



Now New Self-Regulatory Organization of Canada, a consolidation of IIROC and the MFDA

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES
and
Charles Leigh Hogg**

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The New Self-Regulatory Organization of Canada, a consolidation of IIROC and the MFDA (the “Corporation”) will announce that it proposes to hold a hearing (the “Settlement Hearing”) to consider whether, pursuant to section 24.4 of MFDA By-law No. 1, a hearing panel (the “Hearing Panel”) should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of the Corporation (“Staff”) and Charles Leigh Hogg (the “Respondent”).

2. Staff and the Respondent, consent and agree to the terms of this Settlement Agreement.

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

II. CONTRAVENTIONS

4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the MFDA:

- a) on or about April 1, 2019 and May 27, 2019, the Respondent provided login credentials to third parties to enable them to access the Member's system containing confidential client information, without the knowledge or consent of the Member, contrary to MFDA Rules 2.1.3 and 2.1.1 (now Mutual Fund Dealer Rules 2.1.3 and 2.1.1); and
- b) between about April 2019 and June 2019, the Respondent sent, or arranged to send, confidential client information to a third party, without the prior consent of the clients, contrary to the Member's policies and procedures and MFDA Rules 2.1.3, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (now Mutual Fund Dealer Rules 2.1.3, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1)).

III. TERMS OF SETTLEMENT

- 5. Staff and the Respondent agree and consent to the following terms of settlement:
 - a) the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member registered as a mutual fund dealer for a period of 9 months from the date that this Settlement Agreement is accepted by a Hearing Panel, pursuant to section 24.1.1(e) of MFDA By-law No.1 (now Mutual Fund Dealer Rule 7.4.1.1(e));
 - b) the Respondent shall pay a fine in the amount of \$27,500, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1(b)), which shall be payable in certified funds on the date that this Settlement Agreement is accepted by a Hearing Panel;
 - c) the Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.2), which shall be payable in certified funds on the date that this Settlement Agreement is accepted by a Hearing Panel;
 - d) the Respondent shall successfully complete the Ethics and Professional Conduct Course offered by the IFSE Institute, or an ethics course acceptable to Staff of the

Corporation, prior to becoming re-registered as a dealing representative with a Dealer Member registered as a mutual fund dealer;

- e) the Respondent shall in the future comply with Mutual Fund Dealer Rules 2.1.3, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1); and
 - f) the Respondent shall attend in person or by videoconference on the date set for the Settlement Hearing.
6. Staff and the Respondent agree to the settlement on the basis of the facts set out in this Settlement Agreement herein and consent to the making of an Order in the form attached as Schedule “A”.

IV. AGREED FACTS

Registration History

7. Commencing in 1982, the Respondent was registered in the securities industry.
8. From 2006 to October 28, 2019, the Respondent was registered in Ontario as a dealing representative with Assante Financial Management Ltd. (“Assante”), a Member of the MFDA.
9. On October 28, 2019, Assante terminated the Respondent as a result of the conduct described herein, and since that time he has not been registered in the securities industry in any capacity.
10. At all material times, the Respondent conducted business in the Kitchener, Ontario area.

Background

11. In early 2019, the Respondent had discussions with Wealthsimple Advisor Services Inc. (“WASI”), a Member of the MFDA, regarding the transfer of his registration and book of business to WASI.
12. At all material times, WASI maintained an onboarding process (the “Onboarding Process”) for Approved Persons of other Members who intended to transfer their registration and book of business to WASI.

13. Pursuant to the Onboarding Process, Approved Persons provided confidential client information regarding the clients whose accounts they serviced at the other Members to Wealthsimple Technologies Inc. (“WSTI”), a company affiliated with WASI, prior to the Approved Persons transferring their registration to WASI.

14. The confidential client information included, among other things, client names, social insurance numbers, dates of birth, addresses, email addresses, phone numbers, account numbers, account types, and types and amounts of investments held (the “Client Information”).

15. In 2019, the Respondent agreed to participate in WASI’s Onboarding Process, and he signed an agreement to send Client Information to WSTI with the intention that he would subsequently transfer his registration and book of business from Assante to WASI and become an Approved Person of WASI.

Unauthorized Access to the Member’s System

16. At all material times, ST was an Approved Person registered with a different MFDA Member (neither Assante nor WASI) who had also agreed to participate in WASI’s Onboarding Process.

17. The Respondent and ST were acquainted and both intended to transfer their registration to WASI.

18. During the Onboarding Process, the Respondent experienced technical difficulties when attempting to send Client Information to WSTI, and he requested that ST assist him in sending Client Information to WSTI.

19. On or about April 1, 2019, the Respondent provided ST with the Respondent’s login credentials including his username and password which enabled ST to access Assante’s customer relationship management (“CRM”) system so that he could send Client Information to WSTI on behalf of the Respondent.

