

REPLY TO:
Heesoo Kim
Litigation Counsel
T: 604-899-6878
Email: hkim@bcsc.bc.ca

By Regular Mail

October 9, 2024

Dear Ms. Thomas:

**Hope Moira Donna Thomas
Reciprocal Order Application**

I am writing this letter on behalf of the Executive Director of the British Columbia Securities Commission (the Executive Director).

This letter notifies you and the British Columbia Securities Commission (the Commission) that the Executive Director is applying for orders against you under sections 161(6)(c) and 161(1) of the *Securities Act*, RSBC 1996, c. 418 (the Act). The Executive Director is not seeking any financial penalty against you.

The Executive Director is making this application based on a decision of the Canadian Investment Regulatory Organization (CIRO) finding you breached sections of the Mutual Fund Dealer Rules (MFDA Rules).

DECISION OF THE CANADIAN INVESTMENT REGULATORY ORGANIZATION

1. On April 25, 2023, CIRO concluded you had contravened MFDA Rules 2.1.1, 2.5.1, and 1.1.2.
2. The decision and reasons of CIRO are contained in *In the Matter of the Mutual Fund Dealer Rules and Hope Moira Donna Thomas*, File No. 202173 (Decision and Reasons).
3. CIRO imposed:
 - (a) a permanent prohibition of your authority to conduct securities related business;
 - (b) a fine in the amount of \$300,000; and
 - (c) costs in the amount of \$10,000.

Summary of Findings

4. You were registered in British Columbia as a dealing representative with CIBC Securities Inc. from December 7, 2012 until October 25, 2019 and were, during the relevant period, employed by the Canadian Imperial Bank of Commerce (the Bank).

Decision and Reasons, paras. 9-10

5. In January 2018, a client of the Bank, TR, who was 79 years old, opened a tax-free savings account (TFSA) at CIBC Securities Inc. and purchased mutual funds totalling approximately \$56,316. You processed the opening of the TFSA.

Decision and Reasons, paras. 12-13

6. In or around December 2018, without TR's knowledge or authorization, you opened a bank account with an overdraft facility in TR's name (the Fake Account).

Decision and Reasons, para. 15

7. Between February and August 2019, without TR's knowledge or authorization, you processed 12 redemptions from her TFSA totalling \$59,000. You deposited the proceeds of the TFSA redemptions into the Fake Account and used a bank card to withdraw the funds running up an overdraft of \$5,188.95.

Decision and Reasons, paras. 14-16

8. You changed TR's account statement delivery method so that her statements would be delivered online. You changed the address associated to the TFSA to your own address to conceal the redemptions from TR.

Decision and Reasons, para. 17

9. In addition, between September 2018 and March 2019, you misappropriated \$34,000 from a bank account that TR held with their spouse.

Decision and Reasons, para. 18

10. Finally, beginning in August 2019, you, without TR's knowledge or authorization, applied for and obtained loans and a line of credit in TR's name and, as a result, received \$59,000 from the Bank.

Decision and Reasons, para. 19

11. You obtained the funds for your own personal use and failed to pay back or otherwise account for the funds. You admitted that you took the funds because TR was elderly and trusted you.

Decision and Reasons, para. 20

12. In total, you misappropriated approximately \$157,000.

Decision and Reasons, para. 22

THIS APPLICATION

13. With this letter, the Executive Director is applying to the Commission for orders against you under section 161 of the Act. I have enclosed a copy of section 161 of the Act for your reference.
14. In making orders under section 161 of the Act, the Commission must consider what is in the public interest in the context of its mandate to regulate trading in securities.
15. Orders under section 161(1) of the Act are protective, preventative and intended to be exercised to prevent future harm.

[Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario \(Securities Commission\)](#), [2001] 2 SCR 132, 2001 SCC 37 (CanLII), paras. 36, 39, and 56

16. In [Re Eron Mortgage Corporation](#), and in subsequent decisions, the Commission identified factors to consider when determining orders under section 161(1).
17. The following factors from *Re Eron* are relevant in this application:
- (a) the seriousness of your conduct,
 - (b) the harm suffered by investors as a result of your conduct,
 - (c) the damage done to the integrity of the capital markets in British Columbia by your conduct,
 - (d) the extent to which you were enriched,
 - (e) factors that mitigate your conduct,
 - (f) your past conduct,
 - (g) the risk to investors and the capital markets posed by your continued participation in the capital markets of British Columbia,
 - (h) your fitness to be a registrant or to bear the responsibilities associated with being a director, officer or adviser to issuers,
 - (i) the need to demonstrate the consequences of inappropriate conduct to those who enjoy the benefits of access to the capital markets,
 - (j) the need to deter those who participate in the capital markets from engaging in inappropriate conduct, and
 - (k) orders made by the Commission in similar circumstances in the past.

