

Re Storelli

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Alberto Storelli

2021 IIROC 20

Investment Industry Regulatory Organization of Canada
Hearing Panel (Pacific District)

Heard: August 13, 2021 in Vancouver, British Columbia via videoconference

Decision: August 13, 2021

Reasons for Decision: September 30, 2021

Hearing Panel:

Lynn Smith, O.C. Q.C. (Chair), Johannes van Koll and Nigel Potts

Appearance:

Lorne Herlin, Enforcement Counsel

Alberto Storelli (absent)

DECISION ON THE MERITS AND PENALTY

INTRODUCTION

¶ 1 It is alleged that Alberto Storelli worked as a Registered Representative (Securities) at the Richmond location of Global Maxfin Capital Inc., an IIROC Dealer Member, between May 2010 and July 2017. He resigned in July 2017 and has not been registered with IIROC since then.

¶ 2 He is alleged to have contravened the Rules of the Investment Industry Regulatory Organization of Canada (IIROC) between 2014 and 2018.

¶ 3 Mr. Storelli has failed to respond to the allegations against him or to appear at any of the prehearing conferences. After several adjournments, a hearing date was set. At the hearing, the Panel was asked to proceed in his absence.

¶ 4 These are our reasons for proceeding in the absence of the Respondent, for our decision on the merits, and for imposing the penalty we will describe.

THE ALLEGATIONS

¶ 5 The Statement of Allegations, dated January 6, 2020, sets out four alleged contraventions of the IIROC Rules.

¶ 6 The Rules in question are:

29.1 Dealer Members and each partner, Director, Officer, Supervisor, Registered Representative, Investment Representative and employee of a Dealer Member (i) shall observe high standards of ethics and conduct in the transaction of their business, (ii) shall not engage in any business conduct or

practice which is unbecoming or detrimental to the public interest, and (iii) shall be of such character and business repute and have such experience and training as is consistent with the standards described in clauses (i) and (ii) or as may be prescribed by the Board.

1402 (1) A Regulated Person

- (i) In the transaction of business, must observe high standards of ethics and conduct and must act openly and fairly and in accordance with just and equitable principles of trade, and
- (ii) Must not engage in any business conduct that is unbecoming or detrimental to the public interest.

(2) Without limiting the generality of the foregoing, any business conduct that:

- (i) is negligent;
- (ii) fails to comply with a legal, regulatory, contractual, or other obligation, including the rules, requirements, and policies of a Regulated Person;
- (iii) displays an unreasonable departure from standards that are expected to be observed by a Regulated Person; or
- (iv) is likely to diminish investor confidence in the integrity of securities, commodities or derivatives markets

may be conduct that contravenes one or more of the standards set forth in subsection 1402(1).

8104 (1) A person who receives a request made under section 8103 must comply with the request within the time specified in it.

(2) If Enforcement Staff make a request under clause 803(1)(i) or 8103(1)(iv) to a corporation, partnership or other organization, compliance with the request may be fulfilled by an employee of the corporation,

(3) A person must cooperate with Enforcement Staff who are conducting an investigation, and a Regulated Person must require its employees, partners, directors and officers to cooperate with Enforcement Staff conducting an investigation and to comply with a request made under section 8013.

(4) A person who is aware that Enforcement Staff are conducting an investigation must not conceal or destroy any record, document or thing that contains information that may be relevant to the investigation or ask or encourage another person to do so.

¶ 7 The specifics of the contraventions are set out in the Statement of Allegations.

¶ 8 We will review these specifics in turn.

Contravention 1

¶ 9 Contravention 1 alleges that between September 2014 and December 2017, the Respondent, Alberto Storelli, paid financial compensation to clients without the knowledge or approval of his Dealer Member, contrary to Dealer Member Rule 29.1 and Consolidated Rule 1400.

