



Financial Services Regulatory
Authority of Ontario



Autorité ontarienne de réglementation
des services financiers

IN THE MATTER OF the *Insurance Act*, R.S.O. 1990, c.l.8, as amended (the “Act”), in particular sections 441.2 and 441.3;

AND IN THE MATTER OF Jay Sanjay Patel, Nirali Chandrakant Patel, and Pratik Gohel

NOTICE OF PROPOSAL TO IMPOSE ADMINISTRATIVE PENALTIES

TO: Jay Sanjay Patel

AND TO: Nirali Chandrakant Patel

AND TO: Pratik Gohel

TAKE NOTICE THAT pursuant to section 441.3 of the Act, and by delegated authority from the Chief Executive Officer of Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), **the Director, Enforcement and Litigation (the “Director”)** is proposing to impose five administrative penalties in the total amount of \$110,000 on Jay Sanjay Patel for contravening sections 395 and 439 of the Act, subsections 17(a) and 17(c) of Ontario Regulation 347/04, and clause 447(2)(a) of the Act.

TAKE NOTICE THAT pursuant to section 441.3 of the Act, and by delegated authority from the Chief Executive Officer, **the Director is proposing to impose four administrative penalties in the total amount of \$80,000 on Nirali Chandrakant Patel for contravening section 395 of the Act, subsections 17(a) and 17(c) of Ontario Regulation 347/04, and clause 447(2)(a) of the Act.**

TAKE NOTICE THAT pursuant to section 441.3 of the Act, and by delegated authority from the Chief Executive Officer, **the Director is proposing to impose two administrative penalties in the total amount of \$30,000 on Pratik Gohel for contravening subsection 17(c) of Ontario Regulation 347/04 and clause 447(2)(a) of the Act.**

Details of these contraventions and reasons for this proposal are described below. This Notice of Proposal includes allegations that may be considered at a hearing.

SI VOUS DÉSIREZ RECEVOIR CET AVIS EN FRANÇAIS, veuillez nous envoyer votre demande par courriel immédiatement à: contactcentre@fsrao.ca.

YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SECTIONS 441.3(2) AND 441.3(5) OF THE ACT.

A hearing by the Tribunal about this Notice of Proposal may be requested by completing the enclosed Request for Hearing Form (Form 1) and delivering it to the Tribunal within fifteen (15) days after this Notice of Proposal is received by you. The Request for Hearing Form (Form 1) must be mailed, delivered, faxed or emailed to:

Address: Financial Services Tribunal
25 Sheppard Avenue W, 7th Floor
Toronto, ON M2N 6S6

Attention: Registrar

Fax: 416-226-7750

Email: contact@fstontario.ca

TAKE NOTICE THAT if you do not deliver a written request for a hearing to the Tribunal within fifteen (15) days after this Notice of Proposal is received by you, orders will be issued as described in this Notice of Proposal. TAKE FURTHER NOTICE of the payment requirements in section 5 of Ontario Regulation 408/12, which state that the penalized person or entity shall pay the penalty no later than (thirty) 30 days after the person or entity is given notice of the order imposing the penalty, after the matter is finally determined if a hearing is requested or such longer time as may be specified in the order.

For additional copies of the Request for Hearing Form (Form 1), visit the Tribunal's website at www.fstontario.ca

The hearing before the Tribunal will proceed in accordance with the *Rules of Practice and Procedure for Proceedings before the Financial Services Tribunal* ("Rules") made under the authority of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended. The Rules are available at the website of the Tribunal: www.fstontario.ca. Alternatively, a copy can be obtained by telephoning the Registrar of the Tribunal at 416-590-7294, or toll free at 1-800 668-0128 extension 7294.

At a hearing, your character, conduct and/or competence may be in issue. You may be furnished with further and or other particulars, including further or other grounds, to support this proposal.

REASONS FOR PROPOSAL

I. INTRODUCTION

1. These are the reasons for the proposal by the Director to:
 - (i) Impose five administrative penalties in the total amount of \$110,000 on Jay Sanjay Patel (“Jay Patel”);
 - (ii) Impose four administrative penalties in the total amount of \$80,000 on Nirali Chandrakant Patel (“Nirali Patel”); and
 - (iii) Impose two administrative penalties in the total amount of \$30,000 on Pratik Gohel (“Gohel”).

