Re R. J. O'Brien & Associates Canada

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

R. J. O'Brien & Associates Canada Inc.

2022 IIROC 31

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

Heard: November 30, 2022 in Toronto, Ontario
Decision: November 30, 2022
Reasons for Decision: December 6, 2022

Hearing Panel:
Paul M. Moore, K.C., Chair, Edward V. Jackson and Sarah Shody
Appearance:
Andrew P. Werbowski, Director, Enforcement Litigation for IIROC
Joe Kelly, Enforcement Counsel for IIROC
Darryl Mann, for R. J. O'Brien & Associates Canada Inc.
Amy Meyer, for R. J. O'Brien & Associates Inc.
Keith Riddoch, CEO, R. J. O'Brien & Associates Canada Inc.

DECISION ON ACCEPTANCE OF SETTLEMENT AGREEMENT

INTRODUCTION

¶ 1 The Panel accepted the settlement agreement ("Settlement Agreement") between Enforcement staff ("Staff") of the Investment Industry Regulatory Organization of Canada ("IIROC") and R. J. O'Brien & Associates Canada Inc. ("Respondent") dated November 2, 2022 at a settlement hearing held electronically in Toronto in accordance with the IIROC Rules.

¶ 2 A copy of the Settlement Agreement is attached to these reasons.

¶ 3 The agreed facts are set out in Part III of the Settlement Agreement.

¶ 4 Some abbreviated terms used in these Reasons are defined in the Settlement Agreement.

CONTRAVENTION

¶ 5 The Respondent admitted that it acted in a manner contrary to IIROC Dealer Member Rules 38.1 and 2500 as set out in paragraph 57 of the Settlement Agreement. These Rules require Dealer Members to maintain adequate records of its supervisory activities in relation to client accounts. We concluded that the agreed facts established that the Respondent had in fact acted contrary to these Rules.

AGREED SANCTIONS

¶ 6 The Respondent agreed to pay a fine of $90,000 and costs of $10,000.

CONSIDERATIONS

¶ 7 The Panel determined that it had to be satisfied regarding three considerations before it could accept the Settlement Agreement. First, the agreed sanctions had to be within an acceptable range taking into account similar cases. Secondly, the agreed sanctions had to be fair and reasonable (i.e., proportional to the seriousness of the contravention and taking into consideration other relevant circumstances) and should appear to be so to members of the public and industry. Thirdly, the agreed sanctions should serve as a deterrent to the Respondent and to the industry. To be satisfied on these three considerations required an understanding of the particular facts of the case, the circumstances of the Respondent, and the impact on it of the agreed sanctions.

PRE-HEARING CONFERENCES

¶ 8 We were advised that the parties participated in pre-hearing conferences and were greatly assisted in achieving settlement by a pre-hearing officer. The parties were initially quite far apart on several aspects of this matter. As a result of three pre-hearing conferences, which were conducted much like a mediation, the parties were able to achieve a negotiated resolution.

¶ 9 Notwithstanding the assistance of the pre-hearing officer, it is the role of this Panel to decide on the acceptability of the Settlement Agreement.

SANCTIONS: GENERAL PRINCIPLES

¶ 10 The purpose of sanctions in a regulatory proceeding is to protect the public interest by restraining future conduct that may harm the capital markets. Sanctions should be significant enough to prevent and discourage future misconduct by the Respondent (specific deterrence), and to deter others from engaging in similar misconduct (general deterrence).

KEY FACTORS IN DETERMINING SANCTIONS

¶ 11 The following key factors outlined in the IIROC's Sanction Guidelines are relevant to this matter and were considered by us in determining whether the agreed sanctions were appropriate in this case:

(i) Whether the Respondent engaged in the misconduct over an extended period of time:

The relevant period for the contravention extended from February 2016 to February 2018.

(ii) The number, size and character of the transactions at issue and whether the Respondent engaged in numerous acts and/or a pattern of misconduct:

The misconduct in this case related to the supervision of a registrant's activity in relation to nine specific clients' accounts. The Settlement Agreement does not deal with a broad systemic supervision issue; however, the failure to maintain adequate records to ensure the registrant was complying with KYC and suitability obligations was serious. The obligation of a Dealer Member to maintain adequate records of supervisory activities is an important aspect of the Member's supervisory activities which permits the regulator to verify supervision activities and fulfill its regulatory oversight obligations.