¶ 10 At the relevant times, Mr. Storelli was working as a Registered Representative (Securities) at the Richmond, B.C. location of Global Maxfin Capital Inc., an IIROC Dealer Member.

¶ 11 This allegation relates to five different clients.

a) LC

¶ 12 LC is the brother of a close friend of Mr. Storelli's. On Mr. Storelli's recommendation, he obtained a

leveraged loan in order to purchase mutual funds, the security for the loan being the mutual funds. The mutual funds Mr. Storelli recommended did not generate sufficient returns to cover the interest being charged for the loan, and LC had to sell mutual fund units in order to meet his obligations under the loan, which eventually required payments on both interest and principal.

¶ 13 Global Maxfin and Mr. Storelli received a letter of complaint dated September 17, 2014 from LC about Mr. Storelli. On October 10, 2014, Mr. Storelli (without the knowledge or approval of Global Maxfin) entered into an agreement with LC that he would pay LC \$9,000 if LC withdrew his complaint to Global Maxfin.

¶ 14 LC wrote to Global Maxfin withdrawing the complaint, and between October 2014 and the end of 2017, Mr. Storelli paid LC approximately \$10,000, without the knowledge or consent of Global Maxfin.

b) AA and HA

¶ 15 AA and HA are a married couple, related to Mr. Storelli by marriage. On Mr. Storelli's recommendation, they purchased various securities but lost money on these investments. They complained to him, and he agreed to compensate them. He made a number of \$1,000 payments and on March 10, 2015, signed a promissory note in which he promised to pay \$69,624 by March 8, 2018. That amount was not paid.

c) AN and MN

¶ 16 AN and MN are another married couple. They each opened a number of investment accounts at Global Maxfin in 2012. Mr. Storelli was the Registered Representative responsible for their accounts. He recommended that they purchase shares in two companies, saying that the investments would provide them with monthly payouts. One of the companies, IGW REIT, was granted protection from its creditors in October 2013, and ceased making payments to AN and MN at that time. In or around 2014, Mr. Storelli agreed to pay the couple \$500 per month in order to compensate for the loss of their monthly income. Between then and October 2017, Mr. Storelli paid AN and MN at least \$18,000.

Contravention 2

¶ 17 Contravention 2 alleges that on or about June 2015, Mr. Storelli created and provided to clients an account statement that was not authorized by his Dealer Member, contrary to Dealer Member Rule 29.1.

¶ 18 This contravention also relates to AN and MN. The specifics alleged are that in September 2013 their Global Maxfin account statements indicated that the value of their investments in the two companies that Mr. Storelli had recommended was "N/A". AN telephoned Global Maxfin to express concern and was told in August 2014 that these were private companies and Global Maxfin was not able to obtain an updated opinion as to their value. In May 2015, the couple emailed Global Maxfin saying that they were having a difficult time qualifying for bank financing and that some evidence on the value of these two companies would assist them.

¶ 19 In June 2015, Mr. Storelli created and delivered his own account statements to AN and MN, indicating that the "Market Value" of each security was still \$50,000. Mr. Storelli knew, or ought to have known, that the shares in one of the companies (IGW REIT) were worthless.

Contravention 3

¶ 20 Contravention 3 alleges that between January 2017 and January 2018, Mr. Storelli made misrepresentations to Enforcement Staff during the course of an investigation, contrary to Consolidated Rule 1400.

¶ 21 The misrepresentations related to his past dealings with clients who had invested in New Life Capital Corp. and related companies between 2007 and 2008, on his recommendation. New Life Capital was in the life settlement business and at that time Mr. Storelli was a referring advisor for New Life Capital. A life settlement is a transaction pursuant to which a life insurance policy is sold to a third party for an amount less than the maturity value. The third party makes any required premium payments and upon the death of the underlying insured collects the death benefit under the policy. Mr. Storelli's clients' investments in New Life

Capital proved to be worthless after it went into receivership in 2008. Later, when Mr. Storelli started working at Global Maxfin in 2010, some of these clients opened up investment accounts with him.

