Re Bealer

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Gregory Paul Bealer

2022 IIROC 30

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

Heard: October 20, 2022 in Calgary, Alberta
Decision: October 20, 2022
Reasons for Decision: November 21, 2022

Hearing Panel:
Omolara Oladipo, Chair, Kathleen Jost and Donald Milligan
Appearances:
Tayen Godfrey, Senior Enforcement Counsel
Andrew Wilson, KC for Gregory Paul Bealer

DECISION ON ACCEPTANCE OF SETTLEMENT

INTRODUCTION

The Settlement Agreement

¶ 1 On September 12, 2022, Gregory Paul Bealer (the "Respondent) entered into a settlement agreement with the Investment Industry Regulatory Organization of Canada ("IIROC") (the "Settlement Agreement"). The Settlement Agreement is attached as an Appendix to this decision.

¶ 2 An electronic hearing was conducted before the Hearing Panel on October 20, 2022 to consider whether, pursuant to Rule 8215 of IIROC's Consolidated Enforcement, Examination and Approval Rules ("IIROC Rules"), the Hearing Panel should accept the Settlement Agreement in respect of the Respondent's alleged misconduct.

¶ 3 Prior to the hearing, the Hearing Panel had the opportunity to review the terms and bases of the Settlement Agreement.

¶ 4 At the onset of the hearing, the Chair confirmed that although the Respondent was not in attendance, he was ably represented by his counsel, Andrew Wilson, KC.

¶ 5 The Hearing Panel subsequently received the submissions and representations of Senior Enforcement Counsel for IIROC, Tayen Godfrey and from Mr. Wilson.

¶ 6 The Hearing Panel adjourned to deliberate and the main question it considered was the appropriateness of the penalties provided under the Settlement Agreement.

¶ 7 After a brief deliberation and at the conclusion of the hearing, the Hearing Panel found that the Settlement Agreement was within a reasonable range of appropriateness, having considered the IIROC Sanction Guidelines and previous IIROC decisions. Accordingly, the Hearing Panel accepted the Settlement Agreement with written reasons to follow. Below are the Panel's reasons.

BACKGROUND

¶ 8 The Respondent was a Registered Representative since 2008 and at the time of the contraventions, was a registrant with CIBC World Markets Inc. ("CIBC") as a Registered Representative and Portfolio Manager for five years from January 2014 to April 2019.

¶ 9 The Respondent is not currently working in an IIROC registered capacity.

¶ 10 The Respondent committed three contraventions of IIROC Rule 1400 and IIROC Dealer Member Rule 43.2(5). At various times between April 2016 and March 2019, he:

- failed in his role as a gatekeeper by facilitating suspicious trading activity in a client account,
- personally made off-book investments without the proper approval by his firm; and
- failed to designate several client accounts as pro-accounts. He then invested the client accounts in ineligible new issues without receiving appropriate approvals from his firm.

¶ 11 The investments were in a cannabis sector company (the "Company") and among other things, the Respondent opened accounts for a 68-year-old client from Quebec (now deceased) who had also been the Company CEO's stepfather and had been referred to the Respondent by the said CEO.

¶ 12 According to the retired client's account documents, he had a yearly income of $35,000 and a net worth of $300,000. The investment objectives of the accounts were 50% medium-term, 50% long-term growth and a high-risk tolerance of 100%. The client had three dependents.

¶ 13 The subject transactions almost exclusively involved the Company's securities. Share certificates were deposited into the account, they were liquidated, and the proceeds transferred back out to third parties, by way of wire transfer. While the Respondent failed to receive the appropriate approvals for the investments, the wire transfers to pay for the investments were approved by his employer.

¶ 14 All the foregoing activities were conducted on an unsolicited basis upon receipt of wire transfer instructions from the CEO's assistant although there were no power of attorney forms on file with CIBC as a basis for those instructions. There were 22 transfers of the Company's securities, totaling 1,331,667 shares. There were also 25 wire transfers of proceeds from the securities liquidation, totaling approximately $1,650,000. Proceeds from these liquidations were transferred to accounts belonging to the CEO, totaling $151,000.

