

Re Martin

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Larry Martin

2021 IIROC 29

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

Heard: November 19, 2021 in Victoria, British Columbia by videoconference

Decision: November 19, 2021

Reasons for Decision: December 10, 2021

Hearing Panel:

Susan E. Ross, Chair, Brad Doney and Nigel Potts

Appearances:

Lorne Herlin, Senior Enforcement Counsel

Dana Prince, Counsel for Larry Martin

Larry Martin (absent)

DECISION ON ACCEPTANCE OF SETTLEMENT AGREEMENT

INTRODUCTION

¶ 1 On November 19, 2021, this Hearing Panel held a settlement hearing to consider whether to accept a Settlement Agreement dated November 5, 2021, between Enforcement Staff of the Investment Industry Regulatory Organization of Canada (IIROC) and the Respondent Larry Martin.

¶ 2 The hearing was conducted by videoconference attended by the Hearing Panel, Counsel for IIROC Enforcement Staff, and Counsel for the Respondent.

¶ 3 The Settlement Agreement was reached, and the hearing was conducted in accordance with Rules 8203 (Hearings), 8215 (Settlements and Settlement Hearings), and 8428 (Settlement Hearings) of the IIROC Consolidated Rules.

¶ 4 The contraventions concern the Respondent's failure to make sufficient inquiries in the face of red flags indicating suspicious trading activities in five investment accounts over a 26-month period.

¶ 5 The sanctions and costs agreed to in the Settlement Agreement are:

- (a) a fine in the amount of \$82,000 (including disgorgement of approximately \$32,000 in commissions earned by the Respondent in relation to the contraventions); and
- (b) costs in the amount of \$20,000.

¶ 6 At the conclusion of the hearing, we accepted the Settlement Agreement with reasons to follow. These

are our reasons for decision.

AGREED FACTS

¶ 7 The agreed facts are set out in full in Part III of the attached Settlement Agreement.

¶ 8 The Respondent has worked as a Registered Representative since 1984. Since 2004, he has worked at Leede Jones Gable Inc. (Leede) as a Registered Representative (Securities, Retail), Executive, and Director. From 2009 to 2021, he was also a Supervisor at Leede.

¶ 9 The agreed facts involve trading activities between June 2016 and October 2018 in four corporate investment accounts (Corporate Accounts) and a fifth corporate account opened by CMGT (CMGT Account). The Respondent was responsible for all five accounts.

THE CORPORATE ACCOUNTS

¶ 10 The four Corporate Accounts were used principally as trade execution accounts made on the clients' initiative in speculative, high-risk companies. The same individuals were associated with several of the Corporate Accounts and multiple foreign jurisdictions were associated with two of the Corporate Accounts. Large amounts of shares of companies listed on both the Canadian Securities Exchange and the OTC Markets Group in the United States were deposited into the Corporate Accounts, often by way of physical share certificates. Shares of the same issuers were deposited into some of the Corporate Accounts. The Corporate Accounts generally sold or attempted to sell all the shares immediately upon receipt. Proceeds of their sale were transferred out shortly after and, overall, each account lost money on the sales. The assets in some of the Corporate Accounts were significantly higher than the stated values in the New Client Application Forms for the accounts.

¶ 11 Leede's Compliance Department made multiple inquiries to the Respondent regarding trading activities in the Corporate Accounts. In particular:

- (a) The Respondent informed a Compliance Officer that the only relationship between two of the Corporate Accounts was that the individual who owned one of the corporate clients referred another of the corporate clients to him, when the Respondent was aware that that individual and the president of the other corporate client were friends who sometimes conferred about selling common positions.
- (b) When a Compliance Officer inquired about an uncommonly high volume of deposits in and check requests out of an account with minimal transactions, the Respondent's replied that the client was holding funds in anticipation of participating in an initial public offering, but the client drew money from time to time. However, the Respondent made this response without questioning the client specifically about the withdrawals in question.
- (c) When the Chief Compliance Officer inquired whether one of the Corporate Accounts might be grossly underestimating their liquid assets and net worth values and directed the Respondent to update the New Client Application Form, the Respondent responded that the corporate client had become much more active and was doing very well in the market conditions, when overall that account had incurred a loss on the sell orders it placed.

THE CMGT ACCOUNT

¶ 12 The New Client Information Form for the CMGT Account indicated that CMGT was incorporated and had its head office in the Cayman Islands, was in the investing business, and was beneficially owned by Oliver-Barret Lindsay (Lindsay), a Canadian citizen resident in the Cayman Islands who had sole trading authority over the account. The Respondent believed that CMGT was Lindsay's personal holding company when it was in fact a Cayman Islands based broker-dealer owned by Lindsay.

¶ 13 Shares of OTC-listed companies were deposited into the CMGT Account. In a number of instances, all or most of the shares were sold soon after being deposited and all or some of the proceeds of sale were transferred out. From June 2016 to July 2018, \$30,000 USD was deposited into the CMGT Account and \$5,439,000 USD was withdrawn. During that period the value of the month-end assets in the CMGT Account was significantly higher than the stated value of CMGT's estimated net liquid assets in the New Client Information Form.

¶ 14 In April and May 2018, the Compliance Department raised concerns to the Respondent about the transfer of large quantities of OTC shares into the CMGT Account. The Respondent agreed to cap such deliveries at 500,000 shares and do research on three of the companies. However, in June 2018, at the request of the client and with the approval of the Compliance Department, deposits of more than 500,000 shares each of two OTC companies were accepted into the CMGT Account on the basis that no additional requests would be made or permitted for the deposit of OTC shares.

¶ 15 In July 2018, Lindsay and an associate were criminally indicted in the United States for securities fraud involving the stock of Kelvin Medical Inc. (Kelvin). A United States Securities and Exchange Commission (SEC) also filed a complaint. Following the issuance of the US criminal indictment and SEC complaint, Leede restricted the CMGT Account to liquidating transactions.

¶ 16 In August 2019, Lindsay pled guilty to a conspiracy to commit securities fraud and manipulative trading in the stock of Kelvin that involved the sale of 1,500,000 Kelvin shares from a US brokerage account at artificially inflated prices between October 2017 and March 2018.

¶ 17 On December 2017, Lindsay had transferred 1,500,000 shares of Kelvin into the CMGT Account at Leede but Lindsay and his associate's plan to also liquidate those shares was stymied by a March 2018 SEC trading suspension in Kelvin securities.

CONTRAVENTIONS

¶ 18 The standards of conduct required of the Respondent are found in Dealer Member Rule 29.1 (before September 1, 2016) and Consolidated Rule 1402 (after September 1, 2016).

¶ 19 The language and purpose of the two rules are similar and they impose substantially the same obligations (*Re O'Brien*, 2020 ABASC 160, at para. 145).

¶ 20 The relevant provisions of Dealer Member Rule 29.1 state:

Dealer Members and each ... Registered Representative ... and employee of a Dealer Member (i) shall observe high standards of ethics and conduct in the transaction of their business, (ii) shall not engage in any business conduct or practice which is unbecoming or detrimental to the public interest, and (iii) shall be of such character and business repute and have such experience and training as is consistent with the standards described in clauses (i) and (ii) or as may be prescribed by the Board.

¶ 21 Consolidated Rule 1402 states:

1402. Standards of Conduct

(1) A Regulated Person

(i) in the transaction of business, must observe high standards of ethics and conduct and must act openly and fairly and in accordance with just and equitable principles of trade, and

(ii) must not engage in any business conduct that is unbecoming or detrimental to the public interest.

