Re Laporte

IN THE MATTER OF:

The Mutual Fund Dealer Rules

and

Stephen Patrick Laporte

2024 CIRO 27

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: February 1, 2024, in Toronto, Ontario (via videoconference)
Decision: February 1, 2024
Reasons for Decision: February 23, 2024

Hearing Panel:
Marvin J. Huberman, Chair
Bridgette J. Geisler, Industry Representative
Kenneth Mann, Industry Representative

Appearances:
Jennifer Galarneau, Enforcement Counsel
Theresa Hartley, Counsel for the Respondent
Stephen Patrick Laporte, Respondent

REASONS FOR ACCEPTANCE OF SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT

¶ 1 On February 1, 2024, Enforcement Counsel for the Enforcement Staff of the Canadian Investment Regulatory Organization ("CIRO") and counsel for Stephen Patrick Laporte (the "Respondent") submitted a Settlement Agreement between the Staff of CIRO and the Respondent, dated December 22, 2023 (the "Settlement Agreement"), to the Hearing Panel for acceptance or rejection pursuant to Mutual Fund Dealer Rule 7.4.4.3. At the conclusion of the settlement hearing which was conducted via videoconference, the Hearing Panel accepted the Settlement Agreement with written reasons to follow. These are our reasons for acceptance of the Settlement Agreement, a copy of which is attached.

¶ 2 At the outset of the hearing Enforcement Counsel requested, and was granted by the Hearing Panel, an order for an abridgement of time and that this Settlement Hearing be conducted *in camera* unless and until the Settlement Agreement is accepted by the Hearing Panel, pursuant to the Mutual Fund Dealer Rules (the "Rules").

CONTRAVENTIONS

¶ 3 The Respondent admits to the following contraventions of the Rules:

a) Between February 26, 2016 and June 8, 2021, the Respondent failed to record and maintain adequate evidence of client trade instructions with respect to transactions that

the Respondent processed pursuant to Limited Trade Authorizations, contrary to the Dealer Member's Policies and Procedures and Mutual Fund Dealer Rules 2.1.1, 5.1(b), 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rule 2.1.1, 5.1(b), 1.1.2, and 2.5.1);

b) Between April 7, 2015 and February 26, 2020, the Respondent altered, and used to process transactions, 44 account forms in respect of 33 clients by altering information on the account forms without having the clients initial the alterations contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1); and

c) Between February 13, 2018 and October 28, 2019, the Respondent obtained, possessed and used to process transactions, 2 pre-signed account forms in respect of 2 clients, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).

AGREED PENALTIES

¶ 4 The Respondent is prepared to accept the imposition of the following penalties as a consequence of the misconduct that has been admitted:

a) Pay a fine of $26,000, in certified funds payable upon the acceptance of the Settlement Agreement, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

b) Pay costs of $5,000, in certified funds payable upon the acceptance of the Settlement Agreement, pursuant to Mutual Fund Dealer Rule 7.4.2; and

c) In the future to comply with Mutual Fund Dealer Rules 2.1.1, 5.1(b), and 1.1.2 (as it relates to Rule 2.5.1).

The Role of the Hearing Panel

¶ 5 Pursuant to Rule 7.4.4.3 of Mutual Fund Dealer Rules, a Hearing Panel has two options with respect to a settlement agreement referred to it on the recommendation of Staff. It may either accept the settlement agreement or reject it.

¶ 6 6. In *Milewski*[1], referred to by Staff Enforcement Counsel, the District Council stated that:

> "A District Council considering a settlement agreement will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness. Put another way, the District Council will reflect the public interest benefits of the settlement process in its consideration of specific settlements."

¶ 7 Hearing Panels have also held that settlements worked out by the parties should be respected, as panels do not know what led to the settlement, or what was given up by the parties during the course of the negotiations. This is particularly true when experienced counsel are involved[2].

¶ 8 In past cases, Hearing Panels have taken into account the following considerations when determining whether a proposed settlement should be accepted:

a) Whether acceptance of the settlement agreement would be in the public interest and whether the penalty imposed will protect investors;

---

[1] [1999] I.D.A.C.D. No. 17, at p. 10, citing *Sterling Mutuals Inc. (Re),* [2008], Hearing Panel of the Central Regional Council, MFDA File No. 200820, p. 9.

