

BRITISH COLUMBIA SECURITIES COMMISSION
Securities Act, RSBC 1996, c. 418

Citation: Re Allison, 2026 BCSECCOM 4

Date: 20260109

Order under section 161(6)

Lorne Stuart Allison

Section 161 of the *Securities Act*, RSBC 1996, c. 418

Introduction

- [1] This is an order under sections 161(1) and 161(6)(c) of the *Securities Act*, RSBC 1996, c. 418.
- [2] On October 7, 2025, the executive director of the Commission applied (Application) for orders against Lorne Stuart Allison (Allison) based on the November 26, 2024, decision of the Canadian Investment Regulatory Organization (CIRO) panel in *Re Allison*, 2024 CIRO 84 (CIRO Decision).
- [3] In his Application, the executive director tendered affidavit evidence, the CIRO Decision, and the November 26, 2024, order from the CIRO panel (CIRO Order).
- [4] We find that the executive director provided Allison with notice of the Application. Although Allison was provided the opportunity to make submissions, including tendering evidence, he did not participate in the hearing. We find that Allison was provided with an opportunity to be heard.

Background

- [5] The CIRO Decision stated that:
 - (a) Allison had been “registered in the securities industry between October 2005 and February 22, 2021”. Between January 2012 and February 22, 2021, Allison was registered in British Columbia with a mutual fund dealer member of CIRO (Dealer Member).
 - (b) Allison was employed by the Dealer Member “to advise or trade in mutual funds”. He “was not registered to trade or advise clients regarding non-mutual fund securities, such as equity securities, options, the foreign exchange market, or exchange-traded funds”.
 - (c) In November 2020, a manager and compliance officer with the Dealer Member “was advised that the Respondent had asked two of his elderly clients to sign a trading authorization form(s) for online brokerage accounts”.
 - (d) The Dealer Member’s policies prohibited employees like Allison “from engaging in securities related business outside the Dealer Member”.
 - (e) The Dealer Member investigated the allegations and then reported the matter to CIRO.

- (f) Allison resigned from the Dealer Member on February 22, 2021, and has not been registered in the securities industry since.
- (g) Despite resigning and not being registered in the securities industry, Allison “continued to access online brokerage accounts” of three clients “and execute trades...in exchange for a fee”. He “also opened additional online brokerage accounts” for two clients after his resignation.

[6] The CIRO Decision noted the following:

- (a) From September 2020 to February 22, 2021, Allison recommended to and then assisted three retired clients in opening online brokerage accounts outside of the Dealer Member so that he “could execute trades in non-mutual fund securities on their behalf in exchange for certain fees”.
- (b) Allison invested \$2,751,391 for these clients. One of them incurred a loss. The other two ended up in a net gain position.
- (c) From October 2020 to February 22, 2021, Allison recommended to and then assisted two clients in opening online brokerage accounts outside of the Dealer Member so that he “could execute trades in non-mutual fund securities on their behalf in exchange for certain fees”.
- (d) Allison caused the two clients to deposit \$981,046 into the online brokerage accounts but the two clients ultimately declined to permit Allison to execute trades on their behalf.
- (e) From December 2020 to February 22, 2021, Allison caused a client to deposit \$5,000 into an online tax-free savings account and caused a company to deposit \$140,000 into a margin account with an online brokerage. He executed “trades in non-mutual fund securities, including equity securities, options trading and the foreign exchange market in exchange for \$1,048 in fees”.
- (f) From February 22, 2021, Allison conducted trades in non-mutual fund securities in online brokerage accounts for three more clients including one that was retired. Two of those clients incurred a net loss of \$105,734 plus \$7,263 in interest for margin borrowing interest and trading fees. The retired client incurred a net loss of \$56,334 and also paid \$2,931 in interest for margin borrowing interest and trading fees.

[7] In the CIRO Decision, the panel found that Allison “deliberately and deceptively” “engaged in securities related business outside the Dealer Member”. He failed to disclose this activity to the Dealer Member despite being aware “of conflicts or potential conflicts of interest ... when he charged clients and investors fees for executing trades in their online brokerage accounts”.

[8] In doing this, Allison contravened the following Mutual Fund Dealer Rules:

1.1.1: No Member or Approved Person (as defined in Rule 1A) in respect of a Member shall, directly or indirectly, engage in any securities related business (as defined in Rule 1) except in accordance with the following:

- (a) all such securities related business is carried on for the account of the Member, through the facilities of the Member...

