s request to create and provide the Proof of Funds Letter.

¶ 26 R.V. verbally provided the Respondent with the information to be used in the Proof of Funds Letter.

¶ 27 The Respondent did not perform any additional due diligence to validate the information to be used in the Proof of Funds Letter.

¶ 28 In August 2023, different versions of the Proof of Funds Letter were provided to R.V. on three separate occasions from the Respondent's personal email:

i. On or about August 3rd, 2023;

ii. On or about August 4th, 2023, the Proof of Funds Letter was revised by the Respondent to include the date that it was completed, August 3rd, 2023; and

iii. On or about August 30th, 2023, the Proof of Funds Letter now included the Respondent's personal phone number as opposed to an RBCDS business phone number.

¶ 29 On or about August 8th, 2023, the Respondent learned from R.V. that he has yet to use his own advisor in the Transaction. R.V. told the Respondent that he did not use his own advisor as it would appear strange to change advisors at this point.

Identified Concerns with Proof of Funds Letter

¶ 30 On or about August 30th, 2023, the potential lender that was to be involved in the Transaction (the "Lender") forwarded an email chain containing the Proof of Funds Letter to their own RBC private banker. On or about August 31, 2023, this email chain was then forwarded to the Respondent's branch director, who advised that the Proof of Funds Letter was not accurate.

¶ 31 On September 1st, 2023, R.V. asked the Respondent to speak to the Lender.

¶ 32 On September 1st, 2023, the Respondent attended a Zoom meeting with the Lender verifying the contents of the Proof of Funds Letter.

¶ 33 After the Zoom meeting, the Lender emailed the Respondent requesting the contact information for the RBCDS lawyer that would be assisting with the Transaction.

¶ 34 The Respondent informed R.V. of the Lender's email.

¶ 35 R.V. advised the Respondent to ignore the email from the Lender and that they would deal with the email inquiry from the Lender.

¶ 36 On September 5th, 2023, the Lender sent a follow-up email to the Respondent. Again, the Lender requested the name of the RBCDS lawyer that would assist with the Transaction.

¶ 37 On or about September 6th, 2023, the RBC Global Special Investigation Unit ("RBCGSIU") was requested to review the Proof of Funds Letter.

¶ 38 On or about September 7th, 2023, the Respondent questioned the contents of the Proof of Funds Letter. Notably, that R.V. had misrepresented the amount of assets to the Respondent.

¶ 39 On September 8th, 2023, the Respondent confronted R.V. During this conversation, R.V. admitted to the Respondent that the Proof of Funds Letter was inaccurate. The Respondent then, on his own volition, asked R.V. to terminate the Transaction.

¶ 40 On September 11th, 2023, R.V. called the Respondent telling him that the Transaction had been restructured and the Proof of Funds Letter would no longer be required.

Respondent's Termination

¶ 41 On September 19th, 2023, the Respondent learned that RBCGSIU began an investigation. RBCGSIU attempted to interview the Respondent; however, the Respondent requested that he wished to speak with legal counsel before proceeding.

¶ 42 On or about September 29th, 2023, the Respondent, with legal counsel, was interviewed by RBCGSIU. The Respondent admitted to RBCGSIU that he created and provided the Proof of Funds Letter to R.V.

¶ 43 The RBCGSIU investigation revealed that the account number and name on the Proof of Funds Letter matched an RBC Business account for R.V.; however, the account had a negative balance at the time the Proof of Funds Letter was suspected to be produced.

¶ 44 The Respondent's employment with RBCDS was terminated on October 18th, 2023.

Additional Factors

¶ 45 The Respondent promptly volunteered substantial assistance and provided proactive and exceptional cooperation with investigators.

¶ 46 The Respondent did not derive any financial benefit from his misconduct.

¶ 47 There was no noted prejudice suffered by any investor as a result of the Respondent's misconduct.

¶ 48 The Respondent has no previous disciplinary record with CIRO.

¶ 49 Enforcement Staff has agreed to a 30% reduction of the fine and suspension it would otherwise have agreed to based on the proactive and exceptional cooperation of the Respondent, the express and repeated admissions of the Respondent during multiple investigations, and the Respondent's willingness to resolve this matter in a timely manner. These factors led to an early resolution of this matter.

PART IV – CONTRAVENTIONS

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

> Between June 2023 and October 2023, the Respondent failed to make diligent inquiries in relation to a proof of funds letter he created for a potential client, contrary to Rule 1400 of the Investment Dealer Rules.

PART V – TERMS OF SETTLEMENT

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

i. A prohibition of approval in any capacity with CIRO for a period of nine (9) months commencing on October 19, 2023;

ii. The payment of a fine in the amount of fourteen thousand dollars ($14,000.00);

iii. Successful completion of the Conduct and Practices Handbook Course or an equivalent as mandated by CIRO;

iv. The payment of costs in the amount of three thousand dollars ($3,000.00).

¶ 52 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

¶ 53 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.

¶ 54 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

¶ 55 This Settlement Agreement is conditional on acceptance by the Hearing Panel.

¶ 56 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.

¶ 57 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.

¶ 58 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.

¶ 59 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.

¶ 60 The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

¶ 61 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.

¶ 62 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.

¶ 63 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

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

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

DATED this 22 day of October, 2024.

"Witness"	"Emilio Nafarrate"
Witness	Emilio Nafarrate

DATED this 22 day of October, 2024.

"Witness"	"Jagdeep Khun-Khun"
Witness	Jagdeep Khun-Khun Enforcement Counsel on behalf of Enforcement Staff of the Canadian Investment Regulatory Organization

The Settlement Agreement is hereby accepted this 3 day of December, 2024 by the following Hearing Panel:

Per: "Marty Sclisizzi"

Chair

Per: "Stuart Livingston"

Industry Member

Per: "Charles MacFarlane"

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.