(2) Without limiting the generality of the foregoing, any business conduct that:

- (i) is negligent;
- (ii) fails to comply with a legal, regulatory, contractual, or other obligation, including the rules, requirements, and policies of a Regulated Person;
- (iii) displays an unreasonable departure from standards that are expected to be observed by a Regulated Person; or
- (iv) is likely to diminish investor confidence in the integrity of securities, commodities or derivatives markets may be conduct that contravenes one or more of the standards set forth in subsection 1402(1).

¶ 22 In the Settlement Agreement, the Respondent agrees that between June 2016 and October 2018 investment accounts for which he was responsible generated red flags suggesting that they may have engaged in activity that was suspicious.

¶ 23 The red flags included:

- (a) some of the accounts had foreign jurisdictions associated with them;
- (b) large amounts of shares were deposited into the accounts and were for the most part sold soon afterward;
- (c) the trading was unprofitable;
- (d) all or most of the proceeds from the sales were transferred out;
- (e) little if any funds were deposited into the accounts; and
- (f) the value of the assets in the accounts were often significantly higher than the asset disclosure value in their client account forms.

¶ 24 The Respondent agrees that as the Registered Representative responsible for the investment accounts, he had the primary gatekeeper responsibility to question any activity that may be regarded as suspicious and obtain reasonable explanations to satisfy himself that the activity was legitimate.

¶ 25 The red flags and the inquiries from Leede's Compliance Department at a minimum should have caused the Respondent to question the clients about the activities in the accounts. By failing to make further review and investigation, he failed to fulfill his gatekeeper responsibilities.

CONSIDERATIONS

HEARING RECORD

¶ 26 Counsel made oral submissions recommending the Settlement Agreement. We considered their submissions together with:

- (a) a brief from Enforcement Counsel consisting of a written outline of submissions, extracts from the IIROC Dealer Member Rules and Consolidated Rules, the IIROC Sanction Guidelines dated February 2, 2015, and selected IIROC hearing panel settlement decisions; and
- (b) a statement of position from Counsel for the Respondent which the Hearing Panel Chair read into the hearing record.

ROLE OF THE HEARING PANEL

¶ 27 A hearing panel may accept or reject a settlement agreement, after a settlement hearing (Consolidated Rule 8215(5)). It has no authority to modify the settlement agreement and may not hear facts outside of the settlement agreement without the consent of the parties, unless the Respondent does not appear at the

settlement hearing (Rule 8428(6)).

¶ 28 A hearing panel is not tasked with deciding whether it would have imposed the same sanctions as those negotiated by the parties in a settlement agreement. Our role is to decide whether the proposed sanctions fall within a reasonable range of appropriateness. Enforcement Counsel referred us to leading IIROC hearing panel decisions explaining the principles that guide our role. Among them is *Re Milewski*, [1999] IDACD No. 17, where the hearing panel stated that:

Although a settlement agreement must be accepted by a District Council before it can become effective, the standards for acceptance are not identical to those applied by a District Council when making a penalty determination after a contested hearing. In a contested hearing, the District Council attempts to determine the correct penalty. A District Council considering a settlement agreement will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness. Put another way, the District Council will reflect the public interest benefits of the settlement process in its consideration of specific settlements.

¶ 29 In exercising our role, we considered the facts in the Settlement Agreement, the IIROC Sanction Guidelines, the parties' submissions for the settlement hearing, and the precedent IIROC hearing panel settlement decisions provided by Enforcement Counsel.

SANCTION CONSIDERATIONS

¶ 30 The sanctions and costs agreed to in the Settlement Agreement are:

- (a) a fine in the amount of \$82,000 (including disgorgement of approximately \$32,000 in commissions earned by the Respondent in relation to the contraventions); and
- (b) costs in the amount of \$20,000.

¶ 31 Enforcement Counsel referred us to two IIROC hearing panel settlement decisions where the respondents failed to make sufficient inquiries despite red flags generated by related client accounts: *Re Carrigan & Gold* 2019 IIROC 31 and *Re Rowlatt* 2020 IIROC 32.

¶ 32 In *Re Carrigan & Gold*, the two respondents were respectively employed as a Registered Representative and Investment Representative at Hampton Securities. They admitted facilitating suspicious trading over seven months by three related clients through investment accounts that the clients held at Hampton Securities and another Dealer Member. The approved settlement penalty was:

- (a) a \$50,000 and \$20,000 fine, respectively;
- (b) successful completion of the Trader Training Course within six months of approval of the settlement agreement; and
- (c) \$7,500 in costs.

¶ 33 The hearing panel in *Re Carrigan & Gold* considered this penalty to be at the low end of reasonableness for the seriousness, number, and duration of the contraventions involved. It nonetheless approved the settlement having regard to the following factors:

¶26 After serious reflection, the Panel concluded that the appropriate test for settlement approval has been met even though the penalties are close to the edge of being unreasonable and inappropriate. The Panel was also persuaded by the fact that Carrigan and Gold have an otherwise unblemished record, and have directly and indirectly been under strict supervision for a considerable period of time.

¶27 Carrigan and Gold have shown that they are aware of the gravity of their conduct by accepting that the facts amount to a contravention of the IIROC Rules, by submitting to strict supervision, by

negotiating the Settlement Agreement and accepting the proposed penalties.

¶ 34 In *Re Rowlatt*, the respondent was employed as a Registered Representative at Industrial Alliance Securities Inc. He admitted to facilitating suspicious trading over 12 months by four related clients through investment accounts the clients held at Industrial Alliance Securities Inc. The approved settlement penalty was:

- (a) a \$50,000.00 fine (which included full disgorgement of commissions earned);
- (b) successful completion of the Trader Training Course within six months of approval of the settlement agreement; and
- (c) \$7,500 in costs.

¶ 35 The hearing panel in *Re Rowlatt* considered his misconduct to be somewhat less egregious than the respondents' misconduct in *Re Carrigan & Gold*.

¶ 36 The Sanction Guidelines outline sanction principles and a list of factors that are commonly relevant in imposing sanctions.

¶ 37 The sanction should be both significant enough to prevent and discourage future misconduct by the Respondent and to deter others from engaging in similar misconduct. An appropriate balance should be struck between the Respondent's specific misconduct and industry expectations of an appropriate sanction for such misconduct. The sanction should be proportionate to the Respondent's misconduct, similar to sanctions imposed for similar contraventions in similar circumstances, and adjusted for relevant mitigating and aggravating factors.

¶ 38 The reasonable range of sanctions depends on the facts of a particular case and the circumstances of the conduct. Several factors are relevant for this case.

¶ 39 There was a significant number of transactions and red flags indicating suspicious activity, the Respondent engaged in a pattern of failing to fulfill his gatekeeper responsibilities, and the misconduct occurred over a significant period (26 months).

¶ 40 The red flags and Compliance Department inquiries should have caused the Respondent to question the clients about the activities in their accounts. However, although the misconduct was serious, Enforcement Counsel submitted that it was more aptly characterized as negligent than intentional, willful, or reckless with respect to regulatory requirements.

¶ 41 The Respondent has been an Approved Person since 1984 and has no prior disciplinary history.

¶ 42 Under the Settlement Agreement the Respondent will disgorge the approximately \$32,000 in commissions that he earned from the misconduct.

