

Re Regent Capital Partners

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Regent Capital Partners Inc.

2022 IIROC 01

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

Heard: January 21, 2022 via videoconference

Decision: January 21, 2022

Written Reasons: January 25, 2022

Hearing Panel:

Louise Barrington, Chair, David Lang and Jane Waechter

Appearances:

Rob DelFrate, Senior Enforcement Counsel

Christopher Malone, for Regent Capital Partners Inc.

REASONS FOR DECISION

INTRODUCTION

¶ 1 On January 12, 2022, Staff of the Investment Industry Regulatory Organization of Canada (“IIROC”) made an application to this Hearing Panel for an order suspending the membership of Regent Capital Partners Inc. (“Regent”) and ancillary relief (the “Order”) pursuant to Sections 8212 and 8426 of the IIROC Rules. The Order sought was made with the consent of the Respondent, confirmed by Mr. Christopher Malone, its Chief Financial Officer.

¶ 2 Following a hearing conducted by videoconference, the Hearing Panel granted the Order, a copy of which is attached. Following are our reasons for granting the Order.

THE FACTS

¶ 3 The facts relating to the Order are set out in the IIROC Staff Submissions and Authorities prepared by IIROC Enforcement Counsel. According to the Affidavit filed by Blaise Piacentini, IIROC’s Financial and Operational Compliance Manager, Regent has been an IIROC Dealer Member since December 2001, originally under the name Kingsdale Capital Markets Inc.

¶ 4 On January 7, 2020, Regent was designated in Early Warning Level Two, and restricted from certain activities unless prior written consent of IIROC was obtained. Regent has remained subject to the Early Warning Designation since January of 2020.

¶ 5 On November 29, 2021, Regent advised IIROC of its intention to resign from IIROC due to its inability to fund and execute a proper business strategy for operating as a going concern.

¶ 6 On December 29, 2021, Regent’s Interim Risk Adjusted Capital Calculation reported a deficiency of \$33,000. Regent was required to correct the deficiency by January 6, 2022.

¶ 7 On January 5, 2022, Regent advised it would not be injecting further capital support into the company. On January 11, 2022, Christopher Malone, Chief Financial Officer of Regent filed an Affidavit in which he provided the consent of Regent to the Order sought by IIROC.

¶ 8 In his Affidavit, Blaise Piacentini outlined the details of Regent’s financial distress, its intention to resign from IIROC and that Regent is no longer conducting business and has advised clients of its pending resignation.

¶ 9 Section 8212 of the IIROC Rules provides for Protective Orders. Pursuant to Section 8212(2)(iii), a hearing panel may suspend a Dealer Member’s membership if it finds that the Dealer Member has tendered its resignation, is not carrying on business as an investment dealer or is in the process of winding up or terminating its business as an investment dealer.

¶ 10 Pursuant to Section 8212(2)(vii) of the IIROC Rules, a hearing panel may suspend a Dealer Member’s membership if it finds that the Dealer Member’s continued operation would create a risk of imminent harm to its clients, investors, other Regulated Persons or IIROC because the Dealer Member is in financial or operating difficulty.

¶ 11 At the hearing, the Hearing Panel was informed by IIROC Staff that Regent’s capital deficit had no bearing on the assets of its clients, and that all those assets have been transferred to NBIN, a carrying broker, pending transfers to new financial advisors.

REASONS

¶ 12 In this case, as submitted by Enforcement Counsel, the Order requested will ensure that clients, other Dealer Members and the general public are made aware that Regent is no longer a member in good standing with IIROC. The proposed Order is required to alleviate the risk of imminent harm to the public, and thus the proposed Order is in the public interest.

¶ 13 The Order sought is consistent with other cases involving IIROC Dealer Members who had experienced financial and operating difficulties. These cases are:

Dominick Capital Corporation (Re) 2019 IIROC 23

All Group Financial Services Inc. (Re) 2017 IIROC 06

First Leaside Securities Inc. (Re) 2012 IIROC 16

Pace Securities Corp. (Re) 2020 IIROC 19.

¶ 14 For these reasons, the Hearing Panel approved the issuance of the Order.

Dated at Toronto, Ontario this 25 day of January 2022.

“Louise Barrington”

Louise Barrington

“David Lang”

David Lang

“Jane Waechter”

Jane Waechter

ORDER

THIS APPLICATION, made by Staff of the Investment Industry Regulatory Organization of Canada (“IIROC”) for an Order suspending the membership of Regent Capital Partners Inc. (“Regent”) and ancillary relief was heard on January 21, 2022 at Toronto, Ontario, pursuant to sections 8212 and 8426 of the IIROC Rules.

ON READING the materials filed in support of this application,

AND ON NOTING the Consent of Regent to this Order,

AND ON HEARING the submissions of counsel for Staff,

THIS HEARING PANEL ORDERS that:

1. Pursuant to sections 8212(4)(i) of the IIROC Rules, Regent’s membership in IIROC is suspended immediately.
2. Pursuant to section 8212(4)(iv) of the IIROC Rules, Regent will immediately cease representing to the public on its website or by any other means that it is a member or provides investment services.
3. At any time, IIROC Staff may make an application, without notice to Regent, in a written hearing, for an order expelling Regent as a Dealer Member and terminating its rights and privileges of membership.
4. This Order will come into effect immediately.

DATED at Toronto, Ontario, this 21 day of January 2022.

Executed by:

Louise Barrington

David Lang

Jane Waechter

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