

IN THE MATTER OF:

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA**

AND

GLENN MOLSON

Settlement Agreement

PART I – INTRODUCTION

1. The Investment Industry Regulatory Organization of Canada (“IIROC”) will issue a Notice of Application to announce that it will hold a settlement hearing to consider whether, pursuant to Section 8215 of the Consolidated Enforcement, Examination and Approval Rules of IIROC, a hearing panel (“Hearing Panel”) should accept the settlement agreement (“Settlement Agreement”) entered into between the staff of IIROC (“Staff”) and Glenn Molson (“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. The Respondent opened an account for a client based on information and documentation provided to him by a friend of the client's, who was also his client. The Respondent never met the client until the client gave instructions to close the account. The client's friend, who was an insider of an issuer listed on the TSXV (the "Issuer"), was given trading authorization over the account. The Respondent executed a trade in the client account on the instructions of the insider in shares of the Issuer.

Background

5. The Respondent has been employed at the Vancouver branch of PI Financial Corp. since September 2016. Prior to that, he was a Registered Representative at Global Securities Corp. from August 2014. He has held various positions in the securities industry since 1982. He is presently 62 years of age.

Client JB

6. Client JB was a friend of JO, who was also client of the Respondent. JO asked the Respondent if he would open an account for JB. JO acted as the intermediary in the account opening process between JB and the Respondent. The Respondent gave JO the client information forms for JB to fill out. JO returned the completed forms to the Respondent and told him that JB had completed and signed the forms. JO also obtained a trading authorization form for JB's account that JO told the Respondent was signed by JB.
7. The Respondent did not meet with JB in person during the account opening process and relied on the representations of JO that JB signed the client information forms and that

the forms contained accurate information regarding JB's financial circumstances, investment knowledge, investment goals and risk tolerance. The Respondent viewed JB's original driver's license and social insurance card but never met her in person until JB requested that her account be closed.

8. PI Financial's policies and procedures provided four methods to verify a client's identity. PI Financial's policy and procedure for verifying the identity of clients provided that "you can check the client's identity against an original copy of the client's [government issued] photo ID when you meet face-to-face with a client." The Respondent did not follow the policies and procedures for verifying the identity of a client.
9. On December 22, 2017, \$5,500 was deposited into JB's account. On January 3, 2018, the Respondent purchased 15,000 shares of the TSXV-listed Issuer on the instructions of JO and for which he was an insider, in JB's account. The account documentation for JB's account noted that JO was an insider of the Issuer.
10. The Respondent first met JB on February 19, 2018 in the presence of JO. This was the first time that the Respondent verified the information on the client information forms with JB and verified the source of the initial deposit of funds into the account. JB confirmed that she had filled out the information on the client information forms and it was accurate. At that meeting, JB gave instructions to close the account as she was concerned about losing her money and her friends questioned the manner in which her account was being handled by JO.
11. JB suffered no loss in respect of the account.
12. Subsequently, JB contacted PI Financial about what had occurred regarding her account. PI Financial's CCO initiated an internal investigation into the Respondent's handling of JB's

account. PI Financial internally disciplined the Respondent, imposing a fine of \$5,000 and a requirement to rewrite the Conduct and Practices Handbook Examination.

13. On March 22, 2018, the shares of the Issuer in JB's account were transferred to JO's account and on March 26, 2018, JB's account was closed.

Other Relevant Factors

14. The Respondent paid an internal fine imposed by PI Financial of \$5,000 for the conduct that is the subject matter of the contravention in this Settlement Agreement. The Respondent also successfully completed his rewrite of the CPH course on August 24, 2018.

PART IV – CONTRAVENTIONS

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

Between December 2017 and March 2018, the Respondent failed to use due diligence to learn and remain informed of the essential facts relative to a client and to the handling of a client's account, contrary to Dealer Member Rule 1300.1(a).

PART V – TERMS OF SETTLEMENT

16. The Respondent agrees to the following sanctions and costs:
 - a) Fine of \$10,000; and
 - b) Costs of \$1,000;

17. 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

18. 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.
19. 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 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

20. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
21. 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.
22. 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.

23. If the Hearing Panel accepts the Settlement Agreement, the Respondent agrees to waive all rights under the IROC Rules and any applicable legislation to any further hearing, appeal and review.
24. 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.
25. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.
26. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and IROC will post a full of copy of this Settlement Agreement on the IROC website. IROC will also publish a summary of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement.
27. If this Settlement Agreement is accepted, the Respondent agrees that neither [he/she/it] nor anyone on [his/her/its] behalf, will make a public statement inconsistent with this Settlement Agreement.
28. 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

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

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

DATED this 24th day of November, 2020.

<<Witness>> _____

Witness

<<Glenn Molson>> _____

Glenn Molson
(Respondent)

<<Witness>> _____

Witness

<<Stacy Robertson>> _____

Stacy Robertson
Enforcement Counsel on behalf of
Enforcement Staff of the Investment
Industry Regulatory Organization of
Canada

The Settlement Agreement is hereby accepted this 17th day of December, 2020 by the following Hearing Panel:

Per: << Stephen Gill>> _____
Panel Chair

Per: << John van Koll>> _____
Panel Member

Per: << Brian Field>> _____
Panel Member