¶ 43 The Respondent agreed to the Settlement Agreement before the issuance of a Statement of Allegations, reducing the resources IROC Staff had to devote to the prosecution of this matter, and leading to a more expeditious resolution. The parties engaged in extensive negotiations for which the Respondent was represented by experienced counsel.

¶ 44 In the settlement hearing, counsel for both parties impressed upon us that the Respondent cooperated fully with Enforcement Staff, was extremely responsive to their inquiries, accepted that he ought to have been more vigilant, and took full responsibility for the misconduct.

¶ 45 Bearing in mind that each case turns on its own facts, we noted that the duration of the Respondent's misconduct (26 months) is considerably longer than the misconduct in *Re Carrigan & Gold* (7 months) or *Re Rowlatt* (12 months). We also noted that the Respondent has been in the industry for many years and his misconduct has been characterized as negligent yet, unlike *Re Carrigan & Gold* and *Re Rowlatt*, the proposed penalty does not address supervision or re-training.

¶ 46 Enforcement Counsel informed us that these considerations were not overlooked, and Enforcement Staff were confident from the Respondent's forthrightness and responsiveness to their inquiries that it was not necessary to impose supervision or re-training requirements in the Settlement Agreement. Counsel for the Respondent reiterated his client's early and full cooperation with Enforcement Staff and agreement to both a substantial fine (\$50,000) and the disgorgement of his commissions (\$32,000) earned from the misconduct.

¶ 47 The Respondent's misconduct is generally similar to the misconduct in *Re Carrigan & Gold* and *Re Rowlatt*. It is at least as, if not more, egregious in scope than the misconduct in those cases. We were nonetheless satisfied with the above explanations which incorporate the important mitigating factors of early and full cooperation by the Respondent. On that basis we concluded that the proposed sanctions are within a reasonable range of appropriateness and approved the Settlement Agreement.

CONCLUSION

¶ 48 We approved the Settlement Agreement on November 19, 2021, the date of the settlement hearing.

¶ 49 In accordance with the terms of the Settlement Agreement, the agreed sanctions and costs are payable within 30 days of our acceptance of the Settlement Agreement, unless the parties agree otherwise.

Dated at Victoria this 10 day of December, 2021.

Susan E. Ross

Brad Doney

Nigel Potts

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Investment Industry Regulatory Organization of Canada ("IIROC") will issue a Notice of Application to announce that it will hold a settlement hearing to consider whether, pursuant to Section 8215 of the Consolidated Enforcement, Examination and Approval Rules of IIROC, a hearing panel ("Hearing Panel") should accept the settlement agreement ("Settlement Agreement") entered into between the staff of IIROC ("Staff") and the Respondent, Larry Martin ("Martin").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff and Martin 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, Martin agrees with the facts as set out in Part III of this Settlement Agreement

Overview

4. Investment accounts for which Martin had responsibility generated a number of indicators or red flags which suggested that they may have engaged in activity that was suspicious.
5. The red flags included the following:
 - some of the accounts had foreign jurisdictions associated with them;
 - large amounts of shares were deposited into the accounts and for the most part were sold shortly thereafter;

- the trading was unprofitable;
 - all or most of the proceeds from the sales were transferred out;
 - little if any funds were actually deposited into the accounts; and
 - the value of the assets in the accounts were often significantly higher than the asset disclosure value in their client account forms.
6. These red flags and a number of inquiries from Leede Jones Gable Inc.'s Compliance Department at a minimum should have caused Martin to question the clients about the activity in the accounts.
 7. In all of the circumstances, Martin did not adequately fulfill his gatekeeper responsibilities.
 8. This Settlement Agreement first details a number of red flags in relation to a group of corporate investment accounts and then details a number of red flags in relation to the investment account of CMGT Inc. ("CMGT").

Registration History

9. Martin has worked in the securities industry as a Registered Representative since 1984.
10. Since 2004, he has worked at Leede Jones Gable Inc. ("Leede") as a Registered Representative (Securities, Retail), Executive, and Director.
11. From 2009 to 2021, Martin was also a Supervisor at Leede.

The Corporate Investment Accounts

12. At all material times, Martin was the Registered Representative for the following four corporate investment accounts at Leede:
 - i. the T Corp. account (the "T Account") that was opened in June 2016;
 - ii. the H Ltd. account (the "H Account") that was opened in April 2017;
 - iii. the K Ltd. account (the "K Account") that was opened in May 2017; and
 - iv. the J Corp. account (the "J Account") which was opened in March 2018 (collectively, the "Corporate Accounts").
13. The Corporate Accounts were used principally as trade execution accounts for investments made by the clients on their initiative in speculative, high risk companies. The clients relied on Martin for his trade execution experience and expertise.

Red Flags in Relation to the Corporate Accounts

14. The following red flags indicated that some or all of the Corporate Accounts may have engaged in activity that was suspicious.

(i) Same Individuals Associated with a Number of the Corporate Accounts

15. RL and RW were associated with a number of the Corporate Accounts.
16. RL was the sole owner of T Corp. and the beneficial owner of the T Account.
17. RL referred the H Account and the K Account to Martin.
18. RW was the sole owner of H Ltd. and the beneficial owner of the H Account.
19. RW was also the president of K Ltd. Although he was not the beneficial owner of the K Account, he personally guaranteed it and he had trading authorization for the account.

(ii) Multiple Foreign Jurisdictions Associated with Two of the Corporate Accounts

20. The H Account and the K Account had multiple foreign jurisdictions associated with each of them.
21. The New Client Account Form (“NCAF”) that was completed for the H Account indicated that:
 - it was a holding company incorporated in the Marshall Islands;
 - its corporate mailing address was in the United Kingdom;
 - its corporate bank account was at a financial institution in St. Vincent and the Grenadines; and
 - RW was a Canadian citizen who resided in the Czech Republic, as noted above he was the sole owner of H Ltd. and the beneficial owner of the H Account.
22. In November 2017, the corporate mailing address for the H Account was changed to an address in Australia.
23. In December 2017, the corporate bank account for the H Account was changed to a financial institution in Canada.
24. The NCAF that was completed for the K Account indicated that:
 - it was an equity investment and holding company incorporated in Hong Kong;
 - its corporate mailing address was in Hong Kong;
 - its corporate bank account was with a financial institution in St. Vincent and the Grenadines;
 - GZ was the sole owner of K Ltd. and the beneficial owner of the K Account;
 - GZ was a citizen of and lived in Switzerland; and
 - as noted above, RW who was the president of K Ltd., resided in the Czech Republic.
25. In June 2018, an updated NCAF was completed for the K Account; it indicated that K Ltd. was incorporated pursuant to the laws of the Republic of Marshall Islands and that the address of the head office was still located in Hong Kong.
26. In July 2018, the K Account changed its corporate bank account to a financial institution in Canada.

(iii) Unprofitable Trading

27. As detailed in Schedule “A”, large amounts of shares of companies that were listed on both the Canadian Securities Exchange and the OTC Markets Group in the United States (OTC) were deposited into the Corporate Accounts, often by way of physical share certificates.
28. Generally, the Corporate Accounts sold or attempted to sell all the shares immediately upon receipt.
29. Overall each of the accounts lost money on the sales.
30. In particular, between May 2018 and August 2018, the:
 - T Account received five share deposits which were sold at a total net loss of \$902,217;
 - H Account received two share deposits which were sold at a total net loss of \$17,080;
 - K Account received two share deposits which were sold at a total net loss of \$697,775; and
 - J Account received two share deposits that were sold at a total net loss of \$270,784.

