

Re Regent Capital Partners

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Regent Capital Partners Inc.

2022 IIROC 37

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

Heard in writing: June 3, 2022 in Toronto, Ontario

Decision: June 3, 2022

Reasons for Decision: February 22, 2023

Hearing Panel:

Louise Barrington, Chair, David Lang and Jane Waechter

Appearances:

April Engelberg, Enforcement Counsel

REASONS FOR DECISION

¶ 1 This motion, made by Staff of the Investment Industry Regulatory Organization of Canada (“IIROC”) for an Order expelling Regent Capital Partners Inc. (“Regent”) from IIROC and terminating its rights and privileges of membership, was heard on June 3, 2022 at Toronto, Ontario, pursuant to sections 8212, 8409, 8426 and 8413 of the IIROC Rules.

THE FACTS

¶ 2 The facts relating to the Order were set out in the IIROC Staff Submissions and Authorities prepared by IIROC Enforcement Counsel on an application for a protective order heard in January 2022. According to an affidavit filed by Blaise Piacentini, IIROC’s Financial and Operational Compliance Manager, Regent had been an IIROC Dealer Member since December 2001, originally under the name Kingsdale Capital Markets Inc.

¶ 3 On January 7, 2020, Regent was designated in Early Warning Level Two, and restricted from certain activities unless prior written consent of IIROC was obtained. Regent has remained subject to the Early Warning Designation since January of 2020.

¶ 4 November 29, 2021, Regent advised IIROC of its intention to resign from IIROC due to its inability to fund and execute a proper business strategy for operating as a going concern.

¶ 5 On December 29, 2021, Regent’s Interim Risk Adjusted Capital Calculation reported a deficiency of \$33,000. Regent was required to correct the deficiency by January 6, 2022.

¶ 6 On January 5, 2022, Regent advised it would not be injecting further capital support into the company.

On January 11, 2022, Christopher Malone, Chief Financial Officer of Regent filed an Affidavit in which he provided the consent of Regent to the Order sought by IIROC.

¶ 7 In his affidavit, Blaise Piacentini outlined the details of Regent’s financial distress, its intention to resign from IIROC and that Regent is no longer conducting business and has advised clients of its pending resignation.

¶ 8 Pursuant to section 8212(2)(iii), a hearing panel may suspend a Dealer Member’s membership if it finds that the Dealer Member has tendered its resignation, is not carrying on business as an investment dealer or is in the process of winding up or terminating its business as an investment dealer.

¶ 9 Pursuant to section 8212(2) (vii) of the IIROC Rules, a hearing panel may suspend the Dealer Member’s membership because the Dealer Member was in financial or operating difficulty.

¶ 10 At the hearing, the Hearing Panel was informed by IIROC Staff that Regent’s capital deficit had no bearing on the assets of its clients, and that all those assets have been transferred to NBIN, a carrying broker, pending transfers to new financial advisors.

¶ 11 In this case, as submitted by Enforcement Counsel, the Order put clients, other Dealer Members and the general public on notice that Regent was no longer a member in good standing with IIROC. This was necessary to alleviate the risk of imminent harm to the public, and thus proposed order was in the public interest. The Hearing Panel therefore issued an Order suspending Regent’s membership in IIROC.

¶ 12 On June 3, 2022, IIROC Staff returned to the Panel to apply for an expulsion and termination order. No appearance was made on behalf of Regent although it had been served with the Notice of the Application.

¶ 13 On reading the materials filed in support of the motion, and upon receiving confirmation from IIROC Staff that all Regent’s client accounts have been transferred to a carrying broker, which has contacted all clients in order to arrange the transfer of their accounts to a broker of their choice, this Hearing Panel ordered that:

1. Pursuant to Section 8212 (4)(v) of the IIROC Rules, Regent Capital Partners Inc. shall be and hereby is expelled from IIROC effective immediately.
2. Pursuant to Section 8212 (4) (v) of the IIROC Rules, Regent Capital Partners Inc.’s rights and privileges of IIROC membership shall be and hereby are terminated effective immediately.

Dated at Toronto, Ontario this 22 day of February 2023.

Louise Barrington, Chair

David Lang

Jane Waechter

ORDER

THIS MOTION, made by Staff of the Investment Industry Regulatory Organization of Canada (“IIROC”) for an Order expelling Regent Capital Partners Inc. from IIROC and terminating its rights and privileges of membership, was heard on June 3, 2022, at Toronto, Ontario, pursuant to sections 8212, 8409, 8426 and 8413 of the IIROC Rules.

ON READING the materials filed in support of this motion,

AND UPON RECEIVING CONFIRMATION from IIROC Staff that all REGENT CAPITAL PARTNERS INC. client accounts have been transferred to a carrying broker which has contacted all clients in order to arrange the transfer of their accounts to a broker of their choice,

THIS HEARING PANEL ORDERS that:

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

DATED at Toronto, Ontario, this 3rd day of June 2022.

Louise Barrington

David Lang

Jane Waechter

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