¶ 15 Regarding the off-book transaction contraventions, the Respondent made eight off-book investments in private placements outside CIBC between April and September 2018 without receiving the appropriate approvals. The investments were all made via transfers from the Respondent's CIBC trading account. Many of the investments were in cannabis related companies. The investments totaled approximately $1,442,660.

¶ 16 The Respondent failed to designate 18 different accounts over which he had power of attorney as pro-accounts, as required by his firm's policy and procedures. On at least five occasions, the Respondent facilitated

clients investing in the same off-book private placements. The accounts in question belonged to four people closely connected to the Respondent or numbered companies controlled by them.

¶ 17 Between April 2016 and October 2018, the subject accounts participated in 32 new issue purchases worth approximately $1,966,575. By October 2017, $1,247,175 of the purchases were sold, and in December 2018, an additional $39,100 were sold. In total, the sales represented a realized gain of $111,087 (8.6%). As of September 2020, the remaining $668,500 of purchases was still held in the various accounts, before they were transferred away from CIBC. The foregoing purchases were not eligible for pro-accounts pursuant to CIBC's policies on new issues, and the Respondent did not obtain the appropriate approvals from CIBC.

¶ 18 Also, notwithstanding that CIBC had an Anti-Money Laundering and Anti-Terrorist Financing policy, which restricted employees from entering client relationships with persons or entities in the cannabis sector without first receiving approval from the firm, the Respondent had several unapproved interactions with principals of the Company including his attendance at a cannabis conference in Vancouver in January 2018 and attending the TSX listing ceremony for the Company in May 2018.

¶ 19 Overall, the Respondent received $2,036 by way of commissions for transactions related to the Company and $15,233 for ineligible investments.

Settlement Agreement

¶ 20 In accordance with Section 8428 (6) of the Rules, neither Enforcement Staff nor the Respondent's counsel adduced additional facts at the settlement hearing. The Hearing Panel was restricted to and relied upon the facts recited in the Settlement Agreement. The Panel has no reason to reject those facts which are necessary for the Hearing Panel's decision.

¶ 21 In the Settlement Agreement, the Respondent admitted to the alleged contraventions of IIROC Rule 1400 and IIROC Dealer Member Rule 43.2 (5) and consequently agreed to the following sanctions:

i. a fine of $50,000 plus disgorgement in the amount of $17,269,

ii. five-month prohibition of approval from IIROC registration,

iii. twelve-month period of close supervision, and

iv. payment of costs of $5,000.

ANALYSIS

Test for Acceptance of a Settlement Agreement

¶ 22 A hearing panel at a settlement hearing is not to decide whether it would have imposed the same sanctions as those negotiated by the parties, nor is it to modify or alter the sanctions. It is well accepted that in considering a settlement agreement, a hearing panel's task is to decide whether the agreed sanctions fall within a "reasonable range of appropriateness".

¶ 23 Accordingly, in considering the acceptance of a settlement agreement, a hearing panel must be satisfied that the agreed sanctions are within an acceptable range, are fair and reasonable, and serve as a deterrent to the respondent and to the industry. A hearing panel should also accept the settlement agreement where it is in the public interest to do so.

¶ 24 In applying the "reasonable range of appropriateness" test, hearing panels are expected to consider IIROC Sanction Guidelines, previous regulatory decisions, and any other relevant matters.

IIROC Sanction Guidelines

¶ 25 The IIROC Sanction Guidelines (the "Guidelines") provides a framework that should be considered in connection with the imposition of sanctions in all cases and an inexhaustive list of sample factors commonly taken into consideration when making a determination as to appropriate sanctions.