(iv) Proceeds of Sale of Shares Were Transferred Out Shortly After Sale

31. As detailed in Schedule “B”, in most instances, shortly after the shares were sold, all or most of the proceeds from the sale were transferred out of the Corporate Accounts.
32. Further, as detailed in Schedule “C”, for the most part, little if any funds were actually deposited into

each of the Corporate Accounts.

33. In particular, between December 2017 and October 2018:

- \$186,800 was deposited into the T Account and \$1,466,799 was withdrawn;
- \$30,500 was deposited into the H Account and \$681,500 was withdrawn;
- no funds were deposited into the K Account and \$801,700 was withdrawn; and
- \$154,100 was deposited into the J account and \$294,787 was withdrawn.

(v) Shares of the Same Issuers Were Deposited into Some of the Corporate Accounts

34. As detailed in Schedule “D”, in a number of instances shares of the same issuer were deposited into some of the Corporate Accounts around the same time.

35. In particular, between May 2018 and August 2018, shares of:

- Marapharm Ventures Inc. were deposited into the T Account and the K Account;
- Abattis Bioceuticals Corp. were deposited into the T Account and H Account;
- BLOK Technologies Inc. were deposited into the T Account, the K Account, and the J Account; and
- New Point Exploration Corp. were deposited into the T Account and the H Account.

(vi) Assets in Some Accounts were Significantly Higher than Stated Value in NCAFs

36. As detailed in Schedule “E”, in the eleven months between December 2017 and October 2018, the value of the holdings in the T Account, H Account, and K Account were often significantly higher than the stated value of the estimated net liquid assets in the NCAFs.

37. The NCAF for the T Account indicated that it had estimated net liquid assets of \$300,000. For seven of the eleven months, the value of the month-end assets was well over \$300,000.

38. The NCAF for the H Account indicated that it had estimated net liquid assets of \$50,000. For nine of the eleven months, the value of the month-end assets was well over \$50,000.

39. Up until late September 2018, the NCAF for the K Account indicated that it had estimated net liquid assets of \$50,000. For seven of the eleven months, the value of the month-end assets was well over \$50,000.

40. On September 25, 2018, K Ltd. updated its account information to change the company’s financial information to an estimated total net worth of \$3,000,000.

Multiple Compliance Inquiries in Relation to the Corporate Accounts

41. On a number of occasions, Leede’s Compliance Department raised concerns regarding the Corporate Accounts.

42. Firstly, by way of a June 19, 2018 email, a Leede Compliance Officer asked Martin to provide information as to why on three to four occasions the T Account placed orders for Marapharm Ventures Inc. and shortly thereafter the K Account placed orders for the same stock.

43. By way of a June 19, 2018 email, Martin responded that:

There is no relationship between the corp{orate} clients except *T Corp. (RL)* referred me to *RW (K Ltd.)*. They both delivered in positions. They both acted independently on these positions. Either they called me or gave me instructions to sell at either market prices or at market. The market has been active.

44. However, Martin was aware that RL and RW were friends who sometimes conferred with one another about selling common positions even though they were otherwise independent of one another.
45. Secondly, in August 2018, the Leede Compliance Department made an inquiry regarding the frequency of deposits and withdrawals associated with the J Account.
46. In June 2018, there were five cheque withdrawals from the J Account for amounts no larger than \$3,000 each.
47. In July 2018, there were seven cheque withdrawals from the J Account for amounts no larger than \$2,000 each.
48. On August 1, 2018 a cheque for \$100,000 was deposited into the J Account and on the same day \$5,000 was withdrawn from the account.
49. By way of an August 1, 2018 email to Martin, a Leede Compliance Officer wrote:
- ...there have been an uncommonly high volume of deposits in and check requests (mostly) out of the account – with minimal transactions. There is this \$100,000 bank draft today, but the client is also requesting a \$5,000 cheque out today as well – and has requested small amounts recently. Are you aware of some type of strategy that this client is engaging in?
50. By way of an email on the same day, Martin responded that the client was holding funds in the account in anticipation of participating in an initial public offering, but that the client “draws money from time to time”. However, Martin never questioned the client specifically about the withdrawals before responding to the inquiry.
51. From August 3, 2018 to August 28, 2018 there were eight cheque withdrawals for amounts no larger than \$2,000 and one withdrawal for \$36,860.
52. Thirdly, by way of a September 17, 2018 email to Leede’s Chief Compliance Officer, a Leede Compliance Officer noted that K Ltd. might “be grossly underestimating their Liquid Asset and Net Worth values”.
53. The July 2018 NCAF update for the K Account indicated that it had liquid assets of \$50,000 whereas in total between July and August 2018, over \$800,000 had been transferred out of the K Account.
54. As a result, Martin was directed to ask K Ltd. to update its NCAF and to explain the big increase in liquid assets and annual income. K Ltd. submitted an updated NCAF and by way of a September 24, 2018 email, it wrote that:
- The explanation is easy. The company has become much more active and is doing very well in these market conditions.
55. However, as noted above, overall, the K Account had incurred a loss on the sell orders that it had placed.

The CMGT Account

56. In April 2016, CMGT opened a corporate investment account at Leede (the “CMGT Account”). At all material times, Martin was the Registered Representative who was responsible for the CMGT Account.
57. The NCAF for the CMGT Account indicated that:
- it was a company that was incorporated and had its head office in the Cayman Islands;
 - it was in the investing business;
 - Oliver-Barret Lindsay (“Lindsay”) was the beneficial owner of the CMGT Account;
 - Lindsay was the only individual who had trading authorization for the CMGT Account; and

- Lindsay was a Canadian citizen who resided in the Cayman Islands.

58. Martin believed that CMGT was Lindsay's personal holding company. However, in actual fact CMGT was a Cayman Islands based broker-dealer which Lindsay owned.

Red Flags in Relation to the CMGT Account

59. The following red flags indicated that the CMGT Account may have engaged in activity that was suspicious.

(i) Deposit of OTCC Listed Shares in CMGT Account

60. As detailed in Schedule "F", between July 2016 and June 2018, shares of companies that were listed on the OTC were deposited into the CMGT Account.

(ii) Proceeds of Sale of Shares Were Transferred Out Shortly After Sale

61. As detailed in Schedule "G", in a number of instances all or some of the shares were sold shortly after they were deposited into the CMGT Account. All or most of the proceeds were transferred out.

62. As detailed in Schedule "H", from June 2016 to July 2018, \$30,000 USD was deposited into the CMGT Account and \$5,439,000 USD was withdrawn.

(iii) Assets in Some Accounts were Significantly Higher than Stated Value in NCAF

63. The NCAF for the CMGT Account indicated that it had:

- estimated net liquid assets of \$2,000,000; and
- estimated net fixed assets of \$6,000,000.

64. As detailed in Schedule "I", between August 2016 and June 2018, the value of the month-end assets in the CMGT Account were significantly higher than the stated value of the estimated net liquid assets that were listed in the NCAF.

Leede Compliance Inquiries in Relation to the CMGT Account

65. Leede's Compliance Department raised concerns regarding the CMGT Account.

66. By way of an April 10, 2018 email to Martin, a Leede Compliance Officer asked about the impending transfer into the CMGT Account of a large number of shares of the following OTC listed companies:

- 60,000,000 shares of Andiamo Corp.;
- 5,000,000 shares of Adama Technologies;
- 475,000 shares of Massroots; and
- 238,000 shares of First Priority Tax Solutions.