¶ 22 In November 2016, IIROC Enforcement Staff received a copy of a letter dated December 8, 2014, from a lawyer to a client of Mr. Storelli's which stated that the client was "named as a beneficiary of the New Life Trust... established by Alberto Storelli for the sole purpose of maintaining a life insurance policy... that was formerly owned by the New Life Capital Corporation." The letter added that the trust was not related to the New Life Capital Corporation, in receivership, but that "As a gesture of good will to clients, Mr. Storelli intends to contribute funds to the Trust in order to pay premiums on the Policy for as long as possible" though he was under no obligation to continue to do so.

¶ 23 IIROC Enforcement Staff asked Mr. Storelli about this, and in a letter dated January 13, 2017, Mr. Storelli told IIROC that in August 2012 his lawyer had created a trust through which he purchased a \$6,000,000 insurance policy from KPMG (the Receiver) as Trustee for New Life Capital, that he had paid \$38,000 to acquire that policy and was making monthly premium payments of \$9,000 on it, that he had made his clients beneficiaries of the policy in an effort to preserve their investments in New Life Capital, and that he was not himself a beneficiary of the trust.

¶ 24 IIROC Enforcement Staff followed up numerous times with requests for copies of the trust agreement, the insurance policy and the purchase agreement for the policy, but those documents were not provided except for the trust agreement, which was dated March 11, 2015 (not August 2012, as Mr. Storelli had stated in his letter). At investigative interviews, Mr. Storelli claimed that the \$6,000,000 insurance policy was one of the insurance policies that his clients had invested in through New Life Capital, and that over a period of years he had paid between \$200,000 - \$300,000 to purchase and maintain the policy. However, he said, he stopped making the monthly premium payments in 2014 because he could no longer afford it, and the policy lapsed.

¶ 25 Despite many requests for the documents, and promises that he would provide them, Mr. Storelli did not deliver them or provide any further information.

¶ 26 Mr. Storelli's assertion that he had purchased the policy is contradicted by the KPMG Tenth Report to the Ontario Superior Court of Justice, in which KPMG stated that between October 3, 2011 and February 15, 2013, it had sold only one insurance policy on behalf of New Life Capital, and the face value of that policy was \$3,000,000.

Contravention 4

¶ 27 Contravention 4 alleges that between February 2018 and March 2018, Mr. Storelli failed to cooperate with Enforcement Staff who were conducting an investigation, contrary to Section 8104 of the Consolidated Rules.

¶ 28 Mr. Storelli admitted, in an investigative interview in 2018, that he had compensated some clients, including LC and AN and MN. Asked for the names of others, he said that he could not remember their names. He agreed to provide the names of all clients with whom he had entered into any type of payment arrangement. Despite the follow up by IIROC Enforcement Staff, he has never provided this information.

PROCEEDING IN THE ABSENCE OF THE RESPONDENT

¶ 29 The IIROC Rules provide that a respondent must serve and file a Response within 30 days from the service of a Notice of Hearing (Rule 8415(1)). In this case, the Notice of Hearing and Statement of Allegations were served on Mr. Storelli on February 12, 2020. He has not filed a Response. The hearing was initially scheduled to be held on July 9, 2020. Rule 8423(12) provides that the hearing panel may proceed without further notice to and in the absence of the respondent, but the Panel did not do so at that time.

¶ 30 Instead, at a prehearing conference on May 22, 2020, the Panel rescheduled the hearing to October 15, 2020, having received from Mr. Storelli a letter dated March 9, 2020, from Dr. D., a specialist who was

treating him. The doctor provided some information as to Mr. Storelli's medical condition and some of its impacts on this ability to participate in the hearing. She added that she understood that he is involved in legal issues and required to be in court, but that she recommended that the matter be delayed for one year.

¶ 31 The Panel then ordered Mr. Storelli to provide a Response to the Statement of Allegations and an updated medical report 60 days prior to the October hearing date.

