

**IN THE MATTER OF:**

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

**AND**

**JEFFREY CALLAWAY**

**SETTLEMENT AGREEMENT**

**PART I – INTRODUCTION**

1. The Investment Industry Regulatory Organization of Canada (“IIROC”) will issue a Notice of Motion to announce that it will hold a settlement hearing to consider whether, pursuant to IIROC Rule 8215, a hearing panel (“Hearing Panel”) should accept the settlement agreement (“Settlement Agreement”) entered into between the staff of IIROC (“Staff”) and Mr. Jeffrey Callaway (the “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. Previously the Respondent was a Registered Representative at a Canaccord Genuity Corp. (“Canaccord”) branch office in Calgary, Alberta. Between July 2017 and October 2017 (the “Relevant Time”), the Respondent engaged in personal financial dealings with clients when he solicited and received funds from those clients, for his political leadership campaign.
5. Furthermore, the Respondent did not disclose to Canaccord that he was soliciting or receiving donations from clients for his leadership campaign, nor did he receive approval to do so.

## **Background**

6. The Respondent was born in 1977 and became an IIROC registrant in 1999. He was a Registered Representative at Canaccord between January 2006 and August 2019. Canaccord terminated the Respondent’s employment effective August 15, 2019. The Respondent is not currently an IIROC registrant. He has not been an IIROC registrant since leaving Canaccord.

## **Respondent’s candidacy**

7. 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.
8. The Respondent advises that prior to being a candidate, he informed his branch manager of his intention to run for the leadership. The Respondent’s branch manager was aware in 2017 through a discussion with the Respondent that he was a candidate but does not remember the exact date he became aware of the Respondent’s candidacy.

### **Respondent Solicited Donations from Clients Without Informing his Dealer Member**

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

### **Donation amounts from clients**

12. 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 total amount of receipted contributions to the Respondent's campaign was \$94,384. Of this amount, the Financial Statement indicates that the fifteen clients contributed cash amounts varying from \$300 to \$4,000 per person for a total of \$24,900. The Financial Statement further indicates that most of the clients contributed \$1,000 or more each.

### **Respondent's Actions Were Also Contrary to Canaccord Policies and Procedures**

13. Canaccord's Policies and Procedures Manual dated September 20, 2016 (the "Manual") was maintained electronically, including updates, and was available at all times on Canaccord's intranet homepage. As a Canaccord employee, the Respondent agreed to adhere to and to comply with the Manual.

14. The Manual addressed, amongst other things, conflicts of interest, outside business activity and personal financial dealings with clients. The Respondent did not seek or receive approval from the Canaccord CCO. 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**

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

#### **Other Facts**

16. There is no evidence of client harm as a result of the Respondent's solicitation and receipt of the client funds used as donations to his campaign.
17. The Respondent advises that the fifteen clients were also his friends and family.
18. The Respondent's leadership campaign was public knowledge.
19. The Respondent does not have a previous disciplinary history.

#### **PART IV – CONTRAVENTIONS**

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

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 V – TERMS OF SETTLEMENT**

21. The Respondent agrees to the following sanctions and costs:
- (a) A fine in the amount of \$20,000;
  - (b) A three-month prohibition on any re-approval with IIROC;
  - (c) Six months close supervision upon any re-registration with IIROC; and,
  - (d) Costs in the amount of \$3,000.
22. 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**

23. 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.

24. 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**

25. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
26. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with the procedures described in Rules 8215 and 8428, in addition to any other procedures that may be agreed upon between the parties.
27. 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.
28. If the Hearing Panel accepts the Settlement Agreement, the Respondent agrees to waive all rights under the IIROC Rules and any applicable legislation to any further hearing, appeal and review.
29. 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.
30. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

31. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and IIROC will post a full copy of this Settlement Agreement on the IIROC website. IIROC will also publish a summary of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement.
32. If this Settlement Agreement is accepted, the Respondent agrees that neither he nor anyone on his behalf, will make a public statement inconsistent with this Settlement Agreement.
33. 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**

34. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
35. A fax or electronic copy of any signature will be treated as an original signature.

**DATED** this “2” day of May 2022.

“Jeffrey Callaway”  
Respondent Jeffrey Callaway

“Kathryn Andrews”  
Kathryn Andrews  
Senior Enforcement Counsel on  
behalf of Enforcement Staff of the  
Investment Industry Regulatory  
Organization of Canada

The Settlement Agreement is hereby accepted this "7" day of "June", 2022 by the following Hearing Panel:

Per: "Omolara Oladipo"  
Panel Chair

Per: "Kathleen Jost"  
Panel Member