20. On or about April 1, 2019:

- a) ST used the Respondent's username and password to log into Assante's CRM system;
 - b) while logged into the CRM system, ST shared his screen remotely with WSTI Staff;
 - c) during the screen-sharing session, WSTI Staff viewed the contents of Assante's CRM system and three reports (the "Reports") were generated from the system which contained Client Information; and
 - d) ST saved the Reports on his computer and then emailed them to WSTI Staff on behalf of the Respondent.
21. On or about May 27, 2019, the Respondent provided a WSTI Staff member with the Respondent's username and password for Assante's CRM system so that the WSTI Staff member could access the system and obtain additional Client information.
22. On or about May 27, 2019, the WSTI Staff member used the Respondent's username and password to log into Assante's CRM system and obtain the additional Client Information.
23. Assante was not aware of, and never authorized, any of the activity described above.
24. By providing ST and WSTI Staff with his username and password to Assante's CRM system as described above, the Respondent:
- a) facilitated unauthorized access to Assante's system by ST and WSTI Staff;
 - b) prevented Assante from safeguarding the Client Information that was contained in the system; and
 - c) compromised the confidentiality of the clients' Client Information.
25. The Respondent thereby failed to maintain the Client Information in confidence, and failed to observe high standards of ethics and conduct in the transaction of business, and engaged in conduct which was unbecoming and detrimental to the public interest, contrary to MFDA Rules 2.1.3 and 2.1.1.

Providing Client Information to a Third Party without Client Consent

26. At all material times, Assante's policies and procedures prohibited its Approved Persons from disclosing client information to a third party without the prior written consent of the client.
27. As described above, during the Onboarding Process:
 - a) on or about April 1, 2019, after the Respondent provided ST with the Respondent's username and password to Assante's CRM system, ST accessed the system and sent Client Information to WSTI on behalf of the Respondent; and
 - b) on or about May 27, 2019, after the Respondent provided WSTI Staff with the Respondent's username and password to Assante's CRM system, WSTI Staff accessed the system and obtained additional Client Information.
28. Between about April and June 2019, the Respondent sent, or arranged to send on his behalf, additional Client Information to WSTI as part of the Onboarding Process.
29. The Client Information referenced above in paragraphs 27 and 28 pertained to a total of approximately 576 clients whose accounts the Respondent serviced at Assante.
30. The Respondent did not obtain prior consent from the clients authorizing the disclosure of their Client Information to WSTI.
31. In addition, the Respondent did not inform Assante that the Client Information was being provided to WSTI.
32. In late 2019, WASI discontinued its Onboarding Process and ceased accepting new Approved Persons.
33. The Respondent ultimately did not become registered with WASI.
34. By failing to obtain the consent of the clients to provide their Client Information to WSTI, the Respondent compromised the confidentiality of the clients' Client Information.

35. The Respondent thereby failed to maintain the Client Information in confidence and contravened Assante's policies and procedures, contrary to MFDA Rules 2.1.3, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1).

Additional Factors

36. There is no evidence of client financial loss arising from the misconduct described herein.

37. The Respondent has not previously been the subject of MFDA disciplinary proceedings.

38. By entering into the Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a contested hearing of the allegations.

39. Following his termination by the Member, the Respondent sold his book of business. The Respondent believes that he would have recovered more money from the sale of his book of business if he had not been terminated by the Member as a consequence of the conduct described in this Settlement Agreement.

V. ADDITIONAL TERMS OF SETTLEMENT

40. This settlement is agreed upon in accordance with section 24.4 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.4) and Rules 14 and 15 of the MFDA Rules of Procedure.

41. The Settlement Agreement is subject to acceptance by the Hearing Panel. At or following the conclusion of the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement. MFDA Settlement Hearings are typically held in the absence of the public pursuant to section 20.5 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.3.5) and Rule 15.2(2) of the MFDA Rules of Procedure. If the Hearing Panel accepts the Settlement Agreement, then the proceeding will become open to the public and a copy of the decision of the Hearing Panel and the Settlement Agreement will be made available at www.mfda.ca.

42. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately, and any suspensions,

revocations, prohibitions, conditions or other terms of the Settlement Agreement shall commence, upon the effective date of the Settlement Agreement.

43. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel:

- a) the Settlement Agreement will constitute the entirety of the evidence to be submitted at the settlement hearing, subject to Rule 15.3 of the MFDA Rules of Procedure;
- b) the Respondent agrees to waive any rights to a full hearing, a review hearing or appeal before the Board of Directors of the Corporation or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction;
- c) except for any proceedings commenced to address an alleged failure to comply with this Settlement Agreement, Staff will not initiate any proceeding under the Mutual Fund Dealer Rules against the Respondent in respect of the facts and contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any facts and contraventions that are not set out in this Settlement Agreement, whether known or unknown at the time of settlement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations;
- d) the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to section 24.1.1 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1) for the purpose of giving notice to the public thereof in accordance with section 24.5 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.5); and
- e) neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against the Respondent.

44. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves

the right to bring proceedings under Mutual Fund Dealer Rule 7.4.3 against the Respondent based on, but not limited to, the facts set out in this Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding(s) may be heard and determined by a hearing panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

45. If, for any reason, this Settlement Agreement is not accepted by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to sections 20 and 24 of MFDA By-law No. 1 (now Mutual Fund Dealer Rules 7.3 and 7.4), unaffected by the Settlement Agreement or the settlement negotiations.

46. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law. The terms of the Settlement Agreement, including the attached Schedule "A", will be released to the public if and when the Settlement Agreement is accepted by the Hearing Panel.

47. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile or electronic copy of any signature shall be as effective as an original signature.

DATED this 9th day of March, 2023.

"Charles Leigh Hogg"

Charles Leigh Hogg

“JB”

Witness – Signature

JB

Witness – Print name

“Charles Toth”

Staff of the Corporation

Per: Charles Toth

New Self-Regulatory Organization of Canada,

Vice-President, Enforcement (Mutual Fund Dealers)



Now New Self-Regulatory Organization of Canada, a consolidation of IIROC and the MFDA

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULESⁱⁱ
and
Charles Leigh Hogg**

ORDER

WHEREAS on September 6, 2022, the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Hearing pursuant to sections 20 and 24 of MFDA By-law No. 1 in respect of a disciplinary proceeding commenced against Charles Leigh Hogg (the "Respondent");

AND WHEREAS an appearance was held by videoconference before a Hearing Panel of the Central Regional Council of the MFDA in this matter on November 24, 2022;

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the New Self-Regulatory Organization of Canada, a consolidation of IIROC and the MFDA (the "Corporation") dated [date] (the "Settlement Agreement"), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to sections 20 and 24.1 of MFDA By-law No. 1;

AND WHEREAS on [date], the Corporation provided notice to the public of a Settlement Hearing in respect of the Respondent;

AND WHEREAS based upon the admissions of the Respondent in the Settlement Agreement, the Hearing Panel is of the opinion that:

- a) on or about April 1, 2019 and May 27, 2019, the Respondent provided login credentials to third parties to enable them to access the Member's system containing confidential client information, without the knowledge or consent of the Member, contrary to MFDA Rules 2.1.3 and 2.1.1; and
- b) between about April 2019 and June 2019, the Respondent sent, or arranged to send, confidential client information to a third party, without the prior consent of the clients, contrary to the Member's policies and procedures and MFDA Rules 2.1.3, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1).

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member registered as a mutual fund dealer for a period of 9 months from the date that this Settlement Agreement is accepted by the Hearing Panel, pursuant to section 24.1.1(e) of MFDA By-law No.1 (now Mutual Fund Dealer Rule 7.4.1.1(e));
2. The Respondent shall pay a fine in the amount of \$27,500, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1(b)), which shall be payable in certified funds on the date that this Settlement Agreement is accepted by the Hearing Panel;
3. The Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.2), which shall be payable in certified funds on the date that this Settlement Agreement is accepted by the Hearing Panel;
4. The Respondent shall successfully complete the Ethics and Professional Conduct Course offered by the IFSE Institute, or an ethics course acceptable to Staff of the Corporation, prior to becoming re-registered as a dealing representative with a Dealer Member registered as a mutual fund dealer;

5. The Respondent shall in the future comply with Mutual Fund Dealer Rules 2.1.3, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1); and

6. If at any time a non-party to this proceeding, with the exception of the bodies set out in Mutual Fund Dealer Rule 6.3 (formerly section 23 of MFDA By-law No. 1), requests production of or access to exhibits in this proceeding that contain personal information as defined by the MFDA Privacy Policy, then the Corporate Secretary’s Office, Mutual Fund Dealer Division of the Corporation shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this [day] day of [month], 202[].

Name,
Chair

Name,
Industry Representative

Name,
Industry Representative

DM 902929

ⁱ On January 1, 2023, the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Mutual Fund Dealers Association of Canada (the “MFDA”) were consolidated into a single self-regulatory organization that is temporarily called the New Self-Regulatory Organization of Canada (referred to herein as the “Corporation”) and is recognized under applicable securities legislation. The Corporation adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the “Interim Rules”). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and certain by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation. Pursuant to Mutual Fund Dealer Rule 1A and s. 14.6 of By-law No. 1 of the Corporation, contraventions of former MFDA regulatory requirements may be enforced by the Corporation. Pursuant to Rule 1A of the Mutual Fund Dealer Rules, MFDA By-law No. 1 continues to be applicable to this proceeding.

ⁱⁱ On January 1, 2023, the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Mutual Fund Dealers Association of Canada (the “MFDA”) were consolidated into a single self-regulatory organization that is temporarily called the New Self-Regulatory Organization of Canada (referred to herein as the “Corporation”) and

is recognized under applicable securities legislation. The Corporation adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the “Interim Rules”). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and certain by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation. Pursuant to Mutual Fund Dealer Rule 1A and s. 14.6 of By-law No. 1 of the Corporation, contraventions of former MFDA regulatory requirements may be enforced by the Corporation. Pursuant to Mutual Fund Dealer Rule 1A, MFDA By-law No. 1 continues to be applicable to this proceeding.