67. By way of an April 10, 2018 email to the Leede Compliance Officer, Martin agreed that the transfer in of large quantities of OTC shares was not the kind of business Leede wanted to attract.

68. Ultimately, Martin decided to only accept the transfer of 475,000 shares of Massroots and 238,000 shares of First Priority Tax Solutions.

69. By way of a May 4, 2018 email, a Leede Compliance Officer, among other things, noted that the CMGT Account clearly has an interest in OTC listed companies and he asked Martin if he knew much about three of the OTC listed companies the account held.

70. By way of a May 6, 2018 email, Martin replied that he would do some research on the three companies and that as a proactive measure he would cap any deliveries in of OTC stocks at 500,000 shares.

71. However, in June 2018 at the request of the client and with the approval of the Leede Compliance Department the following share deposits of OTC stock were accepted for the CMGT Account on the basis that there would be no additional requests or permitted receipt of OTC stock for the CMGT Account:
- 525,000 shares of Predictive Technology were deposited into the CMGT Account by way of two transfers, one on June 1, 2018 and the second on June 6, 2018; and
 - 650,464 shares of Job Location Map were deposited into the CMGT Account by way of two transfers, one on June 1, 2018 and the second on June 15, 2018.

Lindsay Indicted in US for Securities Fraud Crime

72. On July 13, 2018, the U.S. Attorney's Office of the Southern District of California announced that Lindsay and Gannon Giguere ("Giguere") had been indicted by a federal grand jury for participating in a securities fraud crime that involved manipulating the market for the stock of Kelvin Medical Inc. (the "criminal indictment").
73. In addition, on July 16, 2018, the US Securities and Exchange Commission (SEC) announced that on July 6, 2018, it had filed a complaint in the U.S. District Court in the Southern District of California, which, among other things, alleged that, Lindsay and Giguere conducted a fraudulent scheme in the common stock of Kelvin Medical Inc. ("Kelvin Medical"), which purported to be in the medical-device business.
74. Following the issuance of the criminal indictment and the SEC complaint, Leede restricted the CMGT Account to liquidating transactions.
75. In relation to the criminal indictment, in August 2019, Lindsay pled guilty to a charge of conspiracy to commit securities fraud and manipulative trading. To date, he has not been sentenced.
76. In his Plea Agreement, Lindsay admitted that from in or around October 2017 through to at least as late as March 2018, he helped perpetrate a manipulative trading scheme involving the stock of Kelvin Medical. In furtherance of the scheme:
- In or about October 2017, Giguere, through an entity he controlled bought 1,500,000 shares of Kelvin Medical stock.
 - In or about November 2017, Giguere caused 1,500,000 shares of Kelvin Medical stock to be deposited into an US brokerage account.
 - Between October 2017 and December 2017, Giguere obtained an additional 1,500,000 shares of Kelvin Medical stock and he caused those shares to be deposited in a brokerage account at CMGT that was in the name of a nominee entity that Lindsay controlled.
 - From on or about November 29, 2017 through on or about January 16, 2018, Giguere sold, or caused to be sold, 1,500,000 shares of Kelvin Medical from the US brokerage account. These sales took place at prices that were artificially inflated by and through the manipulative trading scheme.
77. On December 5, 2017, Lindsay transferred 1,500,000 shares of Kelvin Medical into the CMGT Account at Leede.
78. As noted in the SEC complaint, Giguere and Lindsay's plan to liquidate the second tranche of 1,500,000 shares of Kelvin Medical was stymied on March 19, 2018, when the SEC suspended trading in Kelvin Medical's securities for a period of ten business days.
79. The SEC complaint is still ongoing.

Conclusion

80. As the responsible Registered Representative for the Corporate Accounts and the CMGT Account, Martin had the primary gatekeeper responsibility to question any activity that may be regarded as suspicious and to obtain reasonable explanations to satisfy himself that the activity was legitimate.
81. In light of all the foregoing circumstances, further review and investigation was warranted by Martin in respect of the above-described account activity. By failing to make further review and investigation, Martin failed to fulfill his gatekeeper responsibilities.

PART IV – CONTRAVENTIONS

82. By engaging in the conduct described above, Martin committed the following contravention:
Between June 2016 and October 2018, Martin failed to fulfill his gatekeeper responsibilities, contrary to Dealer Member Rule 29.1 (before September 1, 2016) and Consolidated Rule 1400 (after September 1, 2016).

PART V – TERMS OF SETTLEMENT

83. Martin agrees to the following sanctions and costs:
- a) a fine in the amount of \$82,000 (which includes disgorgement of the approximately \$32,000 in commissions earned by Martin in relation to the contravention); and
 - b) costs in the amount of \$20,000.
84. If this Settlement Agreement is accepted by the Hearing Panel, Martin agrees to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Staff and Martin.

PART VI – STAFF COMMITMENT

85. If the Hearing Panel accepts this Settlement Agreement, Staff will not initiate any further action against Martin 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.
86. If the Hearing Panel accepts this Settlement Agreement and Martin fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Rule 8200 against Martin. These proceedings may be based on, but are not limited to, the facts set out Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

87. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
88. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with the procedures described in Sections 8215 and 8428, in addition to any other procedures that may be agreed upon between the parties.
89. Staff and Martin agree that this Settlement Agreement will form all of 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 Martin does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the Hearing Panel.
90. If the Hearing Panel accepts the Settlement Agreement, Martin agrees to waive all rights under the IIROC Rules and any applicable legislation to any further hearing, appeal and review.
91. If the Hearing Panel rejects the Settlement Agreement, Staff and Martin may enter into another settlement agreement or Staff may proceed to a disciplinary hearing based on the same or related allegations.
92. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has

been accepted by the Hearing Panel.

93. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and IIROC will post a full of copy of this Settlement Agreement on the IIROC website. IIROC will also publish a summary of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement.
94. If this Settlement Agreement is accepted, Martin agrees that neither he nor anyone on his behalf, will make a public statement inconsistent with this Settlement Agreement.
95. The Settlement Agreement is effective and binding upon Martin and Staff as of the date of its acceptance by the Hearing Panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

96. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
97. A fax or electronic copy of any signature will be treated as an original signature.

DATED this 2nd day of November, 2021.

“Witness” _____

Witness

“Larry Martin” _____

Larry Martin

DATED this 5th day of November, 2021.

“Witness” _____

Witness

“Lorne Herlin” _____

Lorne Herlin

Enforcement Counsel on behalf of Enforcement
Staff of the Investment Industry Regulatory
Organization of Canada

The Settlement Agreement is hereby accepted this 19th day of November, 2021 by the following Hearing Panel:

Per: “Susan Ross” _____

Panel Chair

Per: “Richard Thomas” _____

Panel Member

Per: “William Wright” _____

Panel Member

**Schedule “A”
Unprofitable Trading
T Account**

Issuer	Total Shares Received	Cost of Shares	Date Shares Received	Date Trading Started	Date Trading Ended	Total Shares Sold	Total Profit/(Loss)
Marapharm Ventures Inc.	833,334	\$500,000	May 23, 2018	May 22, 2018	May 29, 2018	833,334	(\$31,677)
Marapharm Ventures Inc.	1,100,000	\$550,000	June 13, 2018	June 13, 2018	June 22, 2018	1,100,000	(\$130,911)
Abattis Bioceticals Corp.	179,041	\$18,000	June 8, 2018	June 12, 2018	June 15, 2018	179,041	\$13,175
BLOK Techonologies Inc.	5,000,000	\$1,000,000	June 15, 2018	July 20, 2018	August 9, 2018	5,000,000	(\$513,110)
New Point Exploration Corp.*	5,000,000	\$625,000	August 9, 2018	August 2, 2018	August 15, 2018	4,146,000	(\$239,694)

*On August 20, 2018, IIROC halted the trading of shares of New Point Exploration Corp. The shares did not resume trading until January 10, 2019.