1.1.2: Compliance by Members and Approved Persons

- (a) Each Member shall comply with:

- (i) the By-laws,
 - (ii) the Rules, and
 - (iii) applicable securities legislation relating to the operations, standards of practice and business conduct of Members.

2.1.1: Standard of Conduct. Each Member and each Approved Person of a Member shall:

- (a) deal fairly, honestly and in good faith with its clients;
- (b) observe high standards of ethics and conduct in the transaction of business;
- (c) not engage in any business conduct or practice which is unbecoming or detrimental to the public interest; and
- (d) be of such character and business reputation and have such experience and training as is consistent with the standards described in this Rule 2.1.1, or as may be prescribed by the Corporation.

2.1.4: (1) Identifying, addressing and disclosing material conflicts of interest – Member...

[9] In the CISO Decision, the panel found that there was no excuse for Allison's actions because he:

- (a) ...intentionally convinced a number of clients, many of whom were vulnerable senior citizens, to move their investments from the Dealer Member to online brokerages where the Respondent engaged in trading in securities other than mutual funds and GICs contrary to his registration.
- (b) ...deliberately and repeatedly advised his above clients to engage in risky investments and investment strategies they did not fully understand with the intention that the Respondent would profit by collecting fees.

[10] The panel concluded:

The Respondent's misconduct in this matter involved multiple contraventions of the Mutual Fund Dealer Rules and vulnerable elderly clients. The Respondent's misconduct was serious and warrants a permanent prohibition from conducting securities related business as well as a significant fine.

[11] In the CISO Order, the panel ordered that Allison:

- (a) ...is permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealing Member of CISO registered as a mutual fund dealer....

(b) ...shall pay a fine of \$70,000 on the date of this Order... comprising: a. an amount sufficient to disgorge \$19,846, being the amount obtained by the Respondent from his contravention of the MFDA Rules; and b. a fine of \$50,154.

(c) ...shall pay costs in the amount of \$10,000 on the date of this Order....

Position of the executive director

[12] The executive director is applying for the following orders against Allison under section 161(1) of the Act:

(a) Allison be permanently prohibited:

- (i) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any registrant;
- (ii) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;

(b) Allison be prohibited for the period of 10 years:

- (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, except in accounts in his own name with a person registered to trade under the Act if he first provides the registered representative with a copy of this order before any trade takes place;
- (ii) under section 161(1)(c), from relying on any of the exemptions set out in the Act, the regulations or a decision;
- (iii) under section 161(1)(d)(iv), from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives markets; and
- (iv) under section 161(1)(d)(vi) from engaging in promotional activities on Allison's own behalf in respect of circumstances that would reasonably be expected to benefit him.

Analysis

The purpose of orders under section 161(6)

[13] The Commission is established under the Act to regulate the capital markets in British Columbia. Central to the Commission's mandate under the Act is to protect the investing public from those who would take advantage of them, and to preserve investor confidence in the regulated capital markets.

[14] Section 161(6) facilitates cooperation between the Commission and other securities regulatory authorities, self-regulatory bodies, exchanges, and the courts. If the requirements of the section are met and it is in the public interest, the Commission may issue orders without the need for inefficient parallel and duplicative proceedings in British Columbia (*McLean v. British Columbia (Securities Commission)*, 2013 SCC 67, at para. 54).

- [15] Under section 161(6)(c), the Commission may, after providing an opportunity to be heard, make an order in respect of a person if the person “is subject to an order made by a securities regulatory authority, a self-regulatory body or an exchange, in Canada or elsewhere, imposing sanctions, conditions, restrictions or requirements on the person”.

The Eron factors

- [16] The panel in *Re Eron Mortgage Corporation*, [2000] 7 BCSC Weekly Summary 22 [Eron], provided a non-exhaustive list of factors for the Commission to consider “in making orders under sections 161 and 162”. Those factors are:

- the seriousness of [the] respondent’s conduct,
- the harm suffered by investors as a result of the respondent’s conduct,
- the damage done to the integrity of the capital markets in British Columbia by the respondent’s conduct,
- the extent to which the respondent was enriched,
- factors that mitigate the respondent’s conduct,
- the respondent’s past conduct,
- the risk to investors and the capital markets posed by the respondent’s continued participation in the capital markets of British Columbia,
- the respondent’s fitness to be a registrant or to bear the responsibilities associated with being a director, officer or adviser to issuers,
- the need to demonstrate the consequences of inappropriate conduct to those who enjoy the benefits of access to the capital markets,
- the need to deter those who participate in the capital markets from engaging in inappropriate conduct, and
- orders made by the Commission in similar circumstances in the past.

