

IN THE MATTER OF:

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

AND

DOMINIC SPOONER

NOTICE OF HEARING

An initial appearance (“Initial Appearance”) will be held before a hearing panel (“Hearing Panel”) of the Investment Industry Regulatory Organization of Canada (“IIROC”) pursuant to IIROC Rule 8200, sections 8203 and 8205 in this matter. The purpose of the Initial Appearance is to schedule a hearing (“Hearing”).

The Initial Appearance will be held on: November 23, 2022 at 10:00 a.m.

The Initial Appearance will be held at: via Webex

The Respondent must serve a Response (“Response”) to this Notice of Hearing and the Statement of Allegations dated October 28, 2022 (“Statement of Allegations”) in accordance with section 8415 within 30 days from the effective date of service of this Notice of Hearing.

If the Respondent does not file a Response in accordance with subsection 8415(1), the Initial Appearance may be immediately converted to a Hearing.

If the Respondent files a Response in accordance with subsection 8415(1), the Initial Appearance will be immediately followed by an initial prehearing conference. In preparation for the prehearing conference, the Respondent must serve and file a prehearing conference form in accordance with subsection 8416(5).

The purpose of the Hearing will be to determine whether the Respondent has committed the contraventions that are alleged by the staff of IIROC (“Staff”). The alleged contraventions are contained in the Statement of Allegations.

Pursuant to section 8409, the Hearing will be conducted as an:

Oral Hearing

The Initial Appearance, the Hearing and all related proceedings will be subject to the Rules of Practice and Procedure as set out in IIROC Rule 8400.

Pursuant to the Rules of Practice and Procedure, the Respondent is entitled to attend the Hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, and to make submissions to the Hearing Panel at the Hearing.

If the Respondent fails to serve a Response at the Hearing the Hearing Panel may, pursuant to subsection 8415(4):

- (a) proceed with the hearing as set out in this Notice of Hearing, without further notice to the Respondent;
- (b) accept as proven the facts and contraventions set out by Staff in the Statement of Allegations; and
- (c) order sanctions and costs against the Respondent pursuant to sections 8209, 8210 and 8214 and/or IIROC Rules 20.33 and 20.34.

If the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by Staff in the Statement of Allegations, the Hearing Panel may, pursuant to sections 8209 and 8210 and/or IIROC Rules 20.33 and 20.34, impose any one or more of the following sanctions:

Where the Respondent is/was a Regulated Person who is not a Dealer Member:

- (a) a reprimand;
- (b) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention;
- (c) a fine not exceeding the greater of:
 - (i) \$5,000,000/\$1,000,000 per contravention; and
 - (ii) an amount equal to three times the profit made or loss avoided by the person, directly or indirectly, as a result of the contravention.

- (d) suspension of the person's approval or any right or privilege associated with such approval, including access to a Marketplace, for any period of time and on any terms and conditions;
- (e) imposition of any terms or conditions on the person's continued approval or continued access to a Marketplace;
- (f) prohibition of approval in any capacity, for any period of time, including access to a Marketplace;
- (g) revocation of approval;
- (h) a permanent bar to approval in any capacity or to access to a Marketplace;
- (i) permanent bar to employment in any capacity by a Regulated Person, and
- (j) any sanction determined to be appropriate under the circumstances.

If the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by the Staff in the Statement of Allegations, the Hearing Panel may assess and order any investigation and prosecution costs determined to be appropriate and reasonable in the circumstances pursuant to section 8214 and/or IROC Rule 20.49.

DATED this 31 day of October, 2022.

"National Hearing Officer"
NATIONAL HEARING OFFICER
Investment Industry Regulatory Organization of Canada
Suite 2000, 121 King Street West
Toronto, Ontario, M5H 3T9

IN THE MATTER OF:

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
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AND

DOMINIC SPOONER

STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated October 31, 2022, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1

Between February and April 2018, the Respondent Dominic Spooner accepted monies from a person other than his Dealer Member, for the securities related activities conducted on behalf of the Dealer Member contrary to Dealer Member Rule 18.15.