H Account

Issuer	Total Shares Received	Cost of Shares	Date Shares Received	Date Trading Started	Date Trading Ended	Total Shares Sold	Total Profit/(Loss)
Abattis Bioceticals Corp.	596,804	\$60,000	June 14, 2018	June 12, 2018	June 13, 2018	596,804	\$48,823
New Point Exploration Corp.	5,000,000	\$625,000	August 13, 2018	August 14, 2018	August 17, 2018	1,052,000	(\$65,903)

K Account

Issuer	Total Shares Received	Cost of Shares	Date Shares Received	Date Trading Started	Date Trading Ended	Total Shares Sold	Total Profit/(Loss)
Marapharm Ventures Inc.	1,000,000	\$500,000	June 13, 2018	June 13, 2018	June 27, 2018	1,000,000	(\$157,598)
BLOK Technologies Inc.	5,000,000	\$1,000,000	July 19, 2018	July 20, 2018	August 9, 2018	5,000,000	(\$540,177)

J Account

Issuer	Total Shares Received	Cost of Shares	Date Shares Received	Date Trading Started	Date Trading Ended	Total Shares Sold	Total Profit/(Loss)
Cryptobloc Technologies Corp.	1,773,333	\$265,999	June 25, 2018	June 22, 2018	June 26, 2018	1,773,333	(\$157,644)
BLOK Technologies Inc.	750,000	\$150,000	August 14, 2018	August 16, 2018	August 17, 2018	750,000	(\$113,140)

Schedule "B"

Proceeds of Sale of Shares Transferred Out Shortly After Sale

T Account

Issuer	Total Shares Received	Date Trading Ended	Total Shares Sold	Total Proceeds of Sale	Date Proceeds Transferred Out	Amount Transferred Out
Marapharm Ventures Inc.	833,334	May 29, 2018	833,334	\$468,323	June 4, 2018	\$450,000
Marapharm Ventures Inc.	1,100,000	June 22, 2018	1,100,000	\$419,088	July 9, 2018	\$430,573
Abattis Bioceuticals Corp.	179,041	June 15, 2018	179,041	\$34,233	June 18, 2018	\$34,226
BLOK Technologies Inc.	5,000,000	August 9, 2018	5,000,000	\$486,890	August 20, 2018	\$500,000
New Point Exploration Corp.	5,000,000	August 15, 2018	4,146,000	\$278,555	August 20, 2018	

H Account

Issuer	Total Shares Received	Date Trading Ended	Total Shares Sold	Total Proceeds of Sale	Date Proceeds Transferred Out	Amount Transferred Out
Abattis Bioceuticals Corp.	596,804	June 13, 2018	596,804	\$108,823	July 10, 2018	\$126,000
New Point Exploration Corp.	5,000,000	August 17, 2018	1,052,000	\$65,597	September 12, 2018	\$65,500

K Account

Issuer	Total Shares Received	Date Trading Ended	Total Shares Sold	Total Proceeds of Sale	Date Proceeds Transferred Out	Amount Transferred Out
Marapharm Ventures Inc.	1,000,000	June 27, 2018	1,000,000	\$342,401	July 10, 2018	\$342,000
BLOK Technologies Inc.	5,000,000	August 9, 2018	5,000,000	\$459,823	August 16, 2018	\$459,700

J Account

Issuer	Total Shares Received	Date Trading Ended	Total Shares Sold	Total Proceeds of Sale	Date Proceeds Transferred Out	Amount Transferred Out
Cryptobloc Technologies Corp.	1,773,333	June 26, 2018	1,773,333	\$108,355	July 3, 2018	\$108,335
BLOK Technologies Inc.	750,000	August 15, 2018	750,000	\$36,860	August 16, 2018	\$36,860

Schedule "C"

Funds Deposited & Withdrawn from the Corporate Accounts

T Account

Date	Method of Fund Transfer	Amount Deposited	Amount Withdrawn
December 1, 2017	Cheque		\$11,000
December 7, 2017	Electronic		\$7,500
January 11, 2018	Cheque	\$50,000	
February 26, 2018	Cheque	\$10,000	
March 15, 2018	Electronic		\$23,000
March 31, 2018	Electronic		\$7,000
April 19, 2018	Cheque	\$14,000	
April 27, 2018	Electronic		\$3,500
June 4, 2018	Cheque		\$450,000
June 18, 2018	Electronic		\$34,226
July 9, 2018	Electronic		\$100,000
July 9, 2018	Cheque		\$330,573
August 20, 2018	Cheque		\$500,000
September 6, 2018	Cheque	\$100,000	
September 28, 2018	Cheque	\$3,800	
October 15, 2018	Cheque	\$9,000	
Total:		\$186,800	\$1,466,799

H Account

Date	Method of Fund Transfer	Amount Deposited	Amount Withdrawn
December 12, 2017	Electronic		\$210,000
January 4, 2018	Electronic		\$40,000
May 2, 2018	Electronic		\$240,000
July 10, 2018	Wire		\$126,000
September 12, 2018	Electronic		\$65,500
October 1, 2018	Wire	\$20,000	
October 18, 2018	Wire	\$10,500	
Total:		\$30,500	\$681,500

K Account

Date	Method of Fund Transfer	Amount Deposited	Amount Withdrawn
July 10, 2018	Wire		\$342,000
August 16, 2018	Electronic		\$100,000
August 16, 2018	Wire		\$359,700
Total			\$801,700

J Account

Date	Method of Fund Transfer		Amount Deposited	Amount Withdrawn
March 19, 2018	Cheque		\$50,000	
May 9, 2018	Cheque			\$2,000
May 31, 2018	Cheque			\$1,000
June 1, 2018	Cheque			\$3,000
June 4, 2018	Cheque			\$1,000
June 26, 2018	Cheque			\$1,500
June 28, 2018	Cheque			\$1,000
June 30, 2018	Cheque			\$3,000
July 3, 2018	Cheque			\$108,335
July 4, 2018	Cheque		\$3,000	
July 9, 2018	Cheque			\$1,500
July 12, 2018	Cheque			\$2,000
July 13, 2018	Cheque			\$750
July 23, 2018	Cheque			\$1,000
July 24, 2018	Cheque			\$1,000
July 27, 2018	Cheque			\$1,500
July 30, 2018	Cheque			\$1,500
August 1, 2018	Draft		\$100,000	
August 1, 2018	Cheque			\$5,000
August 3, 2018	Cheque			\$2,000
August 7, 2018	Cheque			\$1,200
August 9, 2018	Cheque			\$1,250
August 13, 2018	Cheque			\$2,000
August 15, 2018	Cheque			\$2,000
August 16, 2018	Cheque			\$36,860
August 21, 2018	Cheque			\$1,800
August 24, 2018	Cheque			\$1,400
August 28, 2018	Cheque			\$2,000
September 10, 2018	Cheque			\$100,000
September 13, 2018	Cheque			\$3,600
September 17, 2018	Cheque			\$4,767
October 2, 2018	Draft		\$1,100	
October 11, 2018	Cheque			\$825
Total:			\$154,100	\$294,787

Schedule "D"