¶ 26 The Guidelines make it clear that the purpose of sanctions in a regulatory proceeding is to protect the public interest by preventing future conduct that may harm the market. Sanctions should be significant enough to prevent and discourage the respondent from engaging in future misconduct and to deter others from engaging in similar misconduct.

Previous Regulatory Decisions

¶ 27 In addition to considering the Guidelines, previous hearing panel decisions have considered sanctions approved by hearing panels for similar types of misconduct.

¶ 28 Written and oral submissions were of assistance to this Hearing Panel in considering whether the agreed sanctions fall within a reasonable range of appropriateness. IIROC Enforcement Counsel referred us to the following panel decisions:

- *Lee (Re)*, 2013 IIROC 10
- *Blackmore (Re)*, 2014 IIROC 43
- *Chen (Re)*, 2018 IIROC 35
- *Smith* (Re), 2019 IIROC 13
- *Carrigan & Gold (Re)*, 2019 IIROC 31
- *Rowlatt (Re)*, 2020 IIROC 32
- *Nyquvest (Re)*, 2021 IIROC 36
- *Small (Re)*, 2021 IIROC 28.

¶ 29 In *Lee (Re)*, the respondent admitted that between March 2011 and September 2012, and contrary to IIROC Dealer Member Rules 18.3(b) and 38(1), he engaged in outside business activities by facilitating off-book equity and debt investments in private placements by six clients totalling $7,200,000 in two separate companies, and that he did so without his firm's knowledge. The respondent also failed to question whether the investments in one of the companies was in accordance with the *Securities Act.* In addition, he borrowed $100,000 from two elderly clients to one of the companies, without his firm's knowledge.

¶ 30 The hearing panel in *Lee (Re)* considered many mitigating circumstances, including the fact that the respondent had been in the industry since 1989, had no disciplinary record, was no longer in the industry, had suffered very significant financial difficulties, facilitated the investments as opposed to recommending them, admitted everything that occurred and cooperated with the investigation. Also, the clients were very substantial net worth individuals who did not complain. In the settlement agreement, the respondent agreed to a fine of $75,000 and costs of $5,000. He was also prohibited from registration in any capacity for a period of six months.

¶ 31 In *Blackmore (Re)*, the respondent admitted to engaging in outside business activities without his firm's approval regarding his facilitation of off-book investments by five clients totaling $780,000 contrary to IIROC Dealer Member Rule 29.1. He also held a personal financial interest in relation to the outside investments. In a settlement, Blackmore agreed to a fine of $30,000, costs of $2,500, as well as a 45-day suspension of his registration with IIROC in any capacity.

¶ 32 In *Chen (Re)*, the respondent admitted to breaching IIROC Dealer Member Rule 29.1 by failing to advise her Dealer Member firm of the six investment accounts which she and her husband maintained individually and jointly at two other firms, and by failing to advise the other two firms that she was an IIROC registrant and thereby preventing the firms from properly supervising the six investment accounts.

¶ 33 The hearing panel considered factors such as the facts that the respondent's conduct was not willfully blind, reckless or meant to deceive her employer or the other firms; that there was no evidence of harm to any clients or of improper trading activities in the accounts by the respondent or her husband; and that there was no evidence that the respondent or her husband received a financial benefit as a result of the conduct at issue in this case. The hearing panel also took the respondent's experience into consideration. The respondent accepted responsibility for her actions and acknowledged the nature and gravity of her misconduct. The respondent admitted that she was aware of the requirements but failed to comply with those obligations, resulting in each of the Dealer Member firms being unable to properly supervise the trading activities in the six investment accounts. In a settlement, the respondent agreed to a fine of $15,000 and costs of $2,500. The respondent also agreed to pass the Conduct and Practices Handbook Course prior to any re-registration with IIROC.

¶ 34 In *Carrigan & Gold (Re)*, two Respondents Darren Carrigan ("Carrigan") and Jason Andrew Gold ("Gold") admitted that from September 2013 to March 2014 and while they both worked together at Hampton Securities Ltd., they facilitated suspicious trading by a group of related clients and insiders of two TSXV-listed issuers and that they failed to fulfill their gatekeeper responsibilities to IIROC-regulated marketplaces, contrary to the predecessor Universal Market Integrity Rule 2.1(1).