(iii) Whether the misconduct was intentional, willfully blind or reckless with respect to regulatory requirements:

The misconduct in this case was not intentional, willfully blind, or reckless. It was

primarily negligent but was nonetheless serious. In the Settlement Agreement, the Respondent admitted that it maintained some records of its supervision of the registrant's suitability obligations, but that it failed to maintain adequate records of:

- certain telephone and in-person conversations and meetings between and amongst its Ultimate Designated Person ("UDP"), Chief Compliance Officer ("CCO") and the registrant during which conversations and meetings the registrant represented that he was complying with IIROC Rules and Respondent's policies and procedures;
- steps it took to ensure the registrant met his KYC obligations relating to the explanation of risk, review of the New Client Application Form ("NCAF"), the use of leverage and suitability of the investment product;
- questions asked of the registrant, replies received, actions taken and other information relating to the determination that the accounts were suitable for the clients; and
- questions asked of the registrant as to whether the Adjusted Risk Disclosure Form ("ARDF") had been discussed with clients before execution of the ARDF.

(iv) The number, size and character of the transactions at issue and whether the Respondent engaged in numerous acts and/or a pattern of misconduct:

The misconduct in this case relates to the supervision of the registrant's activity in relation to nine clients' accounts. The clients were not traditionally vulnerable in that they were not low income, low net worth individuals or complete novice investors. They were not experienced in the specific trading activity at issue such that the clients were required by the Respondent to sign ARDF's prior to account opening. The ARDF effectively asks clients to accept that the suitability obligation was being shifted to them by the firm.

(v) Extent of harm to clients or other market participants:

We were advised that on February 5, 2018, the S&P Index experienced a significant spike in volatility. As a result, recommendations were made by the registrant to liquidate positions in the clients' accounts. The liquidation resulted in civil proceedings initiated by some clients against the Respondent and by the Respondent against some clients. These civil proceedings were resolved to the satisfaction of all parties.

(vi) The Respondent's relevant disciplinary history:

Neither the Respondent nor any of its current or former Compliance staff have any disciplinary history.

RELATED UNDERLYING CASE

¶ 12 In *Shields (Re)* 2021 IIROC 23*,* at the conclusion of a contested IIROC hearing, a panel found that Yonathan Shields, who was employed by the Respondent and was the registrant whose supervision was in question in the case before us, had failed to exercise the due diligence required to know nine of his clients and to ensure the suitability of recommendations he made to them to execute a trading strategy involving the sale of naked options on commodities futures. That panel imposed the following sanctions against Shields:

a) an order for disgorgement of $64,054.80;

b) a fine of $40,000;

c) a requirement that Shields not be approved as a registrant before October 20, 2022;

d) a requirement that Shields successfully re-write the CPH examination before he is re-registered;

e) a requirement that, as a term of Shields' re-registration, the opening of accounts with him and trading in suchaccounts be closely supervised for one year; and

f) an order that Shields pay costs of $35,000.

PRECEDENT CASES

¶ 13 Two companion cases from 2005, *Alexander (Re)* and *IPC Securities (Re)* deal, in part, with a Dealer Member that failed to maintain adequate records of supervisory activity:

(i) In *Alexander (Re),* 2005 I.D.A.D.C. No. 29, John Alexander, an officer and director of IPC Securities Corporation, acknowledged that he failed to supervise IPC's inventory and error accounts fully and properly, for which he was fined $40,000, permanently prohibited from receiving registration approval to act in a supervisory capacity, and suspended from receiving any registration approval for one year. A one-year term of strict supervision was imposed, and Alexander was ordered to pay costs of $10,000.

(ii) In *IPC Securities Corp. (Re)*, 2005 I.D.A.D.C. No. 40, the Dealer Member agreed, in part, that for an eighteen-month period it failed to maintain adequate records of supervisory activity in accordance with the Association requirements concerning the Head Office account supervision. For that particular contravention, IPC Securities agreed to a sanction of $25,000.

¶ 14 In *CIBC World Markets and Trickey (Re)*, 2018 IIROC 50, an individual branch manager, Robert Trickey, agreed that he had failed to fully and properly supervise an approved person and failed to maintain adequate records of supervisory activity regarding the supervision of activities of that approved person. Trickey paid a fine of $40,000 and costs of $5,000. The Dealer Member paid a fine of $125,000 and implemented certain remedial features for its acknowledged supervision failings (which were not restricted to documenting supervision activity).

CONCLUSION

¶ 15 The Settlement Agreement is fair and reasonable. The agreed sanctions are within an acceptable range of appropriateness. The agreed sanctions constitute a specific deterrent for the Respondent and a general deterrent for the industry.

¶ 16 Accordingly, we concluded that it was in the public interest to accept the Settlement Agreement.

Dated at Toronto, Ontario this 6 day of December 2022.

