

In the Matter of the

FINANCIAL INSTITUTIONS ACT, RSBC 1996, c.141

(the "Act")

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA

("Council")

and

JONATHAN WILLIAM VALETTA

(the "Licensee")

ORDER

As Council made an intended decision on January 28, 2025, pursuant to sections 231, 236, and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Licensee with written reasons and notice of the intended decision dated February 19, 2025; and

As the Licensee has not requested a hearing of Council's intended decision within the time period provided by the Act;

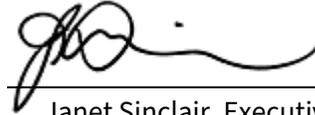
Under authority of sections 231, 236, and 241.1 of the Act, Council orders that:

- 1) The Licensee's life and accident and sickness insurance agent licence is suspended for a period of six months, commencing on March 24, 2025, and ending at midnight on September 23, 2025;
- 2) The Licensee is fined \$2,500, to be paid by June 23, 2025;
- 3) The Licensee is required to complete an ethics course, as acceptable to Council, and which must be completed before the licence suspension is lifted;
- 4) The Licensee is required to be supervised by a qualified life and accident and sickness insurance agent, as approved by Council, for a period of one year of active licensing, commencing at the end of the suspension period;
- 5) The Licensee is assessed Council's investigation costs in the amount of \$2,362.50, to be paid by June 23, 2025; and
- 6) A condition is imposed on the Licensee's life and accident and sickness insurance agent licence that failure to pay the fine and investigation costs by June 23, 2025, complete the

Order
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ethics course and obtain a qualified life and accident and sickness insurance agent supervisor as required, will result in the continued suspension of the Licensee's licence and the Licensee will not be permitted to complete the Licensee's 2027 annual licence renewal until such time as the Licensee has complied with the conditions listed herein.

This order takes effect on the **24th day of March, 2025**



Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA (“Council”)

respecting

JONATHAN WILLIAM VALETTA (the “Licensee”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Licensee acted in compliance with the requirements of the Act, Council Rules and Code of Conduct relating to allegations that the Licensee acted contrary to his undertaking with Council that prohibited the Licensee from engaging in insurance activities with individuals in addiction treatment or with less than five years of sobriety, that the Licensee provided false or misleading information on a client’s insurance application, and that the Licensee did not hold himself out in the manner in which he is licensed and/or failed to honestly represent himself.
2. On November 27, 2024, as part of Council’s investigation, a Review Committee (the “Committee”) comprised of Council members met via video conference to discuss the investigation. An investigation report prepared by Council staff was distributed to the Committee and the Licensee before the meeting. A discussion of the investigation report took place at the meeting and the Licensee was given an opportunity to make submissions and provide further information. Having reviewed the investigation materials and after discussing the matter, the Committee prepared a report for Council.
3. The Committee’s report, along with the aforementioned investigation report were reviewed by Council at its January 28, 2025, meeting, where it was determined the matter should be disposed of in the manner set out below.

PROCESS

4. Pursuant to section 237 of the Act, Council must provide written notice to the Licensee of the action it intends to take under sections 231, 236 and 241.1 of the Act before taking any such action. The Licensee may then accept Council’s decision or request a formal hearing. This intended decision operates as written notice of the action Council intends to take against the Licensee.

FACTS

5. The Licensee has been licensed with Council as a life and accident and sickness insurance agent (“Life Agent”) since March 23, 2022. The Licensee has held an authorization to represent an agency (“the Agency”) since March 23, 2022.

6. On March 22, 2022, the Licensee entered an undertaking as a condition of being approved for a Life Agent licence pursuant to Council's Intended Decision dated March 11, 2022. The Licensee's undertaking stated that the Licensee "will be prohibited from soliciting insurance to, or engaging in insurance activity with, or making referral in insurance activity with, any persons (or any parent or guardian of an individual under the age of 18) undergoing treatment for addiction services or who has not achieved sobriety for a minimum period of five years."
7. On August 29, 2022, Council received a complaint from JC, alleging that the Licensee recruited him for a financial business opportunity while he was in a Narcotics Anonymous ("NA") meeting.
8. Additionally, Council received a second complaint regarding the Licensee on May 29, 2023, from AR. AR alleged that the Licensee was recruiting clients from the recovery community and encouraging them to provide misleading information on policy applications.