¶ 35 The hearing panel considered aggravating factors such as the facts that there were at least ten red flags affecting numerous trades over a lengthy period of seven months and while the respondents were experienced registrants, no explanation was given as to why the gatekeeper responsibilities did not prevent these trades affected as they were by so many red flags.

¶ 36 In mitigation, the hearing panel considered the facts that neither Carrigan nor Gold had any disciplinary history, and they had both cooperated fully with IIROC Enforcement Staff during the investigation, had acknowledged the contraventions in the Settlement Agreement, and had therefore accepted their responsibility. Also, Gold who continued to act as Carrigan's assistant, had been under strict supervision while the matters at issue were being investigated by IIROC and his supervisors were then required to file monthly supervision reports with IIROC. Orders received by Carrigan's clients were processed by Gold and Carrigan was therefore effectively subject to indirect strict supervision. Neither Carrigan nor Gold had any communications with, placed any orders for or executed any trades on behalf of the Clients during that period.

¶ 37 In a settlement, Carrigan agreed to pay a fine of $50,000 and Gold agreed to pay a fine of $20,000. Further, Carrigan and Gold each agreed to sanctions consisting of successfully completing the Trader Training Course within six months of the approval of the settlement and costs to IIROC in the sum of $7,500 each.

¶ 38 In *Rowlatt (Re),* the respondent facilitated suspicious trading by a group of related clients and insiders of two TSXV-listed issuers between January 2017 and December 2017. The respondent failed to live up to his gatekeeper responsibilities to IIROC-regulated marketplaces, contrary to IIROC Rule 1402, which requires participants to transact business openly and fairly and in accordance with just and equitable principles of trade.

¶ 39 In the settlement tabled for acceptance by the hearing panel, Rowlatt agreed to pay a fine of $50,000, inclusive of full disgorgement of commissions earned, successful completion of the Trader Training Course within six months of the approval of the settlement, and payment of $7,500 in costs to IIROC.

¶ 40 In *Nyquvest (Re)*, the respondent engaged in personal financial dealings and outside business activities, as well as facilitated off-book investments - all without the knowledge or consent of his firm and contrary to Dealer Member Rules 18.14 and 43 as well as Consolidated Rule 1400.

¶ 41 The hearing panel considered mitigating circumstances, including the fact that the respondent had no prior disciplinary record with IIROC, had accepted that his conduct was in breach of the Rules and had entered into the settlement agreement with IIROC Enforcement Staff. Additionally, there were no client claims or losses, and the funds were loaned to related parties and not borrowed. The respondent provided reimbursement of the attendant finder's fees. The respondent's counsel added the submissions that mitigating factors should include the fact that the conduct of the respondent involved transactions with either a good friend or his sons and that the purpose of this conduct was to assist his son in understanding the capital markets. Also, the off-book dealings only occurred after the respondent was advised that the firm was not interested in being involved.

¶ 42 Aggravating circumstances included the seniority of the respondent as a member of the investment industry as well as a number of violations of the Rules effected by him over a period of time. The settlement agreement confirmed that the respondent agreed to sanctions which include a fine in the amount of $34,000, suspension from registration in any capacity with IIROC for six months, close supervision upon any registration with IIROC for 12 months, a successful rewrite of the Conduct and Practices Handbook examination upon return, and costs of $5,000.

¶ 43 In *Small (Re)*, the respondent had personal financial dealings with a client from May 2015 to December 2019 and acted as power of attorney for the client who was also a Related Person as defined in the *Income Tax Act*, when he borrowed money from the client without his employer's knowledge contrary to IIROC Dealer Member Rules 43.2(3) and 43.2(5).