Paul M. Moore

Edward V. Jackson

Sarah Shody

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Investment Industry Regulatory Organization of Canada ("IIROC") will issue a Notice of Motion 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 R. J. O'Brien & Associates Canada Inc. ("R.J. O'Brien" or "the 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. R.J. O'Brien is a futures, options, and commodities brokerage firm that provides access to what it describes as the "highly sophisticated derivatives market."

5. Between February 2016 and February 2018 (the "Relevant Period"), R.J. O'Brien did not adequately supervise Yonathan Chanock Shields ("Shields") to ensure his activities complied with know your client ("KYC") and suitability requirements by, particularly, failing to maintain adequate records of its supervisory activities in relation to nine specific clients' accounts, namely, VP, ED, SS, JM, SF and RF, MW, BT and AM (the "Clients").

6. The obligation of a Dealer Member to maintain adequate records of supervisory activities is an important aspect of the Member's supervisory activities which permits the regulator to verify supervision activities and fulfill its regulatory oversight obligations.

Background

7. R.J. O'Brien has been a Dealer Member since 2010.

8. Shields was a Registered Representative ("RR") with R.J. O'Brien at its Toronto premises from October 2014 until October 2019 and had been an Approved Person since 1995. Shields is no longer an Approved Person.

9. During the Relevant Period, both Tier 1 and Tier 2 supervision was conducted by R.J. O'Brien Compliance Staff at its office in Winnipeg, Manitoba. Informal supervision of Shields was also conducted by R.J. O'Brien's Ultimate Designated Person ("UDP"), in Toronto, where he had an office in physical proximity to Shields' office.

10. In 2018, Shields' Clients filed complaints with IIROC alleging improper handling of their accounts. In a decision dated July 20, 2021, an IIROC hearing panel found that Shields contravened Dealer Member Rules 1300.1(a) and 1300.1(q).

11. Pursuant to Dealer Member Rules 38 and 2500, R.J. O'Brien is required to establish and maintain a system to supervise the activities of each of its RRs, which system is required to, among other things, maintain adequate records of supervisory activity.

12. Following the account opening for the Clients, R.J. O'Brien maintained some records of its supervision of Shields' suitability obligations that included certain email correspondence and recordings of phone calls between Compliance Staff and Shields.

13. However, R.J. O'Brien failed to maintain adequate records of certain other telephone and in-person

conversations and meetings between and among its UDP, Chief Compliance Officer ("CCO"), Compliance Officer, and Shields, during which conversations and meetings Shields represented that he was complying with IIROC Rules and R.J. O'Brien's policies and procedures in relation to KYC and suitability obligations.

The Policies and Procedures Manual

14. The R.J. O'Brien Policies and Procedures Manual ("P&P") included numerous requirements regarding account opening, KYC, and suitability obligations and the supervision of those obligations. These requirements focused on the explanation to clients of the level of risk associated with futures trading, the possibility of losses exceeding the amount of funds invested, and that particular attention should be paid to potential clients with no previous investment history.

15. The P&P provided that in order to expedite the account opening process, it was suggested that an advisor walk the client through the account opening documentation and review those areas to be completed by the client.

16. The P&P further required that supervisors monitor advisors' activities to ensure compliance with the policies and procedures set out therein and to determine that adequate risk disclosure had been provided to all prospective clients. In accordance with regulatory requirements, RJO provided each Client with the current risk disclosure statement and obtained the Client's acknowledgement of its receipt before the Client's initial trade in futures contracts or futures contract options.

17. Shields represented and certified, in writing, that he complied and was complying with all of the requirements contained within and mandated by the P&P.

Notices, Bulletins, Circulars and Emails

18. Over the course of the Relevant Period, R.J. O'Brien distributed numerous Bulletins, Circulars, Articles, emails and other documentation to Shields advising and reminding him of his obligations and the requirements regarding account opening, KYC, and suitability obligations.

Failure to Supervise

(i) Know-Your-Client

19. The Clients were referred to Shields by Shane Dubin ("Dubin") an RR at another Dealer Member as detailed below. Prior to Shields and R.J. O'Brien onboarding the Clients, the CCO and UDP had conversations with Shields in which Shields represented that he would speak with every client referred by Dubin and satisfy the requirements that he understood he needed to address before proceeding to open an account. Shields also agreed and acknowledged that he personally needed to know the client and ensure that the account was suitable for the prospective client.

20. R.J. O'Brien's CCO, UDP and Shields also discussed the policies and protocols set out in the firm's P&P and Shields confirmed that he would follow those steps when opening the accounts for the Clients referred by Dubin and executing transactions.