¶ 32 Mr. Storelli was informed of the Panel's orders, with a transcript of the prehearing conference.

¶ 33 As the hearing date approached, Mr. Storelli provided a further letter from Dr. D., dated September 14, 2020. The letter reiterated the diagnosis and some of Mr. Storelli's symptoms. It then stated:

"I had asked that his court be delayed by a year while he recovered from a bad relapse. At this point I am referring him for testing as I am uncertain that he can testify in court. Please delay his court case until he can be evaluated.'

¶ 34 At a prehearing conference on September 22, 2020, the Panel rescheduled the hearing to April 28, 2021. Mr. Storelli was informed of the decision and provided with a transcript.

¶ 35 On April 28, 2021, at the prehearing conference, the Panel determined that it would seek further information from Mr. Storelli's doctor, given that Mr. Storelli had not provided any updates.

¶ 36 Dr. D. spoke with the Panel by video link on June 30, 2021. Mr. Storelli had been informed that the Panel wished to have this conversation with his doctor, was notified of the Panel's request and given the opportunity to attend. After the conversation, a transcript of it was provided to Mr. Storelli.

¶ 37 In summary, Mr. Storelli's doctor told the Panel that with appropriate accommodations such as frequent breaks, short hearing days, allowing submissions in writing, allowing participation by videoconference, and allowing him to have someone present to assist him, Mr. Storelli would not suffer significant harm to his health if the matter proceeded, though he might experience stress, fatigue and some short-term effects.

¶ 38 The Panel then notified Mr. Storelli in writing that the Hearing Panel would hold a prehearing conference on July 27, 2021, at which it would hear submissions from the parties regarding whether the Panel should go ahead with the hearing of this matter on its merits on August 13, 2021, whether or not Mr. Storelli attended. The notice advised Mr. Storelli that participation in the prehearing conference on July 27 would be his opportunity to let the Panel know his position about whether and how it should proceed. He was told that he could participate in the prehearing conference with the assistance of someone else, whether or not that person is a lawyer, or on his own. He was told that the Panel would also be open to allowing other forms of accommodation that he might request, such as providing written submissions. Finally, Mr. Storelli was advised that if the Panel determined on July 27 that it would be appropriate to proceed on August 13 with the hearing of the Statement of Allegations, it would then consider what might be done to make his participation easier, in the light of his medical condition. He was reminded that Enforcement Counsel had made some suggestions in that regard, including that Mr. Storelli be allowed to make written submissions. Mr. Storelli was also invited to make other suggestions.

¶ 39 Finally, he was advised that if the hearing on the Statement of Allegations proceeded on August 13, that would be his final opportunity to have a say in the outcome of the Hearing Panel's review of the allegations against him; and that the question of sanctions might also be addressed at the hearing. Mr. Storelli did not attend the prehearing conference on July 27 nor did he file anything in writing.

¶ 40 Following the July 27 prehearing conference, the Panel issued a written decision in which it concluded that it would proceed to hear the allegations and submissions on August 13, 2021, given that Mr. Storelli had not provided evidence that he was unable to proceed or incapable of proceeding. The deadline for filing a Response was extended again, to August 6, 2021. The Panel's decision states:

The Hearing Panel considers that Mr. Storelli has had ample opportunity to respond to the allegations and defend himself against them, and that everything possible has been done to accommodate Mr. Storelli's medical condition. The Panel is prepared to make all reasonable accommodations to facilitate his attendance as it proceeds to consider the allegations against him, including allowing frequent breaks, short hearing days, submissions in writing, and participation by videoconference, and by permitting Mr. Storelli to have someone present to assist him, whether or not that person is a lawyer. The Hearing Panel will also consider any other forms of accommodation that Mr. Storelli might request.

The protection of the public requires that allegations of regulatory infringements be heard and decided, and the Panel is satisfied that it is necessary and appropriate to do so in this case on the scheduled date of August 13, even if it is in the absence of the respondent.

