

Re All Group Financial Services

IN THE MATTER OF:

**The Rules of the Investment Industry Regulatory Organization of
Canada**

and

All Group Financial Services Inc.

2018 IIROC 30

Investment Industry Regulatory Organization of Canada
Hearing Panel (Ontario District)

Hearing: June 26 and July 16, 2018

Decision: July 26, 2018

Written Reasons: August 1, 2018

Hearing Panel:

Susan Lang, Chair; Leo Ciccone; F. Michael Walsh

Appearances:

Charles Corlett, Senior Enforcement Counsel

April Engelberg, Enforcement Counsel

No one appearing for the Respondent, All Group Financial Services Inc.

DECISION ON THE MOTION

¶ 1 On January 18, 2017, this Panel granted a Protective Order against All Group Financial Services Inc. (All Group). That Order was published on IIROC's website, as were the Panel's Reasons and an Enforcement Notice. Among other terms, and with the consent of All Group, the Order suspended All Group's membership in IIROC effective January 23, 2017. The supporting Reasons to that Order describe All Group's proposed sale of its client assets and transfer of its client accounts. By the time of the Order, all clients had been notified of the proposed transfer.

¶ 2 In addition to suspending All Group, the Order provided that IIROC could subsequently "move without notice to All Group for an order terminating All Group's membership with IIROC." IIROC brought a motion to do so returnable before the Panel on June 26, 2018. In support, IIROC submitted a Notice of Motion and Affidavit. The Affidavit described All Group's compliance with the 2017 Order, confirmed All Group held no client assets and described All Group as "effectively insolvent".

¶ 3 After reviewing the materials filed, the Panel requested oral submissions from Enforcement Counsel and subsequently requested further written submissions regarding the application of the Consolidated Enforcement, Procedural, Examination and Approval Rules (Consolidated Rules) to the circumstances of this case in several respects. The submissions requested were all procedural in nature having to do with service, the proper procedure to be followed, motions in writing and public hearings. The Panel is satisfied both on the procedural points at issue and on the substance of the merits. For the reasons that follow, an order will go terminating All Group's membership in IIROC.

¶ 4 First, the Panel requested submissions about whether notice to the Respondent was required and whether

it was given. Although the 2017 Order contemplated a motion without the provision of notice, rule 8426 appears to require service on a respondent of a proceeding brought under rule 8212, including one to terminate IIROC membership. No affidavit of service was provided with Enforcement Counsel's initial submissions. Subsequently IIROC filed an Affidavit of Service, which indicated Enforcement Counsel had been in contact with All Group's new counsel. In addition, Enforcement Counsel explained that the new counsel accepted service of IIROC's Motion Record and Written Submissions. Enforcement Counsel's covering letter to All Group's counsel provided the date of the proposed in-writing hearing and a schedule for the exchange of materials. In addition, All Group's new counsel responded to Enforcement Counsel advising that All Group did not object to the relief sought to terminate All Group's IIROC membership. This further evidence persuades the Panel that as a matter of fact the Respondent was served, assuming without deciding whether service was required in the particular circumstances of this case.

¶ 5 Second, the Panel sought argument on the application of rule 8212, which provides for an application to terminate IIROC membership, rather than proceeding by way of notice of motion. In our view, since the supporting material would not have been substantively different had IIROC proceeded with an application, and since the Respondent does not oppose the relief requested, it is unnecessary for the Panel to address this procedural point.

¶ 6 Third, rule 8409(2) restricts a written hearing to one that involves procedural issues, one that proceeds on agreed facts and any other motion in writing a hearing panel considers appropriate. The Panel requested submissions on this point because terminating an IIROC membership is not on its face procedural and we were not then aware of the Respondent's counsel's position of not opposing the relief requested. In determining the appropriate form of hearing, rule 8409(3) directs a hearing panel to consider five relevant factors. In this case, Enforcement Counsel's initial submissions addressed the nature of the hearing, set out that no facts were in dispute and pointed to the efficiency of a written hearing. On the issue of accessibility to the public, Enforcement Counsel argued that public access was of less importance since All Group did not hold client assets at the time of its suspension. In addition, our earlier Reasons and the Affidavit in support of the motion, support that argument. In the circumstances of this case, it was appropriate to proceed with a written hearing.

¶ 7 Fourth, the Panel sought further submissions regarding public accessibility, in light of the requirement of rule 8203(5) for a public hearing unless the hearing is one of those enumerated in that rule. In the further submissions, Enforcement Counsel advised the Panel that IIROC had published an Enforcement Notice about the Notice of Motion returnable June 26, 2018, which "invited the public to contact" Enforcement Counsel or Media Relations "for further information." In addition, Enforcement Counsel advised that Staff was "unaware of any public enquiries" received by IIROC up to the July 12 date of their further submissions. This information is consistent with the 2017 transfer of client assets and accounts. The Panel also observes that rule 8403(3)(iv), albeit subject to a requirement of the Rules of Procedure, provides that a panel has the authority to control its own process, including by "waiving or varying any Rule of Procedure in respect of a proceeding." This is another area where it is unnecessary for the Panel to parse the interaction of the Consolidated Rules, in light of the public notice posted, the fact that All Group held no client assets, and the fact that the relief requested was unopposed.

¶ 8 In addition to these procedural issues, the Panel is persuaded on the merits that All Group's membership in IIROC should be terminated. In accordance with these Reasons, an Order will go terminating All Group's membership in IIROC in terms of the draft Order submitted as amended.

Dated at Toronto, Ontario this 1st day of August, 2018.

Susan Lang

Leo Ciccone

F. Michael Walsh

IN THE MATTER OF:

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA
AND
ALL GROUP FINANCIAL SERVICES INC.**

ORDER

THIS MOTION, made with notice by Staff of the Investment Industry Regulatory Organization of Canada (IIROC) for an Order expelling All Group Financial Services Inc. from IIROC and terminating its rights and privileges of membership was heard in writing and orally at Toronto, Ontario on June 26 and on July 16, 2018, pursuant to Sections 8212, 8409, 8426 and 8413 of the Consolidated Enforcement, Examination and Approval Rules of IIROC (Consolidated Rules).

ON READING the materials filed in support of this motion, including the affidavit of Blaize Piacentini sworn April 24, 2018 and the exhibits thereto, the Affidavit of Cynthia S. Stasinski and the exhibits thereto and the written submissions and further submissions of Enforcement Counsel, including that All Group's counsel does not oppose the relief requested;

THIS HEARING PANEL ORDERS that:

1. Pursuant to Section 8212(4)(v) of the Consolidated Rules, All Group Financial Services Inc. shall be and hereby is expelled from IIROC effective immediately.
2. Pursuant to Section 8212(4)(v) of the Consolidated Rules, All Group Financial Services Inc.'s rights and privileges of IIROC membership shall be and hereby are terminated effective immediately.

DATED at Toronto, Ontario, this 1st day of August, 2018.

Original Executed by:

"Susan Lang"

Susan Lang, Chair

"Leo Ciccone"

Leo Ciccone, Panel Member

"F. Michael Walsh"

F. Michael Walsh, Panel Member

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