¶ 44 Although Small expressed to the hearing panel that the penalties might be too severe, he nevertheless agreed to them to close the matter. He agreed to a payment of a fine of $20,000, the obligation to pass the Conduct and Practices Handbook Course, and payment to IIROC of $2,500 in costs. The hearing panel emphasized the complete collaboration of Small with IIROC.

¶ 45 In reviewing the foregoing precedents, the facts of which are similar to the ones before this Hearing Panel, this Panel understood, and was mindful of the fact that each case must be considered on its own facts and circumstances. In addition to comparing the sanctions imposed by the Settlement Agreement to that imposed by hearing panels in past cases, the Panel considered the particular facts of this case including the situation and circumstances of the client as well as that of the Respondent. The Hearing Panel considered IIROC's Sanction Guidelines as indicative of industry expectations and as relevant to determining an appropriate penalty, although it is recognized that they are neither exhaustive nor determinative.

¶ 46 Specifically, the Hearing Panel took the following factors regarding the Respondent's actions into consideration:

- The Respondent had no discipline history;
- The Respondent is not currently working in a registered capacity;
- No actual harm was done to the client;
- There was no real benefit to the Respondent; and
- The Respondent has accepted responsibility for his misconduct.

¶ 47 The Hearing Panel also viewed the following as aggravating circumstances:

- There was a substantial amount of money involved;
- The violations undermined the framework of supervision by the firm;
- The Respondent had care and control of the accounts; and
- The Respondent was an experienced advisor and showed a pattern of disregard for IIROC and his firm's rules. The Respondent ignored obvious red flags and facilitated suspicious trading activity in a client account. He also personally made off-book investments without the proper approval by his firm and failed to designate several client accounts as pro-accounts. He then invested the client accounts in ineligible new issues without appropriate approvals from his firm.

¶ 48 In light of the foregoing, the Hearing Panel finds that the penalties agreed upon by IIROC and the Respondent in the Settlement Agreement are consistent with the principles and the framework established by the Guidelines as well as with the range accepted in similar decisions.

CONCLUSION

¶ 49 It is well established in the IIROC jurisprudence that a settlement hearing panel is not tasked with deciding whether it would have imposed the same sanctions as those agreed through negotiation by the parties.

¶ 50 Pursuant to IIROC Rule 8215(5), a hearing panel must decide whether to accept or reject the proposed settlement. In making that determination, it will consider whether the proposed sanction falls within a reasonable range of appropriateness and whether it is consistent with the Guidelines and prior IIROC decisions.

¶ 51 The Hearing Panel considered whether the proposed penalties in this case adequately reflect the seriousness of the multiple contraventions. However, the Hearing Panel also recognized that the proposed sanctions are the product of a process of negotiation and agreement between parties and fell within a reasonable range.

¶ 52 After serious reflection of the submissions at the hearing, the precedents cited and the factors invoked regarding the conduct of the Respondent, the Hearing Panel was persuaded by the stated mitigation factors and more importantly, concluded that the appropriate test for settlement agreement approval has been met.

¶ 53 The Hearing Panel therefore accepts the Settlement Agreement.

Dated at the City of Calgary, Alberta this 21 day of November 2022.

Omolara Oladipo

Kathleen Jost

Donald Milligan

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

IIROC Rules, a hearing panel (“Hearing Panel”) should accept the settlement agreement (“Settlement Agreement”) entered into between the staff of IIROC (“Staff”) and Gregory Paul Bealer (“Respondent”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement

Overview

4. The Respondent:

   a) Failed in his gatekeeper obligations. He failed to inquire into suspicious circumstances, and facilitated questionable transactions in a client account, that raised potential manipulative trading issues;

   b) Made several personal off-book transaction ; and

   c) Failed to designate accounts over which he had trading authority, as pro-accounts. He then invested these accounts in new issuer private placements investments. The Respondent did so without receiving appropriate approvals from his firm.

