

IN THE MATTER OF:

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

AND

JEFFREY CALLAWAY

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 Sections 8203 and 8205 of the Consolidated Enforcement, Examination and Approval Rules of IIROC in this matter. The purpose of the Initial Appearance is to schedule a hearing (“Hearing”).

The Initial Appearance will be held via videoconference on January 25, 2022 at 10:00 a.m. Mountain Time (12:00 p.m. Eastern Time).

The Respondent must serve a Response (“Response”) to this Notice of Hearing and the Statement of Allegations dated November 10, 2021 (“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 Section 8415(1), the Initial Appearance may be immediately converted to a Hearing.

If the Respondent files a Response in accordance with Section 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 Section 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.

The Hearing will be conducted as: an electronic hearing by videoconference.

The Respondent may object to the form of the Hearing. The objection must be made in accordance with Section 8409.

The Initial Appearance, the Hearing and all related proceedings will be subject to the Rules of Practice and Procedure as set out in Section 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 Section 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 8210 and 8214.

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 Section 8210, impose any one or more of the following sanctions:

- (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 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.

DATED this 10 day of November, 2021.

"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:

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STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated November 10, 2021, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

- (i) On or about July 2017 to October 2017 the Respondent engaged in personal financial dealings with clients when he received contributions to his political campaign from fifteen clients, contrary to Dealer Member Rule 43.1.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. On or about July 2017 to October 2017 (the “Relevant Time”), the Respondent solicited and received funds from fifteen clients which he then used as campaign contributions to his campaign for political leadership of an Alberta party. The Respondent did not disclose

to his Dealer Member that he received these funds as donations to his campaign nor did he receive approval to do so.

Background

2. The Respondent was a Registered Representative at Canaccord Genuity Corp. ("Canaccord") between January 2006 and August 2019. Canaccord terminated his employment effective August 15, 2019.

Respondent was a Candidate for Leader of the UCP

3. In the summer of 2017, the Respondent was a candidate for the leadership of the Alberta United Conservative Party ("UCP"). He withdrew from the campaign in October 2017.

Respondent Solicited Donations from Clients Without Informing his Dealer Member

4. During the Relevant Time, while a candidate for the leadership of the UCP, the Respondent solicited and received funds from fifteen of his Canaccord clients as contributions to his campaign.
5. The Respondent did not tell Canaccord that he was seeking campaign contributions from his clients or that he received funds from clients that he used as contributions to his leadership campaign.
6. The Respondent's Supervisor was not aware that the Respondent had solicited or accepted contributions from clients.
7. The Respondent accepted donations from the following fifteen clients as contributions to his leadership campaign:

- RL \$2,000
- CDS \$1,000
- JS \$2,500
- DT \$3,500
- JT \$4,000
- BT \$500
- NC \$4,000
- BM \$2,500
- PE \$500
- TK \$500
- KL \$1,000
- EC \$1,100
- AG \$1,000
- CA \$500; and
- EC \$300

8. The Respondent's Leadership Contestant Financial Statement dated February 27, 2018, for the period 07/28/2017 to 12/28/2017, (the "Financial Statement") indicated that the above clients contributed cash amounts varying from \$500 to \$4,000 per person for a total of \$23,100.

Respondent's Actions Contrary to Canaccord Policies and Procedures

9. Canaccord's Policies and Procedures Manual (the "Manual") addressed, amongst other things, conflicts of interest, outside business activity and personal financial dealings with clients. The Respondent's actions described above were contrary to the Manual, which states that:

Registrants must not directly or indirectly engage in personal financial dealings with clients. Any departure from this policy must be approved by the CCO... Other

than remuneration from activities conducted through Canaccord, accepting consideration from a client, both monetary and non-monetary, poses a conflict of interest...

Respondent is No Longer an IIROC Registrant

10. The Respondent has not been an IIROC registrant since his departure from Canaccord in August 2019.

DATED at the city of Calgary, Alberta, this 10 day of November 2021.