JC Complaint

9. JC provided submissions to Council in August and September 2022. JC stated that the Licensee first approached him after an NA meeting in August 2021. At that time, JC had three months of sobriety and was not interested in pursuing a new business or career.
10. In August 2022, JC contacted the Licensee to learn about using a life insurance account as a high-interest savings account. JC stated that the Licensee shared a business opportunity with him during a virtual NA meeting. The Licensee stated that it involved financial education and the opportunity to earn money.
11. JC alleged that the Licensee explained and promoted whole life and universal life insurance products as the best financial accounts to tax shelter wealth and that these were better products than tax-free savings accounts and registered retirement saving plans. JC stated that he did not purchase any insurance products from the Licensee.
12. JC further alleged that when he questioned the Licensee about his relationship to the Agency, the Licensee refused to explain his association with the Agency. He also stated that the Licensee made claims of obtaining annual rates of return from 15% to 20%, although the Licensee later admitted that these rates could not be guaranteed year after year.
13. JC provided screenshots of text messages between himself and the Licensee. In the text message thread, the Licensee stated "*I'm not saying it isn't [the Agency]. I'm saying that it's irrelevant because the way we do business is entirely up to our own discretion. So I'm not going to categorize my services with every other [Agency] advisor in North America*" and also stated "*you were the one that approached me asking to learn more about life insurance.*"
14. On September 27, 2022, the Licensee sent an email to Council's investigator in response to the allegations. The Licensee stated that he met JC through NA meetings in August 2021 and discussed business and finances with him.

15. In the Licensee's email submissions, he stated that JC reached out to him on August 8, 2022, to express an interest in the insurance and investment industry and to learn about the Agency. The Licensee stated that he informed JC that a condition placed on his licence prevented him from getting involved in insurance-related activities with individuals in the recovery community with less than five years of sobriety. The Licensee informed JC that he would not be obtaining his licence in the province in which JC resides. The Licensee stated that he advised JC that he would not be able to assist him with the Agency field training process. JC acknowledged this fact but still expressed interest in joining the Agency.
16. The Licensee stated that he helped JC join the Agency. The Licensee hosted a presentation over Zoom with two people from JC's network. The goal was to introduce JC to business opportunities with the Agency and have JC do similar presentations in the future.
17. The Licensee further stated that he did not mention insurance products or try to sell insurance products to JC. The Licensee stated that he advised JC not to mention the Agency when inviting someone to a presentation unless they asked about it. The Licensee explained to JC that the Agency would be discussed at the presentation.
18. The Licensee submitted an additional document to Council on October 4, 2022, titled "[Agency] Company Profile." According to the Licensee, the document is a source for his corporate presentation and is approved marketing material from the Agency.
19. On October 5, 2022, MH, the Licensee's supervisor, provided additional information to Council's investigator regarding this matter. MH stated that the Licensee did not send her a copy of his presentation and stated that there is no template for such presentations. However, the Agency has a resource that is used as a reference during Agency meetings. MH explained that the "[Agency] Company Profile" is the source of information for presentations. The "[Agency] Company Profile" is approved by the Agency and can be accessed from the Agency website for advisors.
20. On April 5, 2024, the Licensee was interviewed by Council's investigator. When questioned how the Licensee discloses his affiliation with the Agency, the Licensee explained that he discloses it only if the client asks and that it does not need to be one of the first things he says. The Licensee stated that when discussing new information with a client, there's no need to start with *"Hi, I'm Jonathan with [the Agency]. I think my colleague [JC] didn't agree with this and became upset. I believe this was the main issue he had at that time."*
21. Regarding the Licensee's undertaking with Council, the Licensee stated that he knew JC had less than five years of sobriety and that he had informed JC about his undertaking agreement. The Licensee stated that he did not believe he violated the undertaking because he did not disclose specific product details or try to sell insurance products to JC. The Licensee further stated that he told JC that he couldn't sell insurance, discuss insurance or educate him on anything related to insurance. The Licensee stated that he gave JC some clarity and insight into what the Agency process is like but did not provide specific information regarding insurance. However, the Licensee did state that his conversations with JC were, to a degree, discussions about the business of insurance.

