



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES**

AND

ANDREW DAVID MUNRO

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization (“CIRI”)¹ 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 Andrew David Munro (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 2007.
5. The Respondent was a Registered Representative (“RR”) with RBC Dominion Securities (the “Dealer Member”) from September 2015 until he was terminated in December 2022 for the issues that gave rise to this proceeding.

Overview

6. During his employment at the Dealer Member, Sinziana Vornicu (“Vornicu”), an Investment Representative, worked under the Respondent and another investment advisor. By 2018, Vornicu worked exclusively as an associate for the Respondent.
7. The Respondent managed client portfolios and provided investment advice to clients, while Vornicu assisted with client communication and documentation, executing trades, and other administrative tasks.
8. Over time, two of the Respondent’s high net-worth clients expressed dissatisfaction with their investment returns. As a measure to maintain their business, the Respondent initiated a scheme where, with the assistance of Vornicu, clients would receive false portfolio values (“false values”).
9. 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.
10. Vornicu was primarily the individual that emailed the false values to the clients but did so at the Respondent’s direction.

Client # 1

Bi-Weekly Emails and False Values

11. 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.
12. In early 2022, the value of Client # 1’s investments began to decline. During this time, the Respondent directed Vornicu to send false values to Client # 1 as he feared the client’s reaction.

13. To determine the false values, the Respondent, and at times Vornicu, 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, the Respondent would then decide on a number which he believed would keep the client satisfied or not cause the client to grow suspicious.
14. 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).
15. As an example, outlined below are 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

16. 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.
17. In July 2022, in response to Client # 1's request for a list of his portfolio holdings, the Respondent and Vornicu 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.

18. In one instance, the Respondent instructed Vornicu to remove a sizable holding, namely Lucid Group Inc., with a large unrealized loss from the list. Vornicu complied with the Respondent'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

19. In late 2021, Client # 2 communicated to the Respondent that he was disappointed with his investment returns and that if they did not improve, he would potentially switch to another advisor.
20. Client # 2, who was in his late forties at the relevant time, requested monthly updates that 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, the Respondent and Vornicu 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.
22. Between July 2022 and October 2022, the Respondent and Vornicu sent four separate monthly PowerPoint slide decks. At the Respondent'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.
23. 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

- 24. 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.
- 25. While engaging in the misconduct, the Respondent and Vornicu typically communicated by a form of text messaging which had not been approved by the Dealer Member.
- 26. On numerous occasions throughout 2022, the Respondent and Vornicu utilized the unauthorized method of communication to consider how to misrepresent the portfolio information provided to Client # 1 and Client # 2.
- 27. Typically, Vornicu would send a message, via text, to the Respondent which set out either the previous account values sent to clients or accurate valuations of client portfolios. Normally, the Respondent would then reply with a new account value. Vornicu would subsequently email the false portfolio information to the clients.
- 28. During the material time, the Respondent also communicated with Client # 1 and Client # 2 using a form of text messaging which had not been approved by the Dealer Member.

Additional Factors

- 29. The Respondent’s conduct was intentional and deceived clients.
- 30. The Respondent directed his associate to engage in the misconduct with him.
- 31. 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.

32. The Respondent's misconduct continued for an extended period of time.
33. The Respondent has no prior history of regulatory misconduct.
34. The Respondent has indicated that he is remorseful for his misconduct.
35. The conduct noted here was limited to two of Mr. Munro's client households.
36. 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

37. 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 his associate and his clients using an unapproved communications method, contrary to the Dealer Member's policies and Investment Dealer Rule 1400.

PART V – TERMS OF SETTLEMENT

38. The Respondent agrees to the following sanctions and costs:
 - (i) A fine in the amount of \$100,000;
 - (ii) Costs in the amount of \$5,000; and
 - (iii) A prohibition on registration approval with CIRO in any capacity for 5 years.
39. If this Settlement Agreement is accepted by the hearing panel, the Respondent agrees to pay the amounts referred to above immediately upon such acceptance, unless otherwise agreed between Enforcement Staff and the Respondent.

PART VI – STAFF COMMITMENT

40. 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.
41. 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

42. This Settlement Agreement is conditional on acceptance by the hearing panel.
43. 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.
44. 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.
45. 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.
46. 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.

- 47. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the hearing panel.
- 48. 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.
- 49. 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.
- 50. 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

- 51. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
- 52. An electronic copy of any signature will be treated as an original signature.

DATED this “27” day of “January”, 2025.

“Witness”

 Witness

“Andrew Munro”

 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 “5” day of “February”, 2025 by the following Hearing panel:

Per: “Barry Bresner” _____
Chair

Per: “Colleen Wright” _____
Industry Member

Per: “Christopher Hill” _____
Industry Member

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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.