[2] *Fike (Re)*, [2017] Hearing Panel of the Central Regional Council, MFDA File No. 2017102, paras. 22-23.

b) Whether the settlement agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the settlement agreement;

c) Whether the settlement agreement addresses the issues of both specific and general deterrence;

d) Whether the settlement agreement will prevent the type of conduct described in the settlement agreement from occurring again in the future;

e) Whether the settlement agreement will foster confidence in the integrity of the Canadian capital markets;

f) Whether the settlement agreement will foster confidence in the integrity of the MFDA [now CIRO]; and

g) Whether the settlement agreement will foster confidence in the regulatory process itself[3].

¶ 9 Pursuant to Mutual Fund Dealer Rule 7.4.1.1(i), if, in the opinion of a Hearing Panel, an Approved Person has failed to comply with the provisions of any by-law, rule, or policy of CIRO, a Hearing Panel can impose any of the penalties set out in subsections 7.4.1.1 (a)-(f) including a fine, not exceeding the greater of $5,000,000 or three times the profit obtained or loss avoided by engaging in the misconduct.

¶ 10 Pursuant to Mutual Fund Dealer Rule 7.4.2, the Hearing Panel has the discretion to require a Member or Approved Person to pay the whole or part of the costs of the proceeding before the Hearing Panel and any investigation relating to that proceeding.

Application to the Facts

¶ 11 In considering whether the agreed penalties are appropriate, fair and reasonable, we have taken into account:

a) The agreed facts (Part IV of the Settlement Agreement), including those relating to registration history, failure to record and maintain adequate evidence of client instructions, altered account forms, pre-signed account forms, and the dealer member's investigation, described in the Settlement Agreement and by counsel for the parties; and

b) Mitigating factors, including that: (i) There is no evidence of client financial loss or lack of authorization for the underlying transactions, and no clients have complained to Staff or the Dealer Member; (ii) The Respondent has not previously been the subject of MFDA or CIRO disciplinary proceedings; (iii) By entering into the Settlement Agreement, the Respondent has saved CIRO time, resources and expenses that would have otherwise been necessary to conduct a contested hearing of the subject allegations; and (iv) The Settlement Agreement and the agreed penalties are in keeping with the protection of the investing public, the integrity of the securities markets, specific and general deterrence, the protection of MFDA's (now CIRO's) membership, and the protection of the integrity of MFDA's (now CIRO's) enforcement processes[4].

¶ 12 Having reviewed the Settlement Agreement, the written Submissions of Staff of CIRO, the Book of Authorities, and the Transcript of the Proceedings at Hearing, filed, and hearing the oral submissions of counsel for Enforcement Staff and of counsel for the Respondent, we find that the agreed penalties are appropriate, fair and reasonable, that is, proportional to the seriousness of the contravention, in all the relevant circumstances of

[3] *Sterling Mutuals Inc. (Re)*, *supra,* para. 36.

[4] *Tonnies (Re),* [2005] Hearing Panel of the Prairie Regional Council, MFDA File no. 200503, pp. 21-22; *Pezim v. British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557, pp. 606-609; *Breckenridge (Re)*, [2007] Hearing Panel of the Ontario Regional Council, MFDA File No. 200718, pp. 20 and 21.

this case.

¶ 13 As to whether the agreed penalties are within an acceptable range, we have considered:

a) CIRO's Sanctions Guidelines, which came into effect on February 1, 2024, and replaced the MFDA's Sanction Guidelines, which assisted us in determining whether to accept the Settlement Agreement, and in the fair and efficient imposition of appropriate sanctions in this Settlement Hearing, based on the principles and key factors upon which our discretion may be exercised consistently and fairly, including the relevant aggravating and mitigating factors, relying on previous decisions when determining what sanctions should be imposed in the present case, such as:

   (i) The seriousness of the misconduct;

   (ii) The Respondent's experience in the capital markets;

   (iii) Recognition by the Respondent of the seriousness of the misconduct;

   (iv) Harm suffered by investors; and

   (v) Deterrence - specific and general deterrence.

b) Previous decisions made in similar circumstances on which counsel for Enforcement Staff and for the Respondent relied[5], and in which we find the penalties imposed by those other Hearing Panels to be consistent with the agreed penalties in the present case, which affords us some measure of guidance and comparison; and

c) In the subject case, the Respondent, who has been licensed since January 1, 1998, has not previously been the subject of a MFDA or CIRO disciplinary proceeding; there is no evidence of client financial loss or lack of authorization for the underlying transactions, and no clients have complained to Staff or the Dealer Member; and the Respondent recognizes the seriousness of his misconduct: the Respondent has fully admitted his misconduct, has worked diligently to achieve the Settlement Agreement, and has consented to a penalty under the terms thereof, thereby accepting responsibility and avoiding the time and expense of a fully contested disciplinary hearing; and the Respondent remains under close supervision by the Dealer Member.