AR Complaint

22. On November 3, 2023, Council's investigator emailed the Agency a list of names provided by AR to determine if any of the individuals were the Licensee's clients. On December 21, 2023, the Agency disclosed that the Licensee sold policies to MA and LB. LB's policy application shows that answers to the questions regarding his drug and treatment history were answered truthfully. In an interview with Council's investigator, LB denied making the Facebook social media posts that AR had shared with Council. LB's policies are in good standing, and he has stated that he has no issues with the Licensee.
23. On January 26, 2024, the insurer of the policies provided Council with various records for the insurance policy for MA and his spouse. MA and his spouse jointly held Universal Life and Term policies, and MA held a Critical Illness policy.
24. On the Universal Life policy application, Declaration of Insurability, Life Habits section for MA's policy, one of the questions asks:

"Have you ever been treated for drug or alcohol use, been a member of a support group or have ever been advised to reduce your consumption or to receive treatment for it?"
25. The answer to that question was marked "no" on the policy application form. However, MA and the Licensee both acknowledged that they had met through NA.
26. During the Licensee's interview with Council's investigator on April 5, 2024, the Licensee stated that he met MA years ago in the recovery community at a meeting through NA, and he and MA both went to the same treatment centre. The Licensee stated that MA had 12 or 13 years of sobriety when the Licensee submitted MA's insurance application.
27. The Licensee stated that MA was satisfied with the Licensee's services until he heard negative things from someone in the recovery community, after which MA decided to stop contributing to the policies.
28. The Licensee was asked why MA's insurance application indicated that he had not been treated for drug or alcohol use, been a member of a support group or received treatment. The Licensee stated that it was an honest mistake and misunderstanding on his part. The Licensee stated that he knew MA had a history of drug and alcohol use, but also knew that MA had been clean for over 10 years. The Licensee explained that he misunderstood the question on the form, as the Licensee believed that the question relating to treatment for drug or alcohol use was specific to "within the last 10 years" as the preceding question on the same page asked about use of drugs within the last 10 years.
29. On March 21, 2024, Council's investigator conducted an interview with MA. MA stated that he met the Licensee through NA. The Licensee contacted him in July or August 2022 to discuss insurance and his family's financial security. MA explained that he and his spouse initially signed up for insurance coverage, then added critical coverage and eventually secured coverage for their children. MA stated

that he trusted that the Licensee's product recommendations were suitable and appropriate for him and his family.

30. MA stated that he had heard rumours that the Licensee's actions resembled a pyramid scheme. MA asked the Licensee to cancel the policies and to return the premiums. MA stated that the Licensee delayed taking action. MA further advised that the Licensee placed the policies in vacation mode, which would allow him to stop contributing to the policy. As a result, MA explained, the policy began depleting their contributions, and in the end, they received nothing.
31. Concerning the application form and the questions relating to attending a rehabilitation centre or having received treatment for drug or alcohol use, MA stated that he couldn't say for certain but vaguely recalls that in 2022 the Licensee asked him how long he had been sober. MA stated that at that time he had been in recovery for over 12 years, going on 13. MA stated that the Licensee mentioned something like, *"Well, you're over 10 years clean, so they wouldn't look into that." Or something along those lines. Perhaps? Like something along those lines, like they wouldn't look into it, or it's been a decade so it wouldn't count or something like that.*
32. MA stated that the forms were completed electronically by the Licensee, who then sent the forms to him via DocuSign.