¶ 41 Mr. Storelli did not file a Response or otherwise communicate with the Panel or IIROC Enforcement Staff prior to the hearing date, and did not appear at the hearing on August 13, 2021.

¶ 42 On August 13, 2021, the Panel, having reviewed the material and submissions from Enforcement Counsel, found it was appropriate to proceed in Mr. Storelli's absence.

FINDING ON THE MERITS

¶ 43 IIROC Rule 8415 provides:

8415. Response to a Notice of Hearing

- 1) A respondent must serve and file a response within 30 days from the date of service of a notice of hearing.
- 2) A response must contain a statement of:
 - (i) the facts alleged in the statement of allegations that the respondent admits,
 - (ii) the facts alleged that the respondent denies and the grounds for the denial, and
 - (iii) all other facts on which the respondent relies.
- 3) A hearing panel may accept as proven any facts alleged in a statement of allegations that are not specifically denied or for which grounds for the denial are not provided in a response.
- 4) If a respondent who has been served with a notice of hearing does not serve and file a response in accordance with subsection 8415(1), the hearing panel may proceed with the hearing of the matter on its merits on the date of the initial appearance set out in the notice of hearing, without further notice to and in the absence of the respondent, and the hearing panel may accept as proven the facts and contraventions alleged in the statement of allegations and may impose sanctions and costs pursuant to section 8209 or 8210, as applicable.

¶ 44 So long as a respondent has been given proper notice and a fair opportunity to respond and to be heard, the IIROC Rules permit proceedings in default, in which the allegations are accepted as proven.

¶ 45 In a number of cases, IIROC hearing panels have applied the provisions of the Rules permitting them to accept allegations as proven in the absence of a response or appearance by the respondent. These include: *Re Smith* 2009 IIROC 48, *Re Steel* 2013 IIROC 6, *Re Connacher* 2011 IIROC 28, *Re Hodge* 2013 IIROC 31, *Re MacArthur* 2017 IIROC 29, *Re Scerbo* 2017 IIROC 57, *Re Nieswandt* 2018 IIROC 41, and *Re Rha* 2021 IIROC 12.

¶ 46 In this case, Mr. Storelli has had 18 months (since February 2020) to make a Response. The Panel accepts that he is living with a serious medical condition and accordingly we have adjourned the matter several times, extended the time for response, and offered to consider all forms of accommodation that might make participation more feasible for him. However, it is apparent that he has chosen not to engage with these

proceedings even though it would be feasible for him to do so. The protection of the public requires that investment advisors be held to account, and Mr. Storelli has had more than ample opportunity to respond to the allegations against him. It is proper in these circumstances to accept them as proven.

¶ 47 Pursuant to Rule 8415 and Rule 8423(12), the Panel accepts as proven the facts and contraventions alleged in the Notice of Hearing and Statement of Allegations.

PENALTY

¶ 48 Enforcement Counsel for IIROC, Mr. Herlin, submitted that the appropriate penalty in this case would be a \$50,000 fine and a four-year prohibition of approval in any capacity. In addition, Mr. Herlin requested an order for costs in the amount of \$10,000, having provided the Panel with a Bill of Costs for \$48,750.00 (\$29,800.00 for investigation costs, and \$17,700.00 for counsel costs).

¶ 49 Enforcement Counsel submitted with respect to Contravention 1 that the settling of a client complaint by a registrant without a Dealer Member's knowledge and content is serious misconduct, referring to *Re Kwok* 2010 IIROC 38, where the hearing panel pointed out at para. 37 that the impact on the client is to deprive them of the options of pursuing civil dispute resolution and seeking compensation from the Dealer Member firm or complaining to regulatory authorities.

¶ 50 With respect to Contravention 2, IIROC Enforcement Counsel referred the Panel to *Re Melville* 2014 IIROC 51, as showing that providing a false account statement that was not authorized by the Dealer Member is an extremely serious offence demanding a significant response.

