IN THE MATTER OF

THE MUTUAL FUND DEALER RULES[i]

and

George Yamamoto

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Canadian Investment Regulatory Organization, a consolidation of IIROC and the MFDA ("CIRO") 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 (now Mutual Fund Dealer Rule 7.4.4), a hearing panel (the "Hearing Panel") should accept the settlement agreement (the "Settlement Agreement") entered into between Staff of CIRO ("Staff") and George Yamamoto (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) Between November 2018 and August 2020, the Respondent was aware that he was or would be named as the recipient of legacies in the wills of clients A and B, which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to the Member's policies and procedures and MFDA Rules 2.1.4[1], 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (now Mutual Fund Dealer Rules 2.1.4, 2.1.1, 1.1.2 and 2.5.1);

b) between July 29, 2020 and August 6, 2020, the Respondent solicited monies from clients A and B, which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to the Member's policies and procedures and MFDA Rules 2.1.4, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (now Mutual Fund Dealer Rules 2.1.4, 2.1.1, 1.1.2 and 2.5.1); and

c) on or about August 7, 2020, the Respondent disclosed information regarding the business and affairs of clients A and B to client A's son, without the consent of the clients, thereby failing to maintain the clients' information in confidence, 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, 1.1.2 and 2.5.1).

III. TERMS OF SETTLEMENT

5. Staff and the Respondent agree and consent to the following terms of settlement:

[1] On June 30, 2021, MFDA Rule 2.1.4 was amended to conform with client focused reform amendments to National Instrument 31-103 that came into effect on the same day. As the conduct addressed in this Settlement Agreement pre-dated the amendment to this Rule, all contraventions set out in the Settlement Agreement that make reference to that Rule concern the version of the Rule that was in effect between February 27, 2006 and June 30, 2021.

a) The Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer, 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 $100,000, 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; and

d) The Respondent shall attend 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 1996, the Respondent was registered in the securities industry.

8. Between June 2004 and August 4, 2017, the Respondent was registered in Ontario as a dealing representative with HollisWealth Advisory Services Inc. ("Hollis"), a Member of the MFDA.

9. On August 4, 2017, Hollis amalgamated with Investia Financial Services Inc. ("Investia"), a Member of the MFDA.

10. Between August 4, 2017 and August 28, 2020, the Respondent was registered in Ontario as a dealing representative with Investia.

11. On August 25, 2020, after Investia commenced investigating the Respondent's conduct described herein, the Respondent resigned from Investia effective August 28, 2020, and he is not currently registered in the securities industry in any capacity.

12. At all material times, the Respondent conducted business in the Toronto, Ontario area.

Member's Policies and Procedures

13. At all material times, Investia's policies and procedures required its Approved Persons to disclose conflicts and potential conflicts of interest to Investia, and prohibited its Approved Persons from receiving monetary benefits or compensation directly or indirectly from clients.

The Respondent Was Named as the Recipient of Legacies in the Wills of Clients A and B

14. At all material times, the Respondent was the Approved Person at Investia responsible for servicing the accounts of clients A and B (spouses).

15. In 2018, clients A and B were 77 and 69 years old, respectively, and they were immigrants to Canada who did not speak English as a first language. Although clients A and B generally understand and regularly communicate in English, they are not completely fluent in English. Consequently, they were vulnerable clients.

16. The Respondent was a family friend of clients A and B.

17. The Respondent frequently accompanied clients A and B to their personal business meetings and acted as their translator.

18. In 2018, clients A and B were updating their wills, and they selected and retained the lawyer (the "Lawyer") who would draft their wills without the involvement of the Respondent. The Lawyer spoke the first language of clients A and B.

19. Although as noted above, the Respondent had no role in selecting the Lawyer, after the Lawyer was retained, the Respondent acted as a liaison between clients A and B and the Lawyer during the period when the wills were being drafted. The Respondent, among other things, arranged and attended meetings between clients A and B and the Lawyer, provided financial information to the Lawyer on behalf of clients A and B, asked questions to the Lawyer on behalf of clients A and B, and conveyed the Lawyer's responses to clients A and B.

20. In November 2018, the Respondent was informed that clients A and B had agreed to leave him legacies in their wills in the amounts of $350,000 (from client A) and $150,000 (from client B), and the Respondent conveyed their instructions to the Lawyer. The Respondent requested that clients A and B not refer to him in their wills as their "financial advisor" and instead refer to him as their "friend".

