



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES
AND
ROBERTO DANIEL CHU**

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 Roberto Daniel Chu (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 Tuesday, April 08, 2025 at 10:00 a.m. PT

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 January 30, 2025.

“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 January 30, 2025, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1

In February 2023, the Respondent transferred funds without authorization from his client EC's investment account, contrary to IDPC Rule 1400.

Contravention 2

In August 2024, the Respondent failed to cooperate with Staff's investigation, contrary to IDPC Rule 8104.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. At all material times, the Respondent, Roberto Daniel Chu (Chu), was a Registered Representative (RR) with Haywood Securities Inc (Haywood) in Vancouver.
2. Chu was responsible for investment advice and recommendations for the accounts of client EC, who was also his brother.
3. In February 2023, Chu engaged in conduct unbecoming when he transferred \$297,500 from EC's investment account held at Haywood, and ultimately to an outside bank account in which Chu held an interest. These transfers were made without EC's knowledge or approval.
4. Following an internal investigation, Chu returned these funds in full to EC's investment account with Haywood in May 2023.
5. On August 19, 2024, Chu failed to cooperate with an investigation when he failed to attend a scheduled video conference interview with CIRO Staff ("Staff").

Registration History

6. Chu has been an RR with Haywood since 2010, and in the investment industry since 1999. His employment was terminated by Haywood on June 12, 2023. He is not currently registered with a CIRO dealer member firm.

Client RC

7. EC has been a client of Chu since 2018.
8. EC held the following five accounts at Haywood:
 - (a) CAD Margin
 - (b) CAD Cash

(c) USD Margin

(d) USD Cash

(e) TFSA

9. Chu handled all five accounts for EC.
10. In addition, EC held two joint accounts with Chu at Haywood.
11. On or about January 30, 2023, JC, the mother of Chu and EC, passed away.
12. On February 8, 2023, Chu transferred \$299,192 from EC's CAD Margin account at Haywood to EC's CAD Cash account, also at Haywood. The next day, on February 9, he transferred \$297,500 from the CAD Cash account to an outside Canadian bank account jointly held by Chu, EC and the late JC (Joint Account #1). On the same day, February 9, \$297,500 was transferred from Joint Account #1 to another bank account at the same bank, jointly held by Chu and the late JC (Joint Account #2). EC did not have any interest in Joint Account #2.
13. All of the above transfers occurred without the knowledge or approval of EC.
14. Haywood conducted an internal investigation which included interviewing Chu three times. Chu admitted to the transfers, and that he did not have written authorization from EC for the transfers but stated that EC had provided him with prior verbal approval for the transfers.
15. EC was interviewed in the course of the internal investigation. He denied providing any authorization or approval for the transfers.
16. Chu's unauthorized transfers from EC's accounts constitute conduct unbecoming contrary to IDPC Rule 1400.

Failure to Cooperate with Staff Investigation

17. On July 19, 2023, Staff sent an opening letter to Chu by Registered Mail stating that it had opened an investigation into his conduct as an RR with Haywood.
18. On July 25, 2023, Staff was contacted by legal counsel stating they represented Chu. Legal counsel requested that all correspondence to Chu be directed through him.
19. On November 15, 2023, Staff contacted his legal counsel by email and requested an interview of Chu during the week of December 11, 2023.
20. On November 22, 2023, legal counsel advised Staff by email that he was not available during the proposed dates, but also, he was uncertain of Chu's ability to attend an interview due to health reasons. He indicated that he would provide Staff with an update following an assessment of Chu's health.
21. On November 27, 2023, Staff wrote to legal counsel and requested further information, including supporting documentation, concerning Chu's health assessment that would affect his ability to participate in an interview.
22. Between November 2023 and June 2024, Staff followed up with legal counsel on numerous occasions requesting further information including any supporting documentation concerning Chu's health, but no further information or supporting documentation was provided.
23. On June 11, 2024, Staff wrote to Chu by registered mail, copied to his legal counsel, and advised that Staff had not received any further information and it was again seeking to schedule an interview of Chu during the month of July 2024. Staff did not receive a response to the June 11 letter from Chu or his legal counsel.
24. On July 22, 2024, Staff wrote to Chu by registered mail, copied to his legal counsel, and advised that it had received no response to the June 11 letter and therefore had scheduled a video interview for 9:00 a.m. Pacific time on August 19, 2024.

25. On August 16, 2024, the last business day before the scheduled interview, legal counsel emailed Staff and advised that a health assessment had still not been completed, and requested an adjournment of the August 19, 2024, scheduled interview. Staff declined the request for an adjournment by email.
26. On August 19, 2024, at 8:59 a.m., one minute before the interview was to start, legal counsel for Chu emailed Staff to advise that a preliminary report concerning Chu's health would be provided by the end of day.
27. Neither Chu, nor his legal counsel, attended the interview scheduled for August 19, 2024 at 9:00 a.m.
28. Later that day, on August 19, Chu's legal counsel emailed Staff a "preliminary report" concerning Chu from a health professional but added that he expected to provide a more detailed report later.
29. To date, Staff have not received any further information concerning Chu's health apart from the preliminary report.
30. Chu's failure to attend the interview constitutes a failure to cooperate with an investigation contrary to IDPC Rule 8104.

DATED at Calgary, Alberta on January 30, 2025.