Registration History

5. The Respondent is not currently working in an IIROC registered capacity. The conduct in question took place while he was a registrant with CIBC World Markets Inc. (“CIBC”), where he was a Registered Representative and Portfolio Manager from January 2014 to April 2019. Before that, he had worked at TD Waterhouse Canada, since 2008.

Failed Gatekeeper Obligations

6. The Respondent facilitated suspicious trading activities pertaining to a cannabis sector company (the “Company”). He failed to make appropriate inquiries into the numerous red flags presented by these activities. The Respondent also failed to report these activities to his firm.

7. The suspicious trading involved third parties depositing share certificates of the Company into the account of the Respondent’s client. Shortly thereafter, the securities were liquidated, and the proceeds were distributed out of the account to third parties. The client in question was referred to the Respondent by the Company’s CEO, and the Respondent was taking instructions from the CEO’s assistant. CIBC’s management did not raise any concerns with the Respondent about these transactions.

Respondent’s Relationship to the Company

8. CIBC had an Anti-Money Laundering and Anti-Terrorist Financing policy which restricted employees from entering client relationships with persons or entities in the cannabis sector without first receiving approval from the firm. Despite this, the Respondent had several unapproved interactions with principals of the Company. This includes:

   a) Attending a cannabis conference in Vancouver in January 2018;

   b) Attending the TSX listing ceremony for the Company in May 2018.

Suspicious* Circumstances *and Trading Activity

9. In February 2018, the Respondent opened accounts for a 68-year-old client from Quebec (the “Client”). The Client, who is now deceased, was the CEO’s stepfather, and was referred to the Respondent by the CEO.

10. According to the Client’s account documents, at the relevant time he:

    a) was 68 years old, retired, and had three dependents;

    b) had a net worth of $300,000;

    c) had a yearly income of $35,000;

    d) had investment objectives of 50% medium-term, and 50% long-term growth; and

    e) had a Risk tolerance of 100% high risk.

11. Once the account was opened, the transactions almost exclusively involved the Company’s securities. Share certificates were deposited into the account, they were liquidated, and the proceeds transferred back out to third parties, by way of wire transfer.

12. These activities were conducted on an unsolicited basis, with the Respondent receiving wire transfer instructions from someone he knew to be the CEO’s assistant. There were no power of attorney forms on file with CIBC giving the assistant authority over the account.

13. During the relevant period there were 22 transfers of the Company’s securities, totaling 1,331,667 shares. During this same period, there were 25 wire transfers of proceeds from the securities liquidation, totaling approximately $1,650,000.

14. On at least two occasions, proceeds from these liquidations were transferred to accounts belonging to the CEO, totaling $151,000.

Red Flags

15. The above circumstances presented several red flags that the Respondent failed to act on, including:

    a) The CEO’s relationship with the Client;

    b) The unusual nature of the trading going through the Clients account, particularly, considering the client’s profile, and his relationship to the CEO. This includes the type and volume of transactions, and that they primarily involved only the Company’s securities; and

    c) The CEO’s assistant was providing instructions on the Client’s account, despite no documented authority to do so filed with the firm.

Off-Book Transactions

16. Between April and September 2018, the Respondent made eight off-book investments in private placements, outside CIBC, without receiving the appropriate approvals. The investments were all made via transfers from the Respondent’s CIBC trading account. Many of the investments were in cannabis related companies. The investments totaled approximately $1,442,660.

17. While the Respondent failed to receive the appropriate approvals for the investments, the wire transfers to pay for the investments were approved by his employer.

18. On at least five occasions the Respondent facilitated clients investing in the same off-book private placements. The Respondent would make clients aware he was personally investing in the companies,

and they would also invest.

Failure to Designate Pro-Accounts and Ineligible Investments

19. The Respondent failed to designate 18 different accounts over which he had power of attorney as pro-accounts, as required by his firm's policy and procedures. The accounts in question belonged to four people closely connected to the Respondent, or numbered companies controlled by them. By doing so, the Respondent undermined his firm's supervisory structure as it pertained to accounts over which the Respondent had control or authority.