¶ 14 In our view, the agreed penalties, which were negotiated and agreed upon by counsel for the parties, are within a reasonable range of appropriateness, taking into account CIRO's Sanction Guidelines and applicable key factors and general principles cited and applied in previous decisions. We so find.

¶ 15 We have also considered whether the agreed penalties would serve as a deterrent to the Respondent and to other participants in the capital markets in order to protect investors. As stated by the Supreme Court of Canada in *Cartaway Resources Corp. (Re)*[6]:

> The Oxford English Dictionary (2nd ed. 1989), vol. XII, defines "preventive" as "[t]hat anticipates in order to ward against; precautionary; that keeps from coming or taking place; that acts as a hindrance or obstacle". A penalty that is meant to deter generally is a penalty that is designed to keep an occurrence from happening; it discourages similar wrongdoing in others. In a word, a general deterrent is preventative. It is therefore reasonable to consider general deterrence as a factor, albeit not the only one, in imposing a sanction under s. 162. The respective importance of general deterrence as a factor will vary according to the breach of the Act and the circumstances of the

[5] See decisions cited in the chart found at para. 63 of the written Submissions of Staff of CIRO, and at Tabs 20, 26, 30, 33, 36, 38, 40-47 of the Book of Authorities, filed.

[6] *Cartaway Resources Corp. (Re)*, 2004 SCC 26, at para. 61.

person charged with breaching the Act.

¶ 16 In this case, the need for a significant sanction to achieve specific and general deterrence is heightened by the fact that the Respondent's misconduct occurred despite repeated notices from Staff to both Members and Approved Persons about the prohibition on altered and pre-signed forms and with a copious number of account forms. We find that the penalties agreed to in this case achieve the goals of specific and general deterrence.

¶ 17 In *Re Mills*[7], the Hearing Panel stated:

> "Industry expectations and understandings are particularly relevant to general deterrence. If a penalty is less than industry understandings would lead its Members to expect for the conduct under consideration, it may undermine the goals of the Association's disciplinary process; similarly, excessive penalties may reduce respect for the process and concomitantly diminish its deterrent effect. Thus the responsibility of the [hearing panel] in a penalty hearing is to determine a penalty appropriate to the conduct and respondent before it, reflecting that its primary purpose is prevention, rather than punishment."

¶ 18 We find on the facts and materials before us that the agreed penalties are appropriate to the conduct at issue and the Respondent, and that they are significant enough to serve as a deterrent to the Respondent and to industry.

¶ 19 In our view, the sanction as agreed upon by Staff and the Respondent is in keeping with the purpose of CIRO to enhance investor protection and strengthen public confidence in the Canadian mutual fund industry by ensuring high standards of conduct by Members and Approved Persons. Furthermore, the agreed sanctions are sufficient to deter future misconduct by the Respondent and others, improve overall compliance in the mutual fund industry, and foster public confidence in the enforcement process.

CONCLUSIONS

¶ 20 For the foregoing reasons, we have concluded that the agreed penalties described in the Settlement Agreement are appropriate, fair and reasonable, are within an acceptable range, and should serve as a deterrent to the Respondent and to industry.

¶ 21 In consequence, the Hearing Panel has concluded that it is in the public interest for us to accept the Settlement Agreement. And we therefore accept it.

¶ 22 We thus order, in accordance with paragraph 5 of the Settlement Agreement, that the Respondent shall:

a) Pay a fine of $26,000, in certified funds payable upon the acceptance of the Settlement Agreement, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

b) Pay costs of $5,000, in certified funds payable upon the acceptance of the Settlement Agreement, pursuant to Mutual Fund Dealer Rule 7.4.2; and

c) In the future comply with Mutual Fund Dealer Rules 2.1.1, 5.1(b), and 1.1.2 (as it relates to Rule 2.5.1).