II. BACKGROUND

A. Parties

2. Jay Patel became licensed as a Life Insurance and Accident and Sickness Agent (licence #19172696) under the Act on March 3, 2019. His licence expired on March 2, 2021.
3. Nirali Patel became licensed as a Life Insurance and Accident and Sickness Agent (licence #20181615) under the Act on March 18, 2020. Her licence expired on March 17, 2022.
4. Gohel became licensed as a Life Insurance and Accident and Sickness Agent (licence #19177404) under the Act on October 8, 2019. His licence expired on October 7, 2021.
5. During the relevant time Jay Patel, Nirali Patel, and Gohel (together, the “Agents”) were contracted with the World Financial Group of Canada Inc. (“WFG”) as insurance agents. WFG is a managing general agency operating in Ontario and is licensed as an insurance agency under the Act (licence #26687M).
6. Jay Patel held the position of Marketing Director at WFG during the relevant time. Jay Patel stated that he managed a team of seven persons at WFG, which included Gohel and Nirali Patel.
7. The Agents’ contracts with WFG were terminated for cause by WFG on July 22, 2020.
8. During the relevant time the Agents were sponsored by and contracted as insurance agents with by Ivori, a licensed insurance company. Ivori terminated the Agents’ contracts and sponsorships for cause effective July 22, 2020.

9. During the relevant time the Agents, as part of their contract with WFG, acted as agents for Canada Protection Plan (“CPP”), a licensed insurance agency. Jay Patel and Gohel ceased working with CPP on July 20, 2020. Nirali Patel ceased working with CPP on August 18, 2020.
10. Jay Patel co-founded Expedite Group of Companies Ltd. (“Expedite”), an employment agency, on December 5, 2019. Jay Patel was the listed director of Expedite, which was a federally regulated corporation. Jay Patel oversaw the activities of Expedite between November 2019 and July 2020.
11. Jay Patel was listed as the founder and Gohel was listed as a recruiter for Expedite on three websites operated by Expedite.
12. As of July 31, 2020, Jay Patel changed Expedite’s name to “Ideal Solutions Canada Inc.” Patel admitted that this name change was due to complaints and investigations into his insurance agent activities. Ideal Solutions Canada Inc. was dissolved as of November 8, 2021.
13. During the relevant time Nirali Patel and Gohel worked for or acted on behalf of Expedite. Jay Patel supervised their activities at Expedite.

B. Complaints from Insurers

14. Ivori initiated an investigation into Jay Patel’s insurance business after its compliance department received information from WFG indicating a high volume of business being issued during the period of March and April 2020.
15. Ivori subsequently expanded their investigation to include the activities of Gohel, and Nirali Patel. As a result of this investigation, Ivori terminated the Agents’ contracts and sponsorships effective July 22, 2020.
16. Following the investigation and the complaints from the clients, Ivori submitted Life Agent Reporting Forms dated July 27, 2020, to FSRA reporting that the Agents had engaged in:
 - (i) Conflict of interest;
 - (ii) Forgery;
 - (iii) Fraud;
 - (iv) Improper Paperwork;
 - (v) Misrepresentation to Company;
 - (vi) Tied Selling; and
 - (vii) Undue Influence.

17. CPP, following an internal investigation into the Agents' activities, submitted Life Agent Reporting Forms dated October 28, 2020 to FSRA reporting that the Agents had engaged in:
 - (i) Forgery;
 - (ii) Fraud;
 - (iii) Inducements;
 - (iv) Misrepresentation to Company;
 - (v) Privacy or Confidentiality; and
 - (vi) Undue Influence.

C. Misconduct Relating to the Sale of Insurance Policies

Overview

18. FSRA's investigation into the activities of the Agents revealed wide ranging misconduct and non-compliance with the provisions of the Act and its Regulations by the Agents.
19. Expedite was essentially a front used by the Agents to generate fraudulent insurance business by targeting international students in financial need:
 - (i) The Agents lured international students (the "Students"), including AS, RP, SA, SM, SP, SS, and AB by advertising data entry employment opportunities with Expedite. The targeted Students were in need of employment and regular income so as to meet their expenses in Canada;
 - (ii) As part of the employment induction process, the Agents required the Students to provide personal information and documents, including their SINs and immigration documents. The Students uploaded the information a link to Expedite's website which was provided by the Agents or other persons involved with Expedite;
 - (iii) In some cases, the Agents sold Students insurance policies as part of the employment process. The Agents told the Students that purchasing a life insurance policy was a mandatory condition for employment at Expedite. The Agents incorrectly told some of these Students that they could get a refund on premiums paid if they cancelled their policies;
 - (iv) In other cases, the Agents purchased policies on behalf of Students without their knowledge or consent;

- (v) Personal information collected from Students purportedly for employment was misused by the Agents to complete insurance application forms;
- (vi) The Agents did not show the application forms to any of their Student “clients”;
- (vii) Responses to a number of health and financial needs related questions in the policy application forms were entered on the basis of “assumptions” made by the Agents; and
- (viii) The Agents made no effort to ascertain if the applied for insurance policies were suited to the needs of the Students, who had no stable income and were temporarily residing in Canada under study permits.