[Re Eron Mortgage Corporation](#), [2000] 7 BCSC Weekly Summary 22

Application of the Factors

Seriousness of the Conduct

18. Your conduct in contravening the MFDA Rules is analogous to a contravention of s. 57(1)(b) (fraud) of the Act.
19. Fraud is one of the most egregious securities regulatory violations.

[Manna Trading Corp. Ltd. \(Re\)](#), 2009 BCSECCOM 595

20. As the CIRO panel noted, you held a position of trust with TR who was elderly and vulnerable. You exploited her in order to steal money for your own personal use.¹ This is serious misconduct.

Harm suffered by investors

21. Your conduct resulted in financial losses to TR, although she was compensated by the Bank², and to the Bank.

Damage done to the integrity of the B.C. capital market

22. British Columbia has a reputation as a safe place to invest and conduct business. Fraud negatively impacts investor perceptions of our markets and causes immeasurable harm by deterring investors from participating in our markets.

[Re White](#), 2024 BCSECCOM 137, paras. 28-29

¹ Decision and Reasons, para. 40

² Decision and Reasons, para. 21

23. Your conduct damaged the integrity of our markets.

Enrichment

24. You wrongfully obtained approximately \$157,000 from TR and the Bank which you used for your own personal benefit. The CIRO panel noted that, as of the date of their decision, you had failed to repay or otherwise account for the stolen funds.³

Mitigating Factors

25. We are not aware of any mitigating factors.

Past conduct

26. The CIRO panel noted that there is no evidence of any prior disciplinary history by the MFDA.⁴ This is not a mitigating factor but simply the absence of an additional aggravating factor.

Risk to investors and the capital markets

27. Fraud violates the fundamental investor-protection objectives of the Act. Investors must be confident that the markets are properly regulated.

[Mesidor \(Re\)](#), 2014 BCSECCOM 6 (CanLII), paras. 13 and 14

28. Those who commit fraud of any kind represent a very serious risk to our capital markets.

[Re Braun](#), 2019 BCSECCOM 65, para. 21

29. You misappropriated a significant amount of money from a vulnerable investor. You then used those funds for your own person use. Your fraudulent conduct demonstrates that you pose a significant ongoing risk to other investors and the capital markets of British Columbia. In imposing lifetime prohibitions against you, the CIRO panel drew the same conclusion.⁵

Participation in our capital markets/Fitness to be a registrant or a director or officer

30. Participants who engage in the securities industry do so voluntarily and for their own profit. In exchange for the privilege of participating, individuals and companies must comply with securities laws. Compliance is vital to ensuring the protection of the public and the integrity of the capital markets.

31. Honesty is a critical part of being a registrant or a director or an officer of an issuer. In fact, it is part of the basic duties of those positions.

[Re SBC Financial Group Inc.](#), 2018 BCSECCOM 267, para. 34

32. Your conduct demonstrates that you are not fit to participate in our capital markets. You pose a great risk to our markets and are ill-suited to act as a registrant, director, officer, promotor or advisor to any private or public issuer going forward

Deterrence

33. The market as a whole must understand that a finding of fraud will result in a significant penalty.

[Re Thow](#), 2007 BCSECCOM 758, para. 74

³ Decision and Reasons, para. 43

⁴ Decision and Reasons, para. 42

⁵ Decision and Reasons, para. 45

34. You abused a position of trust to misappropriate approximately \$157,000 from a vulnerable senior and your employer and used those funds for your own personal use.
35. Through the orders we are seeking, we intend to demonstrate the consequences of your conduct, to deter you from future misconduct, and to create an appropriate general deterrent. Lifetime market bans are proportionate to your misconduct and are necessary to ensure that you and others will be deterred from engaging in similar misconduct in the future.

Previous orders

36. As noted, your conduct is analogous to that of fraud under the Act. We refer to the following decisions involving fraud contraventions for guidance on the appropriate sanction. The Commission imposed permanent market bans in each of them.
 - [Re Schouw](#), 2017 BCSECCOM 168
The respondent perpetrated fraud against one investor in the amount of \$74,612. Schouw misappropriated a portion of funds provided by an investor and used those funds for personal use. The panel imposed permanent market prohibitions.
 - [Re Spangenberg](#), 2016 BCSECCOM 180
The respondent committed fraud and illegal distribution by raising approximately \$170,000 from seven investors. He engaged in multiple acts of deceit including altering an analyst report and misrepresenting his personal background to investors. The panel imposed permanent market bans.
 - [Re Figueiredo](#), 2016 BCSECCOM 233
The respondents committed fraud by raising \$81,000 from an investor in support of a non-existent investment. Approximately \$23,000 was returned to the investor as purported interest and return on his investment. The panel imposed permanent market prohibitions.
37. Your conduct in stealing funds from your client and the Bank and then using it for personal purposes is similar to the conduct of the respondents in the above cases. The amount of money obtained in each case is similar to or less than the amount of money you took from TR and the Bank.