¶ 23 We further order, in accordance with paragraph 6 of the Settlement Agreement, regarding confidentiality, that:

> "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, 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 intimate financial and personal

[7] [2001] I.D.A.C.D. No. 7, at p. 3.

information, pursuant to Rules 1.8(2) and (5) of the Mutual Fund Dealer Rules of Procedure".

Dated at Toronto, Ontario this 23rd day of February 2024.

"Marvin Huberman"

Marvin J. Huberman, Chair

"Brigitte J. Geisler"

Brigitte J. Geisler, Industry Representative

"Kenneth Mann"

Kenneth Mann, Industry Representative

Settlement Agreement

File No. 202331

IN THE MATTER OF:

The Mutual Fund Dealer Rules[i]

and

Stephen Patrick Laporte

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 Mutual Fund Dealer Rule 7.4.4.3, a hearing panel of the Ontario District Hearing Committee (the "Hearing Panel") of CIRO should accept the settlement agreement (the "Settlement Agreement") entered into between Staff of CIRO ("Staff") and Stephen Patrick Laporte (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 Mutual Fund Dealer Rules:[8]

a) Between February 26, 2016 and June 8, 2021, the Respondent failed to record and maintain adequate evidence of client trade instructions with respect to transactions that the Respondent processed pursuant to Limited Trade Authorizations, contrary to the Dealer Member's Policies and Procedures and Mutual Fund Dealer Rules 2.1.1, 5.1(b), 1.1.2 (as it

[8] At the time of the conduct addressed in this proceeding, MFDA Rule 2.1.1, 1.1.2, 2.5.1 and 5.1 were in effect and are now incorporated into Mutual Fund Dealer Rule 2.1.1, 1.1.2, 2.5.1 and 5.1 referred to in this proceeding.

relates to Rule 2.5.1) (formerly MFDA Rule 2.1.1, 5.1(b), 1.1.2, and 2.5.1);

b) Between April 7, 2015 and February 26, 2020, the Respondent altered, and used to process transactions, 44 account forms in respect of 33 clients by altering information on the account forms without having the clients initial the alterations contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1); and

c) Between February 13, 2018 and October 28, 2019, the Respondent obtained, possessed and used to process transactions, 2 pre-signed account forms in respect of 2 clients, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).

III. TERMS OF SETTLEMENT

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

d) the Respondent shall pay a fine of $26,000, in certified funds payable upon the acceptance of the Settlement Agreement, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

e) the Respondent shall pay costs of $5,000, in certified funds payable upon the acceptance of the Settlement Agreement, pursuant to Mutual Fund Dealer Rule 7.4.2;

f) the Respondent shall in the future comply with Mutual Fund Dealer Rules 2.1.1, 5.1(b) and 1.1.2 (as it relates to rule 2.5.1);

g) the Respondent shall attend in person by videoconference on the date set for the Settlement Hearing.

¶ 6 The Respondent consents to the Hearing Panel making a confidentiality order on the following terms:

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, 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 intimate financial and personal information, pursuant to Rules 1.8(2) and (5) of the Mutual Fund Dealer Rules of Procedure.

¶ 7 Staff and the Respondent agree to the settlement on the basis of the facts set out in this Settlement Agreement herein.

IV. AGREED FACTS

Registration History

¶ 8 Since January 1, 1998, the Respondent has been registered in the securities industry in Ontario as a dealing representative with Desjardins Financial Security Investments Inc., a Dealer Member of CIRO (the "Dealer Member"), formerly a Member of the MFDA.[9]

¶ 9 At all material times, the Respondent conducted business in the Ottawa, Ontario area.

Failure to Record and Maintain Adequate Evidence of Client Instructions

¶ 10 At all material times, the Dealer Member's policies and procedures provided:

... for phone or verbal LTA orders, the appropriate "Letter of Direction" ("LOD") and related sections must be duly completed by the advisor to document the discussion held with the client as evidence to support the recommendation for the trade and submitted along with the LOD.

[9] The Respondent is also registered in Alberta since January 31, 2017.

¶ 11 Between February 26, 2016 and June 8, 2021, the Respondent processed 14 trades in the accounts of five clients pursuant to Limited Trading Authorizations ("LTA") that had been executed by the clients.