Shares of the Same Issuers Were Deposited Into Some of the Corporate Accounts

Issuer	Account	Total Shares Received	Date Shares Received	Date Trading Started	Date Trading Ended	Total Shares Sold	Total Profit/(Loss)
Marapharm Ventures Inc.	T Corp.	833,334	May 23, 2018	May 22, 2018	May 29, 2018	833,334	(\$31,677)
Marapharm	T Corp.	1,100,000	June 13,	June 13,	June 22,	1,100,000	(\$130,911)

Issuer	Account	Total Shares Received	Date Shares Received	Date Trading Started	Date Trading Ended	Total Shares Sold	Total Profit/(Loss)
Ventures Inc.			2018	2018	2018		
Marapharm Ventures Inc.	K Ltd.	1,000,000	June 13, 2018	June 13, 2018	June 27, 2018	1,000,000	(\$157,598)
Abattis Bioceuticals Corp.	T Corp.	179,041	June 8, 2018	June 12, 2018	June 15, 2018	179,041	\$13,175
Abattis Bioceuticals Corp.	H Ltd.	596,804	June 14, 2018	June 12, 2018	June 13, 2018	596,804	\$48,823
BLOK Technologies Inc.	T Corp.	5,000,000	June 15, 2018	July 20, 2018	August 9, 2018	5,000,000	(\$513,110)
BLOK Technologies Inc.	K Ltd.	5,000,000	July 19, 2018	July 20, 2018	August 9, 2018	5,000,000	(\$540,177)
BLOK Technologies Inc.	J Corp.	750,000	August 14, 2018	August 14, 2018	August 15, 2018	750,000	(\$113,140)
New Point Exploration Corp.	T Corp.	5,000,000	June 25, 2018	August 2, 2018	August 15, 2018	4,146,000	(\$239,694)
New Point Exploration Corp.	H Ltd.	5,000,000	August 13, 2018	August 14, 2018	August 17, 2018	1,052,000	(\$65,903)

Schedule "E"

Account Activity Inconsistent with Information on NCAF

T Account

Monthly Statement	Total Value of Holdings in Account	Estimated Total Net Liquid Assets on NCAF	Estimated Total Net Worth on NCAF
December 2017	\$754,181	\$300,000	\$600,000
January 2018	\$770,611	\$300,000	\$600,000
February 2018	\$768,536	\$300,000	\$600,000
March 2018	\$732,410	\$300,000	\$600,000
April 2018	\$86,484	\$300,000	\$600,000
May 2018	\$548,646	\$300,000	\$600,000
June 2018	\$1,065,285	\$300,000	\$600,000
July 2018	\$434,931	\$300,000	\$600,000
August 2018	\$295,421	\$300,000	\$600,000
September 2018	\$85,304	\$300,000	\$600,000
October 2018	\$232,077	\$300,000	\$600,000

H Account

Monthly Statement	Total Value of Holdings in Account	Estimated Total Net Liquid Assets on NCAF	Estimated Total Net Worth on NCAF
December 2017	\$391,971	\$50,000	\$450,000
January 2018	\$309,954	\$50,000	\$450,000
February 2018	\$301,501	\$50,000	\$450,000
March 2018	\$295,668	\$50,000	\$450,000
April 2018	\$240,846	\$50,000	\$450,000
May 2018	\$17,427	\$50,000	\$450,000
June 2018	\$126,173	\$50,000	\$450,000
July 2018	\$133	\$50,000	\$450,000
August 2018	\$282,695	\$50,000	\$450,000
September 2018	\$209,362	\$50,000	\$450,000
October 2018	\$238,020	\$50,000	\$450,000

K Account

Monthly Statement	Total Value of Holdings in Accounts	Estimated Total Net Liquid Assets on NCAF	Estimated Total Net Worth on NCAF
December 2017	\$1,554,325	\$50,000	\$250,000
January 2018	\$1,717,332	\$50,000	\$250,000
February 2018	\$1,473,862	\$50,000	\$250,000
March 2018	\$1,331,493	\$50,000	\$250,000
June 2018	\$1,507,896	\$50,000	\$250,000
July 2018	\$2,040,998	\$50,000	\$250,000
August 2018	\$1,159,542	\$50,000	\$250,000
September 2018	\$1,259,251	\$3,000,000	\$3,000,000
October 2018	\$1,202,159	\$3,000,000	\$3,000,000

Schedule "F"

Deposit of Shares of OTC Listed Issuers in the CMGT Account

Date Shares Received	Issuer	Total Shares Received
July 1, 2016	Blue Spa Inc.	289,500
July 28, 2016	Tapimmume Inc	608,000
July 28, 2016	Q Biomed Inc.	2,000
July 28, 2016	Madison Ventures Inc.	77,000
August 10, 2016	ZZLL Information Technology	28,938
August 10, 2016	RepliCel Life Sciences Inc.	53,830
August 10, 2016	Patriot Gold Corp.	155,450

Date Shares Received	Issuer	Total Shares Received
August 10, 2016	Cell Medx Corp.	109,537
August 19, 2016	TMM Inc.	1,500,000
September 1, 2016	Q Biomed Inc.	390,000
September 25, 2016	MGT Capital Investments Inc.	264,274
October 13, 2016	Sport Endurance Inc.	3,510,500
November 9, 2016	Flik Media Inc.	200,000
November 10, 2016	Nuzee Inc.	60,000
November 24, 2016	Greenwood Hall Inc.	1,863,287
January 17, 2017	Q Biomed Inc.	40,000
January 31, 2017	Foothills Exploration Inc.	155,000
January 31, 2017	International Stem Cell Corp.	3,333
February 7, 2017	Strata Oil & Gas	1,090,318
February 7, 2017	Real Source Residential Inc.	125,975
February 28, 2017	Mobetize Corp.	500,000
March 10, 2017	Bbooth Inc.	450,000
April 27, 2017	Mobetize Corp.	868,000
May 25, 2017	Nfusz Inc.	900,000
June 20, 2017	Nfusz Inc.	500,000
July 26, 2017	Enzyme Biosystems	355,213
July 27, 2017	Rights Corp Inc.	486,889
December 1, 2017	Q Biomed Inc.	34,838
December 5, 2017	Kelvin Medical	1,500,000
February 27, 2018	Predictive Technology Group Inc.	336,607
March 8, 2018	Roi Land Investments Ltd.	860,520
March 12, 2018	HQ Global Education Inc.	3,000,000
April 13, 2018	First Priority Tax Solutions	238,000
April 26, 2018	MassRoots Inc.	475,000
April 27, 2018	Q Biomed Inc.	60,075
May 7, 2018	Best nPet Inc.	350,000
May 31, 2018	Nfusz Inc.	400,000
June 1, 2018	Predictive Technology Group Inc.	200,000
June 6, 2018	Predictive Technology Group Inc.	325,000
June 11, 2018	Job Location Map Inc.	330,786
June 15, 2018	Job Location Map Inc.	319,678

Schedule "G"