21. On December 12, 2018, the Respondent and clients A and B attended at the office of the Lawyer.

22. On that day, while at the Lawyer's office but not in the presence of the Respondent, clients A and B executed their wills in which:

(a) client A named the Respondent as the recipient of a legacy in the amount of $350,000 (the "A Legacy"); and

(b) client B named the Respondent as the recipient of a legacy in the amount of $150,000 (the "B Legacy").

23. The Respondent was then informed that clients A and B had included the A Legacy and B Legacy in their wills.

24. On December 28, 2018, the Lawyer sent a letter to the Respondent which summarized the contents of A's and B's wills, including the A Legacy and B Legacy described above.

25. The Respondent did not inform clients A and B that he could not accept the legacies or disclose to Investia that he had been named or would be named as a recipient of legacies in the wills of clients A and B, and as described below in paragraph 30, it was not until August 6, 2020 that he renounced the legacies. As described below, at the time when he renounced the legacies, the Respondent also provided invoices to clients A and B demanding that they pay him a total of $656,024 plus 13% HST.

26. On August 19, 2020, clients A and B executed new wills in which the Respondent was not named in any capacity. The context that gave rise to the execution of the clients' new wills is described below.

27. By virtue of the foregoing, between November 2018 and August 2020, the Respondent was aware that he was or would be named as the recipient of legacies in the wills of clients A and B, which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to Investia or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients.

The Respondent Solicited Monies from Client A and B

28. On July 29, 2020, after clients A and B sold their home for approximately $5 million, the Respondent met with clients A and B and provided them with documents in which he requested that clients A and B immediately provide him with the full amounts of the A and B Legacies described above totaling $500,000 so that he could finance the purchase of a home for himself.

29. Clients A and B declined to provide the Respondent with the monies that he requested.

30. On August 6, 2020, the Respondent met with clients A and B and provided them with documents including:

(a) letters that were addressed to the Lawyer, in which the Respondent requested to be removed as a "beneficiary" from their wills;

(b) an invoice that he prepared demanding that they pay him $67,800 plus 13% HST, which pertained to personal services that the Respondent provided to clients A and B including, among other things, in respect of real estate transactions entered into by the clients; and

(c) a second invoice that he prepared demanding that they pay him $588,224 plus 13% HST, for unspecified services.

31. Soliciting payments from clients A and B as described above gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to Investia or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients.

32. Clients A and B did not ultimately pay the Respondent any of the amounts that he had solicited from them as described above.

33. By virtue of the foregoing, between July 29, 2020 and August 6, 2020, the Respondent solicited monies from clients A and B, which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients.

The Respondent Disclosed Information About the Business and Affairs of Clients Without Client Consent

34. At all material times, Investia's policies and procedures prohibited its Approved Persons from disclosing client information to a third party without the prior written consent of the client.

35. On or about August 7, 2020, the Respondent sent a text message to client A's adult son in which he described financial transactions that clients A and B had made, without receiving the prior consent of clients A or B.

36. The Respondent thereby failed to maintain the clients' information in confidence.

Subsequent Events

37. On or about August 10, 2020, an unlicensed assistant from the Respondent's branch office met with clients A and B, who showed the unlicensed assistant the documents that the Respondent had provided to them on July 29, 2020 and August 6, 2020 as described above. The unlicensed assistant then reported the matter to Investia.

38. Investia then commenced an investigation and restricted the Respondent's ability to deal with clients and access Investia's systems.

39. As described above, on August 19, 2020, clients A and B executed new wills in which the Respondent was not named in any capacity.

40. On August 25, 2020, the Respondent resigned from Investia effective August 28, 2020.

41. During its investigation, Investia sent letters to all 25 clients whose accounts were serviced by the Respondent. In the letters, Investia informed the clients that Approved Persons are not permitted to be named as an executor or beneficiary of a client's estate or a client's investment account unless the client is a related person of the Approved Person as defined in the *Income Tax Act* and asked clients to contact Investia in the event that they had named the Respondent as an executor or as a beneficiary of the client's estate or investment accounts. Investia also enclosed a three-year transaction history with the letters and asked the clients to review their transaction history for accuracy and to contact Investia if any inconsistencies existed or if they had any financial dealings with the Respondent that were not reflected in their transaction history. No clients raised any concerns in response to Investia's letters.