ANALYSIS

33. Council determined that the Licensee has breached his undertaking with Council. The definition of insurance business under the *Financial Institutions Act* (the "Act") covers a broad range of insurance activities, including advertising for any business that is described as insurance business. Additionally, the wording of the Licensee's undertaking included a prohibition from soliciting, engaging in or making referrals of insurance activity with any person who has not yet achieved sobriety for a five-year period. Although the Licensee claims that he did not disclose specific product details or try to sell insurance products to JC, the Licensee's undertaking is more extensive than just selling insurance products. Additionally, in the Licensee's text message exchange with JC, he states that JC had *"approached [him] asking to learn more about life insurance."* When the Licensee was issued an insurance licence, Council felt it necessary to restrict the Licensee from participating in insurance business with individuals undergoing treatment for addiction as there was a potential conflict of interest, given the Licensee's affiliation with recovering addicts, that could place the Licensee in a position of power or enable him to misuse his position of trust against a vulnerable group. The Licensee was aware that JC had less than five years of sobriety, and the Licensee should have taken it upon himself to understand the meaning of insurance business or clarify the restriction from his undertaking. Council determined that the Licensee's interactions with JC were a breach of his undertaking as there was an engagement of insurance activity with an individual who had not yet reached five years of sobriety. Council noted that licensees are expected to adhere to all regulatory requirements and that the breach of an undertaking adversely reflects on the Licensee's trustworthiness.

34. Additionally, Council found it troubling that the Licensee does not disclose his affiliation with the Agency unless expressly asked. Council notes that the public relies on the reputation of certain companies when making their decision to purchase or invest in a company. If a licensee is affiliated with a certain company or agency, this should be disclosed to the public. A licensee must not withhold material information or fail to disclose material information where required. Council found the Licensee was not clearly holding himself out as an Agency representative, which is the manner in which the Licensee is licensed. Additionally, in the documentation provided by the Licensee, the “reason why” letter he provides to clients does not include a logo or any company information. The public and potential clients should be informed of all agency information relevant to a licensee and clients should not be required to explicitly ask licensees which agencies they represent. There should not be an attempt to limit a client from learning of the Licensee’s representation of an agency unless expressly asked.
35. Council further determined that whether intentional or an honest mistake, the Licensee has a responsibility to carefully read and provide accurate information on an insurance application. Council notes the potential serious implications of providing wrong information on an insurance application, including the possibility of the policy being rendered void by the insurer. Council concluded that it is the responsibility of the Licensee to ensure that insurance forms are completed honestly and accurately.
36. In light of the above, Council concluded that the Former Licensee did not conduct himself in a manner consistent with the usual practice. Council considered the impact of Council Rule 7(8) and Council’s Code of Conduct guidelines, including section 3 (“Trustworthiness”), section 4 (“Good Faith”), section 7 (“Usual Practice: Dealing with Clients”), section 10 (“Usual Practice: Dealing with the Public”) and section 13 (“Compliance with Governing Legislation and Council Rules”) on the Licensee’s conduct. Council concluded that the Licensee’s conduct amounted to breaches of the above Council Rule and Code of Conduct sections, as well as the professional standards set by the Code of Conduct.

PRECEDENTS

37. Before making its decision in this matter, Council considered the following precedent cases. While Council is not bound by precedent and each matter is decided on its own facts and merits, Council found that these decisions were instructive in providing a range of sanctions for similar types of misconduct.
38. [*Khamsouei Phovixayboulom*](#) (February 2018): concerned a licensee who had held a life agent licence in British Columbia since 1990. Council considered allegations that the licensee intentionally misled clients for personal benefit, improperly placed insurance on behalf of a client by failing to first provide the client with necessary information to make an informed decision, improperly completed an application for life insurance by failing to include current information on the client’s address, and made a false declaration to an insurer by materially misrepresenting a client’s address when applying for insurance, among other things. The Hearing Committee found the licensee’s conduct to be a serious breach. Council suspended the licensee for one year (six months for his breach of the third

party's confidential information and six months for failing to properly inform the client of her options before making an application for life insurance), fined him \$5,000, required the licensee to be supervised for two years after his suspension and assessed investigative costs against him.