CPP Policy sold by Jay Patel and Nirali Patel to “AS” (the “AS Policy”)

- 20. The AS Policy was a CPP Preferred Life whole life insurance policy with face value of benefits amounting to \$117,000 and was issued on April 28, 2020. The application form for the AS Policy was submitted on April 24, 2020. Jay Patel was named as AS’s advisor on the form.
- 21. At the time of the sale of the AS Policy, AS was an international student from India studying in Canada. She was 22 years old. With respect to the sale of the AS Policy:
 - (i) In April of 2020, AS attended an online job interview with Nirali Patel and Jay Patel for what she was told was a data entry position with Expedite. Nirali Patel represented that she was a HR manager at Expedite and reported to Jay Patel;
 - (ii) Nirali Patel and Jay Patel told AS that as a condition of employment, she was required to provide them with her SIN, Study Permit, banking information, and the names of family members. AS did so;
 - (iii) At the end of the interview, Jay Patel directed AS to e-sign a document pertaining to an insurance policy. Jay Patel told her that the purpose of the document was to see if she would qualify for insurance, but that she would be asked in a week if she wanted to actually purchase an insurance policy. AS signed the document;
 - (iv) AS was offered a data entry job by Jay Patel and Nirali Patel;
 - (v) Subsequently, approximately \$70 was deducted from AS’ bank account. She contacted Nirali Patel who said that if she didn’t continue with the AS Policy she would lose her job with Expedite;

- (vi) AS directed Nirali Patel to cancel the AS Policy. Nirali Patel said that she would, and she refunded her money;
 - (vii) However, three months later another \$70 was deducted from AS' bank account; and
 - (viii) AS ultimately contacted CPP and cancelled the AS Policy directly.
22. Jay Patel and Nirali Patel applied for the AS Policy on behalf of AS without AS' consent.
 23. Jay Patel and Nirali Patel never explained the contents of the application form of the AS Policy to AS. AS did not direct Jay Patel or Nirali Patel to list her immediate family members as beneficiaries to the AS Policy.
 24. The date of birth and employment information in the application form for the AS Policy were incorrect.
 25. Questions relating to AS' medical history as well as Third Party Determination were not shown to AS and responses to the questions were entered on the basis of assumptions made by Nirali Patel and Jay Patel. No financial needs analysis was conducted.
 26. The AS Policy was terminated on May 28, 2020. CPP refunded \$178.56 to AS upon termination. Jay Patel and Nirali Patel received commissions amounting to \$250.31 and \$244.49 respectively on the sale of the AS Policy.

Ivari Insurance Policy sold by Jay Patel to RP (the "RP Policy")

27. The application form for the RP Policy was submitted on March 16, 2020. Jay Patel was named as RP's advisor on the form. The RP Policy was a Single Life insurance policy with face value of benefits amounting to \$135,000.
28. At the time of the sale of the RP Policy, RP was an international student from India studying in Canada. RP had arrived in Canada in December 2019 and was 28 years old. With respect to the sale of the RP Policy:
 - (i) In February of 2020, RP and her husband met Jay Patel to discuss a data entry job with Expedite;
 - (ii) During the meeting, Jay Patel asked RP to provide personal information including her SIN, her banking information, and her beneficiaries. Jay Patel told RP that this information was required for employment purposes;

- (iii) Jay Patel offered both RP and her husband a job, and they accepted. However, they both quit shortly thereafter as they believed that the job was not real;
 - (iv) RP and her husband subsequently discovered that insurance premiums were being debited from their bank account, and discovered that Jay Patel had sold them Ivari life insurance policies without their knowledge or consent; and
 - (v) RP had not completed the application form that had been used to apply for the RP Policy. The signature on the application form was not hers, and the application form contained incorrect information.
29. Jay Patel never presented or explained the application form for the RP Policy to RP. The application form for the RP Policy was submitted without the knowledge and consent of RP.
30. Incorrect and/or misleading information relating to RP's address, employment, income and health was entered into the application form for the RP Policy and subsequently submitted to Ivari.
31. Jay Patel used information collected from RP on the pretext of a job offer through Expedite to complete the sale of the RP Policy without the knowledge or consent of RP.
32. The RP Policy was terminated in September 2020. Ivari refunded \$341.42 to RP upon cancellation. Jay Patel received commissions amounting to \$468.77 on the sale of the RP Policy.