Additional Factors

42. The Respondent is not licensed to sell insurance.

43. The Respondent states that he is not currently employed.

44. The Respondent did not ultimately receive any financial benefit and clients A and B did not suffer a financial loss because, as described above, clients A and B executed new wills in which the Respondent was not named in any capacity and they did not pay the Respondent any of the amounts that he had solicited from them.

45. Clients A and B were high net worth clients of Investia and the A and B Legacies described above totaling $500,000 constituted a small percentage of their total assets and far less than the total value of the investments that they held at Investia.

46. The Respondent has not previously been the subject of MFDA or CIRO disciplinary proceedings.

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

V. ADDITIONAL TERMS OF SETTLEMENT

48. 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 Mutual Fund Dealer Rules of Procedure.

49. 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. 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 Mutual Fund Dealer 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.

50. 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.

51. 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 Mutual Fund Dealer 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 CIRO 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.

52. 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.

53. 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.

54. 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.

55. 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 24 day of August, 2023.

"George Yamamoto"
George Yamamoto

"Witness"
Witness - Signature

"Witness"
Witness - Print name

"Charles Toth"
Staff of CIRO
Per: Charles Toth
Canadian Investment Regulatory Organization, Vice-President, Enforcement (Mutual Fund Dealers)

[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 called the Canadian Investment Regulatory Organization (referred to herein as "CIRO") and is recognized under applicable securities legislation. CIRO 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 CIRO, contraventions of former MFDA regulatory requirements may be enforced by CIRO. Pursuant to Mutual Fund Dealer Rule 1A, MFDA By-law No. 1 continues to be applicable to this proceeding.

Schedule "A

IN THE MATTER OF

THE MUTUAL FUND DEALER RULES

and

George Yamamoto

ORDER

WHEREAS on October 7, 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 (now Mutual Fund Dealer Rules 7.3 and 7.4) in respect of a disciplinary proceeding commenced against George Yamamoto (the "Respondent");

AND WHEREAS on December 15, 2022, a settlement hearing was held electronically by videoconference before a Hearing Panel of the Central Regional Council of the MFDA to consider a settlement agreement (the "Initial Settlement Agreement") that was entered into between Staff of the MFDA and the Respondent;

AND WHEREAS following submissions from the parties, the Hearing Panel adjourned the settlement hearing;

AND WHEREAS on January 1, 2023, the MFDA and the Investment Industry Regulatory Organization of Canada ("IIROC") consolidated to form the New Self-Regulatory Organization of Canada, now called the Canadian Investment Regulatory Organization ("CIRO");

AND WHEREAS on March 3, 2023, the settlement hearing resumed electronically by videoconference before a Hearing Panel of the Ontario District Hearing Committee of CIRO;

AND WHEREAS following submissions from the parties, the Hearing Panel rejected the Initial Settlement Agreement;

AND WHEREAS the Respondent entered into a new settlement agreement with Staff of CIRO, a consolidation of IIROC and the MFDA, 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 (now Mutual Fund Dealer Rules 7.3 and 7.4.1);

AND WHEREAS on [date], CIRO 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 the Respondent:

a) between November 2018 and August 2020, was aware that he was or would be named as the recipient of legacies in the wills of clients A and B, which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to the Member's policies and procedures and MFDA Rules 2.1.4, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (now Mutual Fund Dealer Rules 2.1.4, 2.1.1, 1.1.2 and 2.5.1);

b) between July 29, 2020 and August 6, 2020, solicited monies from clients A and B, which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to the Member's policies and procedures and MFDA Rules 2.1.4, 2.1.1 and 1.1.2 (as it

relates to Rule 2.5.1) (now Mutual Fund Dealer Rules 2.1.4, 2.1.1, 1.1.2 and 2.5.1); and

c) on or about August 7, 2020, disclosed information regarding the business and affairs of clients A and B to client A's son, without the consent of the clients, thereby failing to maintain the clients' information in confidence, 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, 1.1.2 and 2.5.1).

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

1. The Respondent is permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer commencing on the date of this Order pursuant to s. 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 $100,000 in certified funds on the date of this Order, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1(b));

3. The Respondent shall pay costs in the amount of $5,000 in certified funds on the date of this Order, pursuant to s. 24.2 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.2); and

4. 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 CIRO's Privacy Policy, then the Corporate Secretary's Office, Mutual Fund Dealer Division of CIRO 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 Mutual Fund Dealer Rules of Procedure.

DATED this day of , 20[ ].

Name,
Chair

Name,
Industry Representative

Name,
Industry Representative