39. [Pamela Peen Hong Yee](#) (June 2019): concerned a licensee who had been licensed as a life agent since September 2000. Council considered allegations that included that the licensee had made material misrepresentations on a life insurance application submitted for a client, processed a life insurance application without receiving the client's consent and improperly attempted to persuade the client to keep the policy after the client declined to proceed with the insurance. Council cancelled the licensee's Life Agent licence with no opportunity to reapply for two years, fined her \$5,000 and assessed her investigative and hearing costs.
40. [Wai Kiong Raymond Lee](#) (December 2016): concerned a licensee who applied for a life agent licence on February 9, 2016. The licensee confirmed on his application that he had no prior criminal convictions or pending criminal charges to disclose. Council granted the licensee a life agent licence based on the licensee's disclosure, as well as his undertaking to obtain a criminal record check from the Hong Kong police as he had resided in Hong Kong in the prior five-year period. Council learned that the licensee had been convicted of a criminal offence in Hong Kong, which he had failed to disclose on his licence application and in subsequent discussions with Council staff. The licensee admitted that he intentionally did not disclose his prior criminal conviction to Council when he filled out his insurance application form as he feared Council would deem him unsuitable to hold a life agent licence. Council believed that the licensee intentionally made a material misstatement to Council on his insurance application form by failing to disclose his prior criminal conviction, contrary to section 231(1)(c) of the Act. Council found the licensee's actions made him unsuitable to hold a Life Agent licence. Council concluded that the licensee's Life Agent licence should be cancelled pursuant to sections 231 and 238 of the Act.
41. [Kulwinderpal Singh Khosah](#) (June 2021): concerned a licensee first licensed with Council as a Level 1 general insurance salesperson in April 2013 who held that licence until its termination for non-filing in August 2019. The licensee subsequently submitted a licence application to Council in October 2019 and became relicensed in November 2019. The Licensee had three convictions on his record, from April 9, 2018, August 22, 2018 and April 23, 2019. The licensee was licensed with Council at the time of all of the above-noted convictions. However, he did not notify Council of any convictions, or the charges that preceded them, within five business days or otherwise, as required by Council Rule 7(3)(a)(iv). When the licensee submitted his licensing application to Council in October 2019, he did not disclose any of these convictions, which were only brought to Council's attention in June 2020 when the insurance brokerage group that had employed the licensee notified Council that they had been made aware of the licensee's April 2019 convictions. The licensee told Council's investigator that he did not disclose the convictions as he had received legal advice advising him that "no charges have been put through." The licensee stated he had not been notified that he had been convicted and suggested that he had not been made aware of having been sentenced until it was pointed out to him by the Committee. The licensee admitted that he had not known about the notification requirements set out in Rule 7 and that he had little familiarity with the Code of Conduct. Council found the licensee

was not credible and did not believe the licensee's submission that he had been unaware of his various convictions, especially considering that he had served jail time. Council found the licensee not suitable to hold a licence and made an intended decision to cancel his licence with no opportunity to apply for an insurance licence for three years and fined the licensee \$5,000, required the licensee to complete the Council Rules Course, and required the licensee to complete the Insurance Brokers Association of British Columbia's "Ethics for Insurance Brokers" course, or an equivalent course as acceptable to Council, before being licensed in the future.