Seriousness of the Conduct

- [17] The executive director cites *Re Liu*, 2018 BCSECCOM 372, at paragraph 97, which stated that where there is an existing advisor-client relationship, the client will trust and place more reliance on the advisor’s recommendations. The executive director submits that this trust makes Allison’s misconduct “particularly serious”.
- [18] The executive director also cites *Re Michaels*, 2014 BCSECCOM 457, and *Re Lau*, 2016 BCSECCOM 320, for the principle that Allison’s misconduct was “especially predatory” because “several clients were vulnerable seniors”.

Harm suffered by investors

- [19] The CIRO Decision states that Allison’s “misconduct placed vulnerable clients and investors’ assets worth approximately \$3,877,437 at significant risk and resulted in [one client] sustaining a loss of \$7,623”.
- [20] After Allison had resigned from the Dealer Member, he continued to trade on behalf of three clients, including one retiree. The CIRO Decision stated that the retiree “incurred a net loss of \$56,334” and the other two clients “incurred a net loss of \$105,734” plus \$10,194 in interest for Allison’s borrowing on margin and trading fees for all three clients.

Enrichment

- [21] The CIRO Decision states that Allison received \$19,846 in fees from his clients for executing the trades.

Mitigating and aggravating factors

- [22] The executive director submits that an aggravating factor was that Allison was “an experienced registrant, having been registered in the securities industry since 2005”, citing *Re Williams*, 2016 BCSECCOM 283, and *Roberta Merlin McIntosh*, 2015 BCSECCOM 6 [*McIntosh*].

Risk to investors and the capital markets

- [23] In his Application, the executive director states that “confidence in our capital markets is dependent on the honesty and integrity of those who participate in it” and that Allison demonstrated “a lack of respect for the regulatory protections which are in place and creates significant risk to the public and to the capital markets”.

Fitness to be a registrant or a director or officer of a registrant

- [24] In his Application, the executive director cites *Re SBC Financial Group Inc.*, 2018 BCSECCOM 267 [*SBC*], *Re Lim*, 2017 BCSECCOM 319, *Edward Bernard Johnson*, 2007 BCSECCOM 437, and *Re Lawrence Chang*, 2020 BCSECCOM 199 [*Chang*], for the principle that honest registrants have a higher expectation than the general public because they “play a critical role in our capital markets as one of the “gatekeepers””. The executive director submits that Allison’s conduct is unacceptable and that he is “ill-suited to participate in the markets as a registrant or a director or officer of a registrant, promoter or advisor”.

Deterrence

- [25] The executive director cites *Re Streamline Properties Inc.*, 2015 BCSECCOM 66 [*Streamline*], at paragraph 35, where the panel stated: “The sanctions we impose must be sufficient to ensure that the respondents and others will be deterred from engaging in similar misconduct.”

Previous orders

- [26] In his Application, the executive director cites *Re Pawar*, 2016 BCSECCOM 174 [*Pawar*], and *Chang* in support of the Commission reciprocating sanctions imposed by self-regulatory organizations.
- [27] In *Pawar*, the Investment Industry Regulatory Organization of Canada (IIROC) “found that Pawar used his status as a registered representative to solicit four friends to provide \$95,000 in a fictitious investment” and permanently banned Pawar from re-applying for registry. The Commission panel ordered that Pawar be permanently prohibited from becoming or acting as a director or officer of any registrant and from becoming or acting as a registrant.
- [28] In *Chang*, IIROC had found that the respondent had purchased almost \$500,000 of one security in a client account without authorization from the client and then hid the purchases from the client. The executive director sought permanent prohibitions against Chang except for an exception with one company. Chang proposed that the director and officer ban be limited to reporting issuers.