Contravention 2

Between February and April 2018, the Respondent, Dominic Spooner, proceeded with a private placement for individuals and entities that were not clients of his firm in contravention of his firm's policies and procedures and without his firm's knowledge and/or approval. To facilitate those transactions, the Respondent signed the firm's Finder's Fee and Non-Circumvention Agreement, which he was not authorized to sign on behalf of the firm. This conduct is contrary to IIROC Rule 1400.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. The Respondent accepted monies directly from the issuer, and not through his firm, as a finder's fee for placing several individuals and entities in a private placement. This activity was a specific contravention of his firm's policies and procedures.
2. In addition, to facilitate the receipt of the finder's fee the Respondent executed one of his firm's agreements without the knowledge and consent of his firm. The Respondent was not authorized to execute the agreement on behalf of his firm.

Background

3. The Respondent Dominic Spooner ("Spooners") has been employed in the securities industry since 1988.
4. The Respondent does not have any disciplinary history with any securities regulatory authority.
5. The Respondent was registered with IIROC as a registered representative with iA Private Wealth Inc. ("iAPW" or the firm) from October 2014 until he resigned in April 2020.
6. The Respondent has not been registered with IIROC in any capacity since April 2020.
7. The Respondent was registered as an Exempt Market Dealing Representative from May 22, 2020 to April 12, 2021 by the B.C. Securities Commission and the Alberta Securities Commission sponsored by Tri View Capital. The Respondent is not currently working in a registered capacity through IIROC or any of the provincial securities commissions.

Off Book Remuneration

8. The Respondent was involved in a non-brokered private placement of convertible debentures for C21 Investments Inc. which was announced in a press release by C21 Investments on January 29, 2018 (the "First C21 Private Placement").
9. On or about February 22, 2018, the Respondent sent subscription agreements for his clients to participate in the First C21 Private Placement to iAPW's compliance

department. Upon closing of the private placement, 11 of the Respondent's clients participated in the First C21 Private Placement.

10. In addition to the 11 clients who participated in the First C21 Private Placement, the Respondent introduced five individuals or entities who were not clients at iAPW who also wanted to participate in the First C21 Private Placement. The Respondent wanted to collect a referral commission for these non-iAPW clients.
11. In every case where iAPW allowed the Respondent to receive a referral commission from non-iAPW clients, the Investment Banking department was involved, and the Respondent was paid a commission on a grid through the Investment Banking department. The Respondent knew that non-iAPW clients could only participate through the Investment Banking department.
12. The Respondent emailed JB, the Managing Director of the Investment Banking department, on February 22, 2018, asking for a Finder's Fee Agreement which was a standard agreement used by the Investment Banking department when non-iAPW clients participated in a financing. JB emailed the Respondent on the same day advising the Respondent that the Investment Banking department could only get involved prior to issuance of a press release of a non-brokered financing.
13. In spite of the information provided by the iAPW Investment Banking department, and because of, according to the Respondent, his frustration with the Investment Banking department's refusal which he considered unjustified, the Respondent used iAPW's Finder's Fee and Non-Circumvention Agreement (which the Investment Banking department had used in previous financings where they permitted non-iAPW clients to participate), and altered it by changing the requirement for two signatures from his firm to one signature. He then signed on behalf of his firm under the title Managing Director – Special Situations Group. The Respondent was not authorized by iAPW to sign the Finder's Fee and Non-Circumvention Agreement on behalf of iAPW. The two authorized signatories for iAPW for the Finder's Fee and Non-Circumvention Agreement were the Managing Director of Investment Banking and the Executive VP, Managing Director and Head of Capital Markets.

14. The Respondent did not seek the approval of anyone at iAPW to sign the Finder's Fee and Non-Circumvention Agreement and he knew that he was not authorized to sign that agreement on behalf of iAPW. The Respondent did not disclose his receipt of commissions in relation to the non-iAPW clients that participated in the First C21 Financing to anyone at iAPW.
15. In the process of doing due diligence for a subsequent C21 Investment financing in November 2018, iAPW learned that the Respondent received commissions in relation to the First C21 Private Placement directly from the issuer for the participation of non-iAPW clients. The Respondent received \$35,500 in commissions to Arcon Holdings Ltd., a personal holding company owned by the Respondent. The Respondent disclosed the existence of Arcon Holdings Ltd. to his firm but did not disclose or seek the approval to receive the \$35,500 in commissions from C21 related to the participation of non-iAPW clients in the First C21 Financing.
16. On June 12, 2019, iAPW disciplined the Respondent for this conduct, which included payment of \$30,000 in relation to the unauthorized payment of the commissions to Arcon Holdings Ltd.

DATED at Vancouver, B.C. this 31st day of October, 2022.