¶ 51 We note that the Statement of Allegations does not allege in so many words that Mr. Storelli provided the Ns with a false account. The summary allegation at the beginning of the Statement of Allegations says only that the account statement was "not authorized by the Dealer Member, contrary to Dealer Member Rule 29.1." In its subsequent detailing of specifics, the Statement of Allegations says:

II. CREATING ACCOUNT STATEMENTS

40. The N's September 2013 Global Maxfin account statements indicated the value of the Member-Partners Solar Energy and IGW REIT was "N/A".

41. As a result in or around October 2013, AN telephoned Global Maxfin to express concern about the value of their holdings.

42. By way of a November 22, 2013 letter, a Global Maxfin Supervisor advised AN that Global Maxfin's Carrying Broker had adopted a new policy for the valuation of private securities. Under the new policy the Carrying Broker required all the issuers of private companies to provide Global Maxfin with an updated opinion of the current value of the private company every 100 days. If the private company did not provide an updated opinion then the shares would revert to a value of \$0.00.

43. In or around August 2014, AN telephoned Global Maxfin to again complain about the fact that their Global Maxfin account statements did not indicate a value for the investments. A Global Maxfin Supervisor informed AN that Global Maxfin was not yet able to obtain an updated opinion of the current value of the private companies.

44. In May 2015, the Ns emailed Global Maxfin and advised that they were having a difficult time qualifying for bank financing. The Ns further advised Global Maxfin that they believed that having some evidence on the value of the private companies might make a difference in them getting the loan.

45. In June 2015, Storelli created and delivered his own account statements to the Ns. The statements indicated the "Market Value" of each security was still \$50,000, even though Storelli knew, or ought to have known, that the IGW REIT was worthless.

¶ 52 Although reading the Statement of Allegations as a whole, including para. 45 above, would lead the

reasonable person to infer that it alleges that Mr. Storelli provided a false account statement, the Statement of Allegations lacks an explicit statement to that effect. Because we are proceeding in the absence of and without participation by the Respondent, it is important to proceed only on the basis of allegations about which he has received notice through the Statement of Allegations.

¶ 53 We take as proven that Mr. Storelli provided an account statement to a client that was not authorized by the Dealer Member. Whether or not the account statement was false, this is a serious offence because it deceives both the client and the Dealer Member.

¶ 54 As for Contravention 3, making misrepresentations to Enforcement Staff during the course of an investigation, Enforcement Counsel argued that this prevents IIROC from fulfilling its mandate to investigate misconduct, citing *Re O'Brien* 2019 IIROC 33 (rev'd in part *Re O'Brien* 2020 ABASC). Further, it erodes trust in the investment industry, which very much depends on relationships of trust.

¶ 55 Finally, regarding Contravention 4, failing to cooperate with Enforcement Staff who were conducting the investigation, Mr. Herlin referred to *Re Morrison* 2009 IIROC 4, where the hearing panel pointed out that Approved Persons have agreed to abide by and comply with the Association's By-laws, including the duty to cooperate in any investigation. It said that the requirement to cooperate is fundamental to maintaining an efficient, competitive market environment and the integrity of the securities system.

¶ 56 The Rules setting out possible sanctions are IIROC Dealer Member Rule 20 and Consolidated Rule 8200, which replaced Rule 20 on September 1, 2016. In addition, an order to pay IIROC Staff's investigation and prosecution costs may be made under Dealer Member Rule 20.49(1).

¶ 57 The *IIROC Sanction Guidelines* state that the purpose of sanctions is to protect the public interest by restraining future conduct that may harm the capital markets. Thus, sanctions should be significant enough to deter future misconduct by the individual respondent, and to deter others from engaging in similar misconduct. Further, sanctions must be proportionate to the misconduct at issue, and similar to sanctions imposed on respondents for similar contraventions in similar circumstances. They should also ensure that a respondent does not benefit financially from the misconduct.