- [29] The panel found that Chang's misconduct was serious but that it was limited to one client. They ordered permanent prohibitions on Chang becoming or acting as a director or officer of a registrant and from becoming or acting as a registrant.
- [30] The executive director also submits *SBC*, *Streamline*, and *McIntosh* as precedent for the Commission imposing 10-year market bans. In each of these cases, the respondents received 10-year market bans.
- [31] *SBC* is a sanctions decision of the Commission. In the liability decision, the panel found that the respondents traded \$2,675,238 in securities without being registered and had 45 issuances of securities without a prospectus for \$1,535,238.
- [32] *Streamline* is a sanctions decision of the Commission. In the liability decision, the panel found that all of the respondents traded without registration and illegally distributed securities and one of the respondents perpetrated a fraud. The respondent who received a 10-year ban was found to have raised \$3,625,000 through unregistered trading and illegal distributions. The panel noted that he had not personally benefited from his misconduct or intentionally breached the Act.
- [33] *McIntosh* is also a sanctions decision of the Commission. In the liability decision the panel found that the respondent had advised a client to purchase securities without being registered. The panel noted that the respondent had prior securities misconduct, was a former registered representative, and failed to take responsibility and ordered a 10-year market ban.

Discussion

- [34] We have considered the Application, the circumstances of Allison's misconduct, the *Eron* factors, and *Davis v. British Columbia (Securities Commission)*, 2018 BCCA 149. Allison did not participate in this hearing and we are not aware of any personal circumstances to consider.
- [35] We agree with the executive director's submissions. Allison's deliberate and deceptive misconduct was serious. This seriousness was heightened by the position of trust that he held over his clients and the fact that a number of those clients were seniors. In addition to exposing his clients to potential harm, Allison, as the CISO Decision states, disregarded his "obligations to comply with a Dealer Member's policies and procedures" and undermined the Dealer Member's ability to supervise his conduct. Moreover, he continued to trade in his clients' accounts after his resignation from the Dealer Member.
- [36] We also agree with the executive director that Allison's prior registration since 2005 is an aggravating factor. Allison ought to have been aware of the registration requirements required for the sale of securities but, despite this knowledge, he convinced clients to move their investments away from the Dealer Member and traded outside of what his registration permitted. As the CISO Decision states, Allison "knew that he was only permitted to conduct securities related business for the account of the Dealer Member" but, despite this knowledge, he "placed vulnerable clients and investors' assets worth approximately \$3,877,437 at significant risk". This misconduct continued after his resignation from the Dealer Member.

- [37] Allison's deceitful misconduct was intentional and demonstrates that he is a risk to the capital markets. The fact that this misconduct continued after he resigned from the Dealer Member is indicative of his disregard for the regulatory safeguards put in place to protect the public and instill confidence in the markets. Allison chose to flout the known requirements of his profession and this choice makes it clear that it is in the public interest to impose restrictions on his participation in the markets.
- [38] The Application did not seek a ban on Allison's participation in promotional activities under section 161(1)(d)(v). We find that, for the reasons given above, he should also be prevented from engaging in promotional activities.
- [39] Although Allison's misconduct was serious, it was not on the worst end of the scale, such as fraud or market manipulation. As such, we agree with the executive director that ten-year prohibitions are appropriate for most prohibitions which we have granted. We also agree that permanent prohibitions are warranted against Allison becoming or acting as a director, officer, registrant, or promoter. Allison's disregard for securities regulations while being registered, and the continuation of the misconduct after his resignation from the Dealer Member indicate that he does not possess the honesty and integrity required to be a registrant or a director or officer of a registrant.
- [40] The Application proposed that Allison be allowed to trade in or purchase securities or derivatives in accounts in his own name with a registered representative. Despite Allison's misconduct, his securities history indicates that trading in his own accounts for his sole benefit does not pose a risk to the public and the capital markets so long as he provides a registered representative with a copy of this order.

Order

- [41] We find that it is in the public interest to order that:

- (a) Allison is permanently prohibited:
 - (i) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant; and
 - (ii) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter.
- (b) Allison is prohibited for 10 years:
 - (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, except that, if he gives the registered dealer a copy of this decision, he may trade in or purchase securities and derivatives only through a registered dealer in his own RRSPs, RRIFs, or tax-free savings accounts (as defined in the Income Tax Act (Canada)) or locked-in retirement accounts for his own benefit;
 - (ii) under section 161(1)(c), from relying on any of the exemptions set out in the Act, the regulations or a decision;

- (iii) under section 161(1)(d)(iv), from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives markets;
- (iv) under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of:
 - (A) an issuer, security holder or party to a derivative, or
 - (B) another person that is reasonably expected to benefit from the promotional activity; and
- (v) under section 161(1)(d)(vi), from engaging in promotional activities on his own behalf in respect of circumstances that would reasonably be expected to benefit him.

January 9, 2026

For the Commission

Gordon Johnson
Vice Chair

Noordin Nanji, KC
Commissioner