MITIGATING AND AGGRAVATING FACTORS

42. Council considered whether there were any mitigating and aggravating factors in this matter. Council determined that the Licensee's co-operation with Council's investigation and acknowledgement of the mistake in MA's application were mitigating factors. As for aggravating factors, Council noted that the Licensee was issued a best practice letter in June 2022 with a reminder to carry on business in good faith and found this be an aggravating factor showing a pattern of conduct. Additionally, Council concluded that there was a risk of harm to the client, as the client believed they had placed proper insurance and it may have been void should a claim have arisen, and the insurer discovered there were misstatements in the policy application.

CONCLUSIONS

43. After weighing all of the relevant considerations, Council found the Licensee to be in breach of the Council's Rules and the Code of Conduct.
44. Council considered the precedents and considered the impact of misstatements to Council as analogous to breaching the Licensee's undertaking. Council concluded that the Licensee's breaches were serious in nature and recommended a suspension of six months. Council has determined that the Licensee be supervised for one year following the suspension and that the Licensee be required to take an ethics course.
45. With respect to investigation costs, Council has concluded that these costs should be assessed to the Licensee. As a self-funded regulatory body, Council looks to licensees who have engaged in misconduct to bear the costs of their discipline proceedings, so that those costs are not otherwise borne by British Columbia's licensees in general. Council has not identified any reason for not applying this principle in the circumstances.

INTENDED DECISION

46. Pursuant to sections 231, 236 and 241.1(1) of the Act, Council made an intended decision that:

- a. The Licensee's life and accident and sickness insurance agent licence be suspended for a period of six months from the date of Council's order;
 - b. The Licensee be fined \$2,500, to be paid within 90 days of Council's order;
 - c. The Licensee be required to complete an ethics course, as acceptable to Council, and which must be completed before the licence suspension is lifted;
 - d. The Licensee be required to be supervised by a qualified life and accident and sickness insurance agent, as approved by Council, for a period of one year of active licensing, commencing at the end of the suspension period;
 - e. The Licensee be assessed Council's investigation costs in the amount of \$2,362.50, to be paid within 90 days of Council's order; and
 - f. A condition be imposed on the Licensee's life and accident and sickness insurance agent licence that failure to pay the fine and investigation costs within 90 days of Council's order, complete the ethics course and obtain a qualified life and accident and sickness insurance agent supervisor as required, will result in the continued suspension of the Licensee's licence and the Licensee will not be permitted to complete the Licensee's 2027 annual licence renewal until such time as the Licensee has complied with the conditions listed herein.
47. Subject to the Licensee's right to request a hearing before Council pursuant to section 237 of the Act, the intended decision will take effect after the expiry of the hearing period.

ADDITIONAL INFORMATION REGARDING FINES/COSTS

48. Council may take action or seek legal remedies against the Licensee to collect outstanding fines and/or costs, should these not be paid by the 90-day deadline.

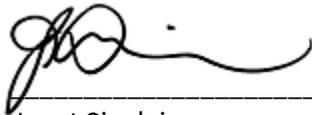
RIGHT TO A HEARING

49. If the Licensee wishes to dispute Council's findings or its intended decision, the Licensee may have legal representation and present a case in a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Licensee **must give notice to Council by delivering to its office written notice of this intention within 14 days of receiving this intended decision.** A hearing will then be scheduled for a date within a reasonable period of time from receipt of the notice. Please direct written notice to the attention of the Executive Director. **If the Licensee does not request a hearing within 14 days of receiving this intended decision, the intended decision of Council will take effect.**

50. Even if this decision is accepted by the Licensee, pursuant to section 242(3) of the Act, the British Columbia Financial Services Authority (“BCFSA”) still has a right of appeal to the Financial Services Tribunal (“FST”). The BCFSA has thirty (30) days to file a Notice of Appeal once Council’s decision takes effect. For more information respecting appeals to the FST, please visit their website at www.bcfst.ca or visit the guide to appeals published on their website at www.bcfst.ca/app/uploads/sites/832/2021/06/guidelines.pdf.

Dated in Vancouver, British Columbia, on the **19th day of February, 2025.**

For the Insurance Council of British Columbia



Janet Sinclair
Executive Director