The Davis Consideration

38. In the Court of Appeal decision in [Davis v. British Columbia \(Securities Commission\)](#), 2018 BCCA 149, the Court identified that it is incumbent upon a tribunal to consider a respondent's individual circumstances when determining whether measures short of a permanent ban would protect the investing public where a person's livelihood is at stake.
39. The Executive Director is unaware of any individual circumstances that would support orders short of a permanent market ban.

ORDERS SOUGHT

40. In addition to monetary penalties, CIRO imposed a permanent prohibition on your ability to conduct securities related business.
41. The Commission can impose sanctions that are similar to or different from the sanctions imposed by CIRO, but the Commission needs to consider what is reasonable based on the evidence known to it, as well as what is in the public interest.

42. In seeking orders under 161(1) of the Act, the Executive Director has taken the following factors into consideration when applying for orders in this proceeding:
- (a) the circumstances of your misconduct;
 - (b) the factors from *Eron* and *Davis*;
 - (c) the sanctions ordered in previous cases cited above; and
 - (d) the public interest.
43. Based on all of these factors, the Executive Director is seeking the following orders pursuant to section 161(1) of the Act:
- (a) under section 161(1)(d)(i), you resign any position you hold as a director or officer of an issuer or registrant;
 - (b) you are permanently prohibited:
 - (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, except in accounts in your own name with a person registered to trade in securities under the Act if you have first provided 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 this Act, the regulations or a decision;
 - (iii) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant;
 - (iv) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
 - (v) 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;
 - (vi) 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
 - (vii) under section 161(1)(vi) from engaging in promotional activities on the person's own behalf in respect of circumstances that would reasonably be expected to benefit the person.
44. The Executive Director is not seeking any monetary sanctions against you.

SUPPORTING MATERIALS

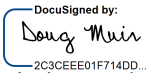
45. In making this application, the Executive Director relies on the following, copies of which are enclosed:
- (a) Decision and Reasons

- (b) [*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario \(Securities Commission\)*](#), [2001] 2 SCR 132, 2001 SCC 37 (CanLII)
- (c) [*Re Eron Mortgage Corporation*](#), [2000] 7 BCSC Weekly Summary 22
- (d) [*Manna Trading Corp. Ltd. \(Re\)*](#), 2009 BCSECCOM 595
- (e) [*Re White*](#), 2024 BCSECCOM 137
- (f) [*Mesidor \(Re\)*](#), 2014 BCSECCOM 6 (CanLII)
- (g) [*Re Braun*](#), 2019 BCSECCOM 65
- (h) [*Re SBC Financial Group Inc.*](#), 2018 BCSECCOM 267
- (i) [*Re Thow*](#), 2007 BCSECCOM 758
- (j) [*Re Schouw*](#), 2017 BCSECCOM 168
- (k) [*Re Spangenberg*](#), 2016 BCSECCOM 180
- (l) [*Re Figueiredo*](#), 2016 BCSECCOM 233
- (m) [*Davis v. British Columbia \(Securities Commission\)*](#), 2018 BCCA 149

YOUR RESPONSE

46. You are entitled to respond to this application. To do so, you must deliver any response in writing, together with any supporting materials, to the Commission Hearing Office by **Monday, November 18, 2024**.
47. The contact information for the Commission Hearing Office is:
- Commission Hearing Office
British Columbia Securities Commission
PO Box 10142, Pacific Centre
12th Floor, 701 West Georgia Street
Vancouver, BC V7Y 1L2
E-mail: hearingoffice@bcsc.bc.ca
Telephone: 604-899-6500
48. If you do not respond within the time set out above, the Commission will decide this application and may make orders against you without further notice.
49. The Commission will send you a copy of its decision.
50. If you have any questions regarding this application, please contact Ms. Heesoo Kim, at 604-899-6878, or hkim@bcsc.bc.ca

Yours truly,


10/9/2024 | 11:06 AM PDT

Douglas B. Muir
Director, Enforcement

HK/crc
Enclosures

cc: Hearing Office (by email to hearingoffice@bcsc.bc.ca)