Ivari Insurance Policy sold by Pratik Gohel and Jay Patel to "SA" (the "SA Policy")

33. The application form for the SA Policy was submitted on April 8, 2020. Jay Patel and Gohel were named as SA's advisors on the form. The SA Policy was a Single Life insurance policy with face value of benefits amounting to \$210,000.
34. At the time of the sale of the SA Policy, SA was an international student from India studying in Canada. SA was 24 years old. With respect to the sale of the SA Policy:
- (i) In April of 2020, Gohel offered SA a part time job with Expedite assisting clients with their income taxes;
 - (ii) At Gohel's request, SA provided her resume, study permit, SIN, passport, and PAD/void cheque to Gohel;
 - (iii) SA never discussed purchasing a life insurance policy with Gohel and had no intention of doing so;

- (iv) SA subsequently discovered that an insurance premium payment of \$72 for an Ivori life insurance policy had been debited from her bank account;
 - (v) SA contacted Ivori and was told that Gohel had sold her a life insurance policy; and
 - (vi) SA did not complete the application form for the SA Policy. The signatures on the application form and related documents were not hers.
35. Gohel and Jay Patel never presented or explained the application form for the SA Policy to SA. The application form for the SA Policy was submitted without the knowledge or consent of SA.
36. Incorrect and/or misleading information relating to SA's employment and income was entered into the application form for the SA Policy and subsequently submitted to Ivori.
37. Gohel and Jay Patel used information collected from SA on the pretext of a job offer through Expedite to complete the sale of the SA Policy without the knowledge or consent of SA.
38. In an interview with FSRA on April 12, 2021, Jay Patel stated that Gohel had offered SA a job through Expedite while selling her a life insurance policy.
39. The SA Policy was cancelled as of April 16, 2020. Pratik Gohel and Jay Patel received commissions amounting to \$134.36 and \$131.22 respectively on the sale of the SA Policy.

CPP Insurance Policy sold by Nirali Patel to SM (the "SM Policy")

40. The application form for the SM Policy was submitted on July 9, 2020. Nirali Patel was named as SM's advisor on the form. The SM Policy was a CPP Simplified Elite Whole Life insurance policy with face value of benefits amounting to \$125,000 and was issued on July 16, 2020.
41. At the time of the sale of the SM Policy, SM was an international student from India studying in Canada. SM was 24 years old. With respect to the sale of the SM Policy:
- (i) In July of 2020, SM attended an online a job recruitment/orientation session for a data entry position with Expedite;
 - (ii) During this meeting, SM was provided with a link to an online Expedite portal where SM submitted documents including her study permit and banking information;

- (iii) SM was told at this first meeting that she was required to attend a second meeting regarding life insurance, but was not required to purchase a policy;
 - (iv) Later that day, SM attended a mandatory meeting with Nirali Patel who was represented as working for WFG. Nirali Patel told SM about the benefits of life insurance, and urged her to purchase a policy. SM told Nirali Patel that she did not need life insurance but would think about it;
 - (v) A few days later, SM was contacted by Nirali Patel's assistant who told her that she had purchased the SM Policy. SM immediately responded to the assistant stating that she never authorised the purchase of the policy. SM demanded that Nirali Patel cancel the policy, after which Nirali Patel falsely claimed that she had done so; and
 - (vi) SM did not complete the application form that had been used to apply for the SM Policy. The signature on the application form was not hers.
42. Nirali Patel never presented or explained the application form for the SM Policy to SM. The application form for the SM Policy was submitted without the knowledge and consent of SM.
43. Nirali Patel used information collected from SM on the pretext of Employment through Expedite and for checking if SM would qualify for insurance to complete the sale of the SM Policy without the knowledge or consent of SM.
44. The SM Policy was terminated as of August 16, 2020. Nirali Patel received commissions amounting to \$372.88 on the sale of the SM Policy.