21. R.J. O'Brien did not maintain adequate records of the steps it took to ensure Shields met his KYC obligations and to ensure that his activities complied with the P&P, including that:

    (a) Shields ensured the Clients fully understood the risks inherent in trading futures and options on futures;

    (b) Shields had reviewed the new client application form ("NCAF") with the Clients;

    (c) Shields had asked whether the Clients fully understood the use of leverage in the

futures/options markets; and

(d) Shields understood and assessed whether the product was suitable (both KYC and KYP) for each individual client prior to recommending it to a Client and subsequently trading on their behalf.

(ii) Opening of the Client Accounts

22. R.J. O'Brien opened accounts for the Clients during 2016 and 2017.

23. Dubin was Shields' former colleague at Scotia Capital Inc. The referrals were made in order for the Clients to engage in Dubin's option writing strategy that involved selling uncovered puts and calls on futures markets, predominantly focused on S&P 500 E-mini contracts (the "Strategy").

24. R.J. O'Brien considered the Strategy highly speculative.

25. Dubin entered into a settlement agreement with IIROC in 2019 in respect of his conduct in making the referrals to Shields.

26. Shields never met or spoke with three of the Clients. In the case of four other Clients, he spoke to them for a matter of minutes and did not discuss any substantive issues in relation to KYC requirements or the operation of their accounts.

27. However, in response to verbal queries by R.J. O'Brien's UDP and CCO, Shields represented that he had met with the Clients before their account opening documents were sent to them, that he had discussed the Strategy with the Clients, and that he discussed his recommended trades with the Clients prior to entry to ensure that they were appropriate for the Clients.

28. Shields did not discuss or review the content of the NCAFs with any of the Clients but represented in conversations with Compliance Staff that he had done so. Other than Shields and his assistants RM and AK, no representative of R.J. O'Brien met or spoke with any of the Clients prior to the events of February 5, 2018 described below.

29. The NCAFs reflected that most of the Clients did not have any futures or options on futures trading experience.

30. In the case of the remaining Clients, although their NCAFs reflected such experience, Shields was aware that this was not accurate and that the experience instead reflected that of their respective spouses, each of whom had trading authority over those Client's Accounts.

31. R.J. O'Brien questioned Shields as to the information on the Clients' NCAFs in order to determine that the accounts should be opened and relied on his assurances that the accounts were suitable for the Clients. R.J. O'Brien did not maintain adequate records of the questions asked of Shields, replies received, actions taken, and other related information.

(iii) Account Approval Process

32. As part of the approval process, R.J. O'Brien reviewed a dollar figure on the NCAF identified as "Approximate Risk Capital Available for Futures Trading (Risk Capital refers to the amount you are willing to risk trading.)"

33. The risk capital amount was meant to function as a threshold such that once a client sustained losses in the amount identified, R.J. O'Brien would assess the client's account for any further trading.

34. In the case of many of the Clients, R.J. O'Brien reduced their risk capital amounts as part of the approval process, thereby enhancing the threshold for supervision purposes. The reductions of these amounts were not verbally communicated to these Clients, however the revisions were included in the Client's account opening package that they received upon account approval. Ultimately, however, the

reduction in risk capital amount did not trigger a suitability review during the Relevant Period and the Accounts were liquidated in February 2018, as detailed below.

35. In addition, many of the Clients were required to sign an Additional Risk Disclosure Form (the "ARDF") as they did not meet R.J. O'Brien's guidelines to open a futures/futures option account because they had no futures or options on futures trading experience.

36. In the ARDF, R.J. O'Brien advised the Clients to reconsider the investment as the trading was high risk and stated that "[y]ou should therefore carefully consider whether such trading is suitable for you in light of your circumstances and financial resources."

37. R.J. O'Brien's supervisors during the Relevant Period considered the ARDF as a cautionary measure to ensure the Clients understood the risks of the investment and required the Clients to sign as part of the form an acknowledgement that stated: "I understand that I do not meet the minimum guidelines to open an account set forth by [R.J. O'Brien]."

38. R.J. O'Brien did not retain adequate records demonstrating that it had questioned Shields as to whether the ARDF, which effectively asked the Clients to accept that the suitability obligation was being shifted to them by the firm, had been discussed with them before they signed it, and did not take its own independent steps to discuss the risks with each Client.

39. R.J. O'Brien approved and opened the accounts for these Clients when the Risk Disclosure statement was acknowledged, executed and obtained from the Client along with the executed ARDF in circumstances where such was required.

(iv) Suitability

40. The P&P included numerous requirements regarding suitability obligations and the supervision of those obligations. The requirements reiterated the high-risk nature of trading in futures and the potential for significant losses as well as the need to keep KYC information up to date. The P&P specifically provided that orders may not be received by electronic communications including email.