Sale of Shares Shortly After Being Deposited in CMGT Account

Issuer	Total Shares Received	Date Shares Received	Date Trading Started	Date Trading Ended	Total Shares Sold	Proceeds of Sale (US\$)
MGT Capital Investments Inc.	264,274	May 25, 2016	May 25, 2016	May 25, 2016	264,274	\$596,324
ZZLL Information Technology	28,938	August 10, 2016	August 11, 2016	August 12, 2016	28,938	\$8,781
Replicel Life Sciences Inc.	53,830	August 10, 2016	August 19, 2016	August 19, 2016	5,383 (1 for 10 shares)	\$2,385
Patriot Gold Corp.	155,450	August 10, 2016	August 10, 2016	August 10, 2016	155,450	\$5,558
Cell Medx Corp.	109,537	August 10, 2016	August 10, 2016	August 30, 2016	109,537	\$16,971
Q Biomed Inc.	390,000	September 1, 2016	September 2, 2016	September 19, 2016	390,000	\$1,287,364
Flik Media	200,000	November 9, 2016	November 9, 2016	March 1, 2017	130,000	\$18,465
Nuzee Inc.	60,000	November 10, 2016	November 10, 2016	November 17, 2016	60,000	\$12,824
Greenwood Hall Inc.	1,863,287	November 24, 2016	December 7, 2016	December 12, 2016	289,500	\$7,687
Q Biomed Inc.	40,000	January 17, 2017	January 18, 2017	February 1, 2017	40,000	\$204,367
Foothills Exploration Inc.	155,000	January 31, 2017	February 1, 2017	June 7, 2017	155,000	\$212,199
International Stem Cell Corp.	3,333	January 31, 2017	January 31, 2017	January 31, 2017	3,333	\$3,507
Strata Oil & Gas	1,090,318	February 7, 2017	February 9, 2017	May 25, 2017	676,000	\$23,001
Mobetize Corp.	500,000	February 28, 2017	March 1, 2017	April 21, 2017	500,000	\$37,052
BBooth Inc.	450,000	March 10, 2017	March 15, 2017	March 15, 2017	450,000	\$38,565
Mobetize Corp.	868,000	April 27, 2017	April 27, 2017	May 17, 2017	130,000	\$3,880
Nfusz Inc.	900,000	May 25, 2017	May 31, 2017	June 6, 2017	20,000	\$5,700
Nfusz Inc.	500,000	June 20, 2017	June 28, 2017	September 19, 2017	404,000	\$54,776
Predictive	336,607	February 27,	March 9,	May 7,	336,607	\$352,596

Issuer	Total Shares Received	Date Shares Received	Date Trading Started	Date Trading Ended	Total Shares Sold	Proceeds of Sale (US\$)
Technology Group Inc.		2018	2017	2018		
HQ Global Education Inc.	3,000,000	March 12, 2018	March 12, 2018	July 11, 2018	3,000,000	\$207,333
Mass Roots Inc.	475,000	April 26, 2018	May 10, 2018	May 10, 2018	475,000	\$110,727
Q Biomed Inc.	60,075	April 27, 2018	April 27, 2018	June 19, 2018	60,075	\$199,109
Best n Pet Inc.	350,000	May 7, 2018	May 9, 2018	June 25, 2018	120,000	\$9,539
Nfusz Inc.	400,000	May 31, 2018	June 1, 2018	June 21, 2018	400,000	\$249,602
Predictive Technology Group Inc.	200,000	June 1, 2018	June 1, 2018	June 4, 2018	188,800	\$213,273
Predictive Technology Group Inc.	325,000	June 6, 2018	June 8, 2018	July 2, 2018	336,200	\$321,936
Job Location Map Inc.	330,786	June 11, 2018	June 14, 2018	June 14, 2018	330,786	\$71,368
Job Location Map Inc.	319,678	June 15, 2018	June 18, 2018	June 19, 2018	319,678	\$90,704

Schedule "H"

Funds Withdrawn from the CMGT Account

Date	Method of Fund Transfer	Amount Deposited (US\$)	Amount Withdrawn (US\$)
June 3, 2016	Wire		\$425,000
June 24, 2016	Wire		\$60,000
September 1, 2016	Wire	\$30,000	
September 12, 2016	Wire		\$300,000
September 16, 2016	Wire		\$350,000
September 20, 2016	Wire		\$225,000
September 27, 2016	Wire		\$225,000
October 7, 2016	Wire		\$150,000
November 1, 2016	Wire		\$69,000
November 8, 2016	Wire		\$125,000
December 16, 2016	Wire		\$220,000
December 22, 2016	Wire		\$65,000
February 9, 2017	Wire		\$150,000
February 28, 2017	Wire		\$35,000
April 17, 2017	Wire		\$80,000

Date	Method of Fund Transfer	Amount Deposited (US\$)	Amount Withdrawn (US\$)
June 2, 2017	Wire		\$45,000
September 27, 2017	Wire		\$150,000
October 3, 2017	Wire		\$175,000
October 27, 2017	Wire		\$130,000
February 26, 2018	Wire		\$225,000
March 6, 2018	Wire		\$225,000
March 20, 2018	Wire		\$125,000
April 3, 2018	Wire		\$125,000
April 9, 2018	Wire		\$155,000
April 12, 2018	Wire		\$100,000
April 18, 2018	Wire		\$100,000
May 4, 2018	Wire		\$200,000
May 18, 2018	Wire		\$250,000
May 25, 2018	Wire		\$200,000
June 5, 2018	Wire		\$125,000
June 8, 2018	Wire		\$150,000
June 18, 2018	Wire		\$50,000
June 21, 2018	Wire		\$180,000
July 3, 2018	Wire		\$200,000
July 5, 2018	Wire		\$50,000
Total:		\$30,000	\$5,439,000

Schedule "I"

Account Activity Inconsistent with Stated Account Financials for CGMT Account

Monthly Statement	Total Value of Holdings in Account	Estimated Total Net Liquid Assets on NCAF	Estimated Total Fixed Assets on NCAF
August 2016	\$2,894,589	\$2,000,000	\$6,000,000
September 2016	\$3,146,507	\$2,000,000	\$6,000,000
October 2016	\$9,702,614	\$2,000,000	\$6,000,000
November 2016	\$9,009,019	\$2,000,000	\$6,000,000
December 2016	\$10,985,334	\$2,000,000	\$6,000,000
January 2017	\$11,156,435	\$2,000,000	\$6,000,000
February 2017	\$12,097,316	\$2,000,000	\$6,000,000
March 2017	\$7,078,220	\$2,000,000	\$6,000,000
April 2017	\$7,871,007	\$2,000,000	\$6,000,000
May 2017	\$7,553,217	\$2,000,000	\$6,000,000
June 2017	\$9,255,638	\$2,000,000	\$6,000,000
July 2017	\$7,946,353	\$2,000,000	\$6,000,000
August 2017	\$6,913,625	\$2,000,000	\$6,000,000
September 2017	\$6,862,638	\$2,000,000	\$6,000,000

Monthly Statement	Total Value of Holdings in Account	Estimated Total Net Liquid Assets on NCAF	Estimated Total Fixed Assets on NCAF
October 2017	\$6,614,411	\$2,000,000	\$6,000,000
November 2017	\$5,597,088	\$2,000,000	\$6,000,000
December 2017	\$10,633,884	\$2,000,000	\$6,000,000
January 2018	\$9,579,665	\$2,000,000	\$6,000,000
February 2018	\$12,111,858	\$2,000,000	\$6,000,000
March 2018	\$14,468,638	\$2,000,000	\$6,000,000
April 2018	\$11,709,588	\$2,000,000	\$6,000,000
May 2018	\$13,891,682	\$2,000,000	\$6,000,000
June 2018	\$9,255,545	\$2,000,000	\$6,000,000
July 2018	\$8,361,037	\$2,000,000	\$6,000,000

Copyright © 2021 Investment Industry Regulatory Organization of Canada. All Rights Reserved