CPP Insurance Policy sold by Jay Patel and Gohel to "SP" (the "SP Policy")

45. The application form for the SP Policy was submitted on July 8, 2020. Pratik Gohel was named as SP's advisor on the form. Jay Patel interacted with SP and sold her the policy. The SP Policy was a CPP Simplified Elite Whole Life insurance policy with face value of benefits amounting to \$125,000 and was issued on July 9, 2020.
46. At the time of the sale of the SP Policy, SP was an international student from India studying in Canada. SP was 21 years old. With respect to the sale of the SP Policy:
- (i) In May of 2020, SP attended a job interview with Jay Patel for a data entry position with Expedite;
 - (ii) During the meeting, Jay Patel told SP that Expedite worked with insurance companies and that she would have to pay \$60 to \$65 per month to be hired and to continue to work for Expedite;

- (iii) Jay Patel told SP that the money would go to Ivvari, and that if SP did not have money to make the initial payments, Expedite would make the payments for her;
 - (iv) At Jay Patel's request, SP provided him with a copy of her Study Permit, SIN, passport, and a void cheque;
 - (v) SP worked for Expedite for approximately one month, but quit because she was not being paid;
 - (vi) SP was subsequently contacted by an employee of Foresters who told her that she had not paid the premium on the SP Policy. SP was surprised as she had never knowingly applied for an insurance policy;
 - (vii) Upon contacting Jay Patel with respect to the payment of her salary, Jay Patel informed SP that he would not pay her salary until she paid the premium on the SP Policy; and
 - (viii) Although Gohel was listed as the insurance agent on the SP Policy application, SP stated that she had never met Gohel and had neither completed nor signed the application.
47. Jay Patel and Gohel never presented or explained the application form for the SP Policy to SP. The application form for the SP Policy was submitted without the knowledge or consent of SP.
48. Jay Patel and Gohel used information collected from SP on the pretext of a job offer through Expedite to complete the sale of the SP Policy without the knowledge or consent of SP.
49. Even though Pratik Gohel had no interaction with SP, he was listed as the advisor on the SP Policy application form.
50. The SP Policy was terminated on May 28, 2020. Jay Patel and Pratik Gohel received commissions amounting to \$268.36 and \$262.23 respectively on the sale of the AS Policy.

CPP Insurance Policy sold by Jay Patel to "SS" (the "SS Policy")

51. The application form for the SS Policy was submitted on June 8, 2020. Jay Patel was named as SS's advisor on the form. The SS Policy was a CPP Simplified Elite Whole Life insurance policy with face value of benefits amounting to \$117,000 and was issued on June 14, 2020.
52. At the time of the sale of the SS Policy, SS was an international student from India studying in Canada. SS was 22 years old. With respect to the sale of the SS Policy:

- (i) On June 6, 2020 SS met with Jay Patel for a job interview for a data entry position;
 - (ii) During the interview, Jay Patel instructed SS to complete and sign a CPP life insurance application. SS stated that he was a student, could not afford the \$70 per month premium, and did not want to purchase a policy;
 - (iii) Jay Patel stated that he would pay the initial premium payment, and then would cancel the policy. SS agreed to this; and
 - (iv) Jay Patel offered SS a job selling insurance, but SS declined.
53. Jay Patel admits that he did not show or explain the entire application form for the SS Policy to SS. The Medical Information and the Third-Party Determination sections on the form was completed on the basis of assumptions made by Jay Patel.
54. The SS Policy was terminated on July 14, 2020. CPP refunded \$71.63 to SS upon termination. Jay Patel received commissions amounting to \$535.58 on the sale of the SS Policy.

Ivari Insurance Policy sold by Nirali Patel to "AB" (the "AB Policy")

55. The application form for the AB Policy was submitted on June 15, 2020. Nirali Patel was named as AB's advisor on the form. The AB Policy was a Ivari Prosperity Single Life insurance policy with face value of benefits amounting to \$153,000.
56. At the time of the sale of the AB Policy, AB was an international student from India studying in Canada. AB arrived in Canada in December 2019 and was 26 years old. With respect to the sale of the AB Policy:
- (i) In June of 2020 Nirali Patel and Jay Patel offered AB a data entry job with Expedite. AB accepted;
 - (ii) Nirali Patel told AB that purchasing the purchase of the AB Policy was a precondition to getting the data entry position. AB was also told that her monthly premium payments of \$69.91 would be returned to her if she cancelled the policy;
 - (iii) AB was eventually offered a human resources position at Expedite. As part of her duties, she was required to recruit and conduct orientation sessions for international students, and arrange Zoom meetings of international students with the Agents; and
 - (iv) AB quit her job at Expedite on July 15, 2020, because she was not being paid.