¶ 12 The Respondent states that he received instructions from the clients in relation to the trades, but failed to record and maintain adequate evidence of client trade instructions in the LOD or elsewhere, including recording client instructions in respect of the timing of the trade, the amount of the trade, or the security to be traded.

¶ 13 The Dealer Member contacted the clients in respect of whom the Respondent did not record adequate evidence of client trade instructions. The Dealer Member identified for the clients the trades that lacked adequate record of instructions to ensure that the elements of the trades were authorized by the clients. No clients reported any concerns to the Dealer Member.

Altered Account forms

¶ 14 Between April 7, 2015 and February 26, 2020, the Respondent altered and used to process transactions, 44 account forms in respect of 33 clients by altering information on the account forms without having the clients initial the account forms without having the client initial the alterations.

¶ 15 At all material times, the Dealer Member's policies and procedures relating to altering trade forms requiring:

> Any and all strikeouts or changes made to client signed documents (regardless of whether the change was made prior to the client signing) must be accompanied by the client's initials, or the advisor must otherwise provide the client's written authorization demonstrating the client's awareness and authorization of the change. The use of whiteout/liquid paper, cutting and pasting or photocopying a signature is strictly prohibited and a serious breach of regulations.

¶ 16 The account forms consist of:

- Five Account Opening forms;
- 19 Letter of Direction forms
- 9 Know Your Client Update forms;
- One Authorization to Transfer Form;
- 8 Application Forms, and
- Two TARI Forms.

¶ 17 The alterations the Respondent made to the account forms included alterations to risk tolerance, investment knowledge, transfer instructions, investment objectives, net worth, client information source of funds and fund code/name.

Pre-Signed Account Forms

¶ 18 At all material times, the Dealer Member's policies and procedures relating to pre-signing forms and provided that:

> Under no circumstances should blank, client pre-signed forms be retained for a client nor should a client ever sign a blank or partially completed form. This would be considered to be a serious breach of the rules and could be an indicator of discretionary trading, which is strictly prohibited. Holding blank signed application forms are ground for possible termination or immediate close/Strict Supervision (see Section 10 and Section 11 of this manual).

¶ 19 Between February 13, 2018 and October 28, 2019, the Respondent obtained, possessed, and used to process transactions, 2 pre-signed account forms in respect of 2 clients.

¶ 20 The account forms consist of a New Account Application Form (Investment Application) and a Letter of

Direction.

The Dealer Member's Investigation

¶ 21 The Member completed a review of client files maintained by the Respondent client files and identified the above noted forms.

¶ 22 The Dealer Member contacted clients in respect of whom the Respondent altered account forms or obtained pre-signed forms and provided them with copies of account forms in order to ensure the alterations or additions to the forms were authorized. No clients reported any concerns to the Dealer Member.

¶ 23 The Dealer Member placed the Respondent, and he remains, under close supervision.

¶ 24 The Dealer Member issued a warning letter to the Respondent and the Respondent signed a Confirmation of Compliance Requirements Advisor's Undertaking Form confirming that he reviewed the Dealer Member's policies and procedures in regard to pre-signed and altered forms.

Additional Factors

¶ 25 There is no evidence of client financial loss or lack of authorization for the underlying transactions, and no clients have complained to Staff or the Dealer Member.

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

¶ 27 By entering into this Settlement Agreement, the Respondent has saved CIRO time, resources and expenses that would have otherwise been necessary to conduct a contested hearing of the allegations.

V. ADDITIONAL TERMS OF SETTLEMENT

¶ 28 This settlement is agreed upon in accordance with Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure.

¶ 29 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 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.

¶ 30 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 agreed, 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.

¶ 31 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, including 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 contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any 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 Mutual Fund Dealer Rule 7.4.1.1 for the purpose of giving notice to the public thereof in accordance with 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.

¶ 32 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.

¶ 33 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 Mutual Fund Dealer Rules 7.3 and 7.4, unaffected by the Settlement Agreement or the settlement negotiations.

¶ 34 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 will be released to the public if and when the Settlement Agreement is accepted by the Hearing Panel.

¶ 35 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 22 day of December 2023.

"Stephen Patrick Laporte"

Stephen Patrick Laporte

"Witness" _____ "Witness" _____

Witness - Signature Witness - Print name

"Charles Corlett" _____

Staff of CIRO

Per: Charles Corlett

Canadian Investment Regulatory Organization, Vice-President, Enforcement

[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.