41. The P&P provided that supervisors were required to monitor all accounts for, among other things, unsuitable trading and inappropriate trading strategies, and that such supervision was to be documented in writing.

42. Trading in the Accounts was based on Shields' recommendations sent via email, which he generated after discussions with, or instructions from, Dubin. Contrary to the P&P, Shields' only form of communicating recommendations to the Clients during the Relevant Period was via email.

43. Shields sent recommendation emails to the Clients that were generally identical, with adjustments for position size or quantity, but there was no discussion or analysis in the recommendation emails as to why the trades were suitable for the Clients.

44. The Clients were advised by Shields or Dubin to approve the recommendations by responding via email.

45. Throughout the Relevant Period, the Clients followed Shields' recommendations and provided instructions to Shields via email to execute the transactions and Shields executed the recommended transactions.

Reviews and Supervision of the Transactions

46. R.J. O'Brien's Compliance Officer regularly reviewed daily and monthly reports of the Accounts and of the trading activity in the Accounts to ensure that each trade was within the requested account

objectives and executed at a different time, which was a proxy for ensuring that Shields was separately communicating with each Client before acting on his or her instructions. No trades in the Accounts were executed within the same minute or minutes.

47. None of the activity that took place in any of the accounts was inconsistent with the Clients' account documentation, nor were the positions in the accounts, or the accounts as a whole, inconsistent with the Clients' account documentation.

48. Notwithstanding the requirements of the P&P and the reviews by the Compliance Officer, R.J. O'Brien failed to maintain adequate records of its supervision of Shields with respect to suitability, including evidence of inquiries made, replies received, actions taken, and other related information adequate to reflect that all necessary supervisory steps had been taken.

Client Losses

49. On February 5, 2018, the S&P Index experienced a significant spike in volatility and a corresponding drop in value. Shields sent a series of recommendation emails to the Clients during the day, all in the same format as prior recommendation emails.

50. Over the course of the day, R.J. O'Brien had discussions with Shields to ensure that he was communicating with the Clients and Shields represented that he was communicating with the Clients and that the Clients were liquidating their accounts.

51. Later that evening, Shields sent an email entitled "Trade Liquidation" to the Clients in the same format as all of his prior recommendation emails, noting only that "due to market conditions" he recommended that the Clients liquidate all of their positions that night.

52. Consistent with all of Shields' prior recommendation emails, there was no discussion or analysis in the emails as to why the recommendations were suitable, nor were any options other than liquidation offered or discussed.

53. All of the Clients approved Shields' recommendations and instructed Shields to execute the transactions which Shields carried out, liquidating all of the positions in the Clients' Accounts which resulted in realized losses to some of the Clients. Civil proceedings were commenced by some of the Clients against the Respondent and by the Respondent against some of the Clients. The civil proceedings were resolved to the satisfaction of the parties, with Mutual Full and Final Releases being provided and the dismissal of all civil proceedings.

54. R.J. O'Brien failed to maintain adequate records of its supervision of Shields with respect to the events of that day, including evidence of conversations it had with Shields, his representations and assurances that he was speaking with the Clients, and other related information adequate to reflect that all necessary supervisory steps had been taken.

55. Shields resigned from the firm in October 2019.

Additional Factors

56. Neither the Respondent nor any of its current or former compliance staff has any disciplinary history with IIROC.

PART IV – CONTRAVENTIONS

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

Between February 2016 and February 2018, R.J. O'Brien failed to adequately supervise the

activities of one of its Registered Representatives in relation to nine specific Client accounts by failing to maintain adequate records of its supervisory activities in relation to those accounts, contrary to Dealer Member Rules 38.1 and 2500.

PART V – TERMS OF SETTLEMENT

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

    (a) Payment of a fine of $90,000; and

    (b) Costs in the amount of $10,000.

59. 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

60. 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.

61. 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

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

63. 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.

64. 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.

65. 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.

66. 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.

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

68. 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.

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

70. 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

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

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

DATED this "1" day of "Nov", 2022.

"Robert O'Connell, CFO"

Witness

"Keith Riddoch, CEO"

R.J. O'Brien & Associates Canada Inc./per

DATED this "2nd" day of "November", 2022.

"Paddy Patel"

Witness

"Andrew P. Werbowski"

Andrew P. Werbowski

Director, Enforcement Litigation on behalf of Enforcement Staff of the Investment Industry Regulatory Organization of Canada

The Settlement Agreement is hereby accepted this "30" day of "November", 2022 by the following Hearing Panel:

Per: "Paul Moore"
Mr. Paul Moore, Panel Chair

Per: "Edward Jackson"
Panel Member

Per: "Sarah Shody"