57. Nirali Patel entered and submitted incorrect information in the application form for the AB Policy with respect to AB's employment and income. Nirali Patel did not show or explain any of the personal history, lifestyle, and health related questions to AB.
58. The AB Policy was cancelled as of July 17, 2020. Ivori refunded \$69.62 to AB upon termination. Nirali Patel received commissions amounting to \$480.05 on the sale of the AB Policy.

III. CONTRAVENTIONS OR FAILURES TO COMPLY WITH THE ACT

A. Fraudulent Representation for Procuring Payments of Premiums

59. Jay Patel arranged the RP Policy for RP without her knowledge or consent by fraudulently using her personal and financial information. Jay Patel misrepresented the purpose behind the collection of RP's personal and financial information by claiming that the information was being collected to process her job application.
60. Jay Patel and/or Nirali Patel arranged the AS Policy for AS without her knowledge or consent by fraudulently using her personal and financial information. Jay Patel and/or Nirali Patel misrepresented the purpose behind the collection of her personal and financial information by claiming that the information was being collected to process her job application.
61. RP and AS paid premiums on the RP Policy and the AS Policy respectively without realizing that they had purchased the policies.
62. In view of the above facts, the Director is satisfied that Jay Patel and Nirali Patel fraudulently procured payments of premiums on insurance policies thereby contravening Section 395 of the Act.

B. Use of Coercion and Undue Influence

63. Jay Patel and Nirali Patel used coercion and undue influence in order to purchase and/or continue the AB Policy, SP Policy, and AS Policy:
 - (i) Nirali Patel told AS that she would lose her employment at Expedite if she cancelled the AS Policy;
 - (ii) Nirali Patel told AB that in order to get hired by Expedite and to continue working there she would have to purchase an insurance policy;
 - (iii) Jay Patel told SP that in order to get hired by Expedite and to continue working there she would have to make "monthly payments" to an insurance company; and
 - (iv) Jay Patel refused to pay SP's salary until she paid the premiums on her

policy.

64. In view of the above facts, the Director is satisfied that Jay Patel and Nirali Patel used coercion and undue influence in order to secure insurance business and, accordingly, breached subsection 17(a) of Ontario Regulation 347/04.

C. False and Misleading Representation in the Solicitation and Registration of Insurance.

65. Section 17(c) of Ontario Regulation 347/04 prohibits insurance agents from making false or misleading statements or representations in the solicitation or registration of insurance.
66. The Agents made several misleading statements and representations to their clients and to insurers in order to arrange the sale of the abovementioned insurance policies.

False and Misleading Representations to Clients

67. Jay Patel deceived RP, AS, and SP into purchasing life insurance policies without their knowledge or consent. The policies were sold by Jay Patel as part of, and under the guise of their job application process.
68. Nirali Patel deceived AS and SM into purchasing life insurance policies without their knowledge or consent. The policies were sold by Nirali Patel as part of, and under the guise of their job application process.
69. Gohel deceived SA into purchasing a life insurance policy without her knowledge or consent. The policy was sold by Gohel as part of, and under the guise of her job application process.

False and Misleading Representations to Insurers

70. Jay Patel falsely misrepresented to Ivari that:
- (i) SA and RP intended to purchase life insurance policies; and
 - (ii) All the content in application forms for the AB Policy, RP Policy, and SA Policy were based on information provided by AB, RP, and SA respectively.
71. Jay Patel falsely represented to CPP that:
- (i) AS and SP intended to purchase life insurance policies; and
 - (ii) All the content in application forms for the AS Policy and the SP Policy were based on information provided by AS and SP respectively.