20. Between April 2016 and October 2018 these accounts participated in 32 new issue purchases, worth approximately $1,966,575. By October 2017, $1,247,175 of the purchases were sold, with an additional $39,100 sold in December 2018. In total, the sales represented a realized gain of $111,087 (8.6%). As of September 2020, the remaining $668,500 of purchases was still held in the various accounts, before they were transferred away from CIBC.

21. Under CIBC's policies on new issues, these purchases were not eligible for pro-accounts, and were made without the Respondent obtaining the appropriate approvals from his firm. A stated intention of the policies is to ensure the fair treatment to CIBC's clients in the allocation of new issues. By not following CIBC's policies regarding pro-accounts and new issues, the Respondent could potentially have given these particular clients preferential treatment at the expense of other CIBC clients. With the exception of the 32 new issue purchases, there is no evidence the account holders profited directly as a result of the failure to have the accounts designated pro-accounts.

Commissions Earned by the Respondent

22. The Respondent personally received by way of commissions:

    a) For transactions related to the Company: $2,036; and

    b) For ineligible Investments: $15,233.

PART IV – CONTRAVENTIONS

23. By engaging in the conduct described above, the Respondent committed the following contraventions of IIROC's Rules:

    Contravention 1

    Between March 2018 and March 2019, the Respondent failed in his role as a gatekeeper by facilitating suspicious trading activity in a client account, contrary to IIROC Rule 1400;

    Contravention 2

    Between January and December 2017, the Respondent personally made off-book investments, without the proper approval by his firm, contrary to IIROC Rule 1400; and

    Contravention 3

    Between April 2016 and October 2018, the Respondent failed to designate several client accounts as pro-accounts. He then invested the client accounts in ineligible new issues, without receiving appropriate approvals from his firm, contrary to IIROC Dealer Member Rule 43.2(5) and IIROC Rule 1400.

PART V – TERMS OF SETTLEMENT

24. The Respondent agrees to the following sanctions and costs:

a) A fine in the amount of $50,000 plus disgorgement in the amount of $17,269;

b) Five-month prohibition of approval from IIROC registration;

c) Twelve-month period of close supervision; and

d) Costs in the amount of $5,000.

25. If this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Staff and the Respondent.

PART VI – STAFF COMMITMENT

26. If the Hearing Panel accepts this Settlement Agreement, 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.

27. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under IIROC Rule 8200 against the Respondent. 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

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

29. 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.

30. Staff and the Respondent 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 the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the Hearing Panel.

31. If the Hearing Panel accepts the Settlement Agreement, the Respondent agrees to waive all rights under the IIROC Rules and any applicable legislation to any further hearing, appeal and review.

32. If the Hearing Panel rejects the Settlement Agreement, Staff and the Respondent may enter into another settlement agreement or Staff may proceed to a disciplinary hearing based on the same or related allegations.

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

34. 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.

35. If this Settlement Agreement is accepted, the Respondent agrees that neither he nor anyone on his behalf, will make a public statement inconsistent with this Settlement Agreement.

36. The Settlement Agreement is effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

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

38. A fax or electronic copy of any signature will be treated as an original signature.

DATED this 12 day of September, 2022.

"Witness"	"Gregory Paul Bealer"
Witness	**Gregory Paul Bealer**

DATED this 13 day of September, 2022.

"Witness"	"Tayen Godfrey"
Witness	**Tayen Godfrey**
	Enforcement Counsel on behalf of Enforcement Staff of the Investment Industry Regulatory Organization of Canada

The Settlement Agreement is hereby accepted this 20th day of October, 2022 by the following Hearing Panel:

Per: "Omolara Oladipo"

Panel Chair

Per: "Don Milligan"

Panel Member

Per: "Kathleen Jost"

Panel Member

Copyright © 2022 Investment Industry Regulatory Organization of Canada. All Rights Reserved