¶ 58 IIROC Enforcement Counsel argued that the following key factors from the *Sanction Guidelines* are pertinent in this case:

- Mr. Storelli has no previous disciplinary history;
- Mr. Storelli engaged in the misconduct over an extended period of time (the client interactions occurred between 2014 and 2015 and the misrepresentations and failure to cooperate with IIROC occurred between January 2017 and March 2018);
- the conduct was intentional in that Mr. Storelli knowingly attempted to deceive his employer, created account statements without the knowledge or approval of his firm, and made misrepresentations to IIROC;
- Mr. Storelli's clients were harmed in that they were deprived of having Global Maxfin evaluate their complaints and potentially compensate them;
- His intentional deception of his clients, his employer, and IIROC harmed the integrity and reputation of the capital markets;
- The clients in question were vulnerable (in that the Ns were senior citizens, and others had a familial or friendship connection with Mr. Storelli);
- Mr. Storelli did not accept responsibility for or acknowledge the misconduct to Global Maxfin or IIROC prior to detection by IIROC;
- He concealed information from IIROC about his personal compensation of clients, and provided

misleading testimony regarding an insurance policy that he claimed he had purchased.

¶ 59 Counsel referred to the following cases:

- *Re Latta* 2014 IIROC 5 (Settlement Agreement)
- *Re Brodie* 2013 IIROC 39 (Contested Hearing)
- *Re Kwok* 2010 IIROC 38 (Settlement Agreement)
- *Re Wong* [2005] IDACD No. 24 (Settlement Agreement)
- *Re McErlean* 2012 IIROC 12 (Contested Hearing)
- *Re Blythe* 2020 IIROC 20 (Settlement Agreement)
- *Re Tassone* 2017 IIROC 14 (Contested Hearing)
- *Re Turenne* 2015 IIROC 38 (Contested Hearing)
- *Re MacArthur* 2017 IIROC 29 (Uncontested Hearing)

¶ 60 The cases show that the sanctions requested in this case would be within the range of those imposed in previous similar cases. For example, in *Re MacArthur*, the hearing panel imposed a fine of \$50,000 on a respondent who failed to provide the information that IIROC required in relation to an allegation, and who failed to cooperate with the investigation. In *Re McErlean*, the respondent was fined \$10,000 for compensating a client. The fine in *Re Brodie* for a similar contravention was \$20,000.

¶ 61 While Mr. Storelli has had no previous disciplinary history, and we recognize that he has been required to deal with his medical condition, he took advantage of familial and friendship relationships with his clients, who in some cases were vulnerable. He committed multiple offences of compensating clients and deceiving his employer, issued an account statement without his employer's knowledge or authority, and attempted to deceive IIROC. The offences were committed over a four-year period. Mr. Storelli never admitted an offence (though he did admit compensating some clients during an investigative interview) and refused to cooperate with IIROC investigators. We have concluded that the penalty imposed on Mr. Storelli should be, as recommended by IIROC Enforcement Counsel, a \$50,000 fine and a four-year prohibition of approval in any capacity, as well as an order for costs in the amount of \$10,000.

CONCLUSION

¶ 62 We have found the allegations against Mr. Storelli to have been proven. The offences involved deception of multiple clients, some of whom were vulnerable, deception of Mr. Storelli's Dealer Member and non-cooperation with and an attempt to deceive IIROC investigators. Mr. Storelli has failed to explain any of these offences.

¶ 63 Having found these infringements of the IIROC Rules, we order that Mr. Storelli pay a fine of \$50,000. He is prohibited from approval for work in the investment industry in any capacity for four years. He is ordered to pay costs to IIROC of \$10,000.

Dated at Vancouver, British Columbia this 30 day of September 2021.

Lynn Smith

Johannes van Koll

Nigel Potts

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