72. Jay Patel also submitted false and incorrect information, much of it based on his own assumptions, in the application forms for the AB Policy, RP Policy, SA Policy, AS Policy, and SP Policy.
73. Nirali Patel falsely represented to Ivori that all the contents in application form for the AB Policy were based on information provided by AB.
74. Nirali Patel falsely represented to CPP that:
 - (i) SM and AS intended to purchase life insurance policies; and
 - (ii) All the contents in application forms for the AS Policy and the SM Policy, were based on information provided by AS and SM respectively.
75. Nirali Patel also submitted false and incorrect information, much of it based on her own assumptions, in the application forms for the AB Policy, the SM Policy and the AS Policy.
76. Gohel falsely represented to Ivori that SA intended to purchase a life insurance policy and that all the contents of the application form for the SA Policy was based on information provided by SA.
77. Gohel falsely represented to CPP that SP intended to purchase a life insurance policy and that all the contents of the application form for the SP Policy was based on information provided by SP. Furthermore, Gohel falsely represented to CPP that he was the insurance advisor to SP during the purchase of the SP Policy. In fact, Gohel had never interacted with SP.
78. Gohel also submitted false and incorrect information, much of it based on his own assumptions in the application forms for the SP Policy and the SA Policy.
79. In view of the above facts the Director is satisfied that Jay Patel, Nirali Patel and Gohel made misleading statements or representations in the solicitation or registration of insurance, thereby contravening Subsection 17(c) of Ontario Regulation 347/04.

D. False Information to FSRA

80. In their respective interviews with FSRA, Jay Patel and Gohel denied that they were involved in the activities of Expedite at the time the above-described insurance policies were sold. Nirali Patel stated that she was only involved in administrative and marketing work at Expedite from January 2020 to July 2020.
81. During the course of its investigation, FSRA found that the above statements were demonstrably false. There is ample evidence that the Agents were involved in the sale of insurance policies to Expedite clients in the manner described in Part B of this Notice of Proposal.

82. The Director is satisfied that the Agents made false and misleading statements to FSRA with respect to their involvement with Expedite, thereby contravening clause 447(2)(a) of the Act.

E. Unfair or Deceptive Acts or Practices

83. Section 439 of the Act prohibits any person from engaging in Unfair or Deceptive Acts or Practices (“UDAP”).
84. Section 2(1)2 of Ontario Regulation 7/00, which was in force at the relevant time, provided that an offer by an agent of an insurer to pay or give a rebate of all or part of a premium is an UDAP.
85. Jay Patel paid or offered to pay the initial life insurance premiums of SS and SP. The Director is satisfied that Jay Patel engaged in UDAP and thereby contravened Section 439 of the Act.

IV. GROUNDS FOR IMPOSING ADMINISTRATIVE PENALTIES

86. The Director is satisfied that imposing administrative penalties on Jay Patel, Nirali Patel, and Gohel under section 441.3(1) of the Act will satisfy one or both of the following purposes under section 441.2(1) of the Act:
- 1) To promote compliance with the requirements established under the Act.
 - 2) To prevent a person from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with a requirement established under this Act.
87. In determining the amount of the administrative penalty, the Director has considered the following criteria as required by section 4(2) of Ontario Regulation 408/12:
- 1) The degree to which the contravention or failure was intentional, reckless or negligent.
 - 2) The extent of the harm or potential harm to others resulting from the contravention or failure.
 - 3) The extent to which the person or entity tried to mitigate any loss or take other remedial action.
 - 4) The extent to which the person or entity derived or reasonably might have expected to derive, directly or indirectly, any economic benefit from the contravention or failure.

- 5) Any other contraventions or failures to comply with a requirement established under the Act or with any other financial services legislation of Ontario or of any jurisdiction during the preceding five years by the person or entity.

Administrative Penalties to be imposed on Jay Patel

88. The Director is satisfied that five administrative penalties in the total amount of \$110,000 should be imposed on Jay Patel:
 - (i) an administrative penalty in the amount of \$20,000 for contravening Section 395 of the Act by making fraudulent representations for procuring payment of premiums on insurance policies from AS and RP;
 - (ii) an administrative penalty in the amount of \$10,000 for engaging in UDAP by paying or offering to pay the initial life insurance premiums of SS and SP, and thereby contravening Section 439 of the Act;
 - (iii) an administrative penalty in the amount of \$40,000 for contravening subsection 17(a) of Ontario Regulation 347/04 by using coercion and undue influence in order to secure insurance business from AS and SP;
 - (iv) an administrative penalty in the amount of \$30,000 should be imposed for contravening subsection 17(c) of Ontario Regulation 347/04 by making false and misleading statements and representations to RP, AS, SP, Ivari and CPP in order to arrange the purchase of life insurance policies; and
 - (v) an administrative penalty in the amount of \$10,000 for contravening clause 447(2)(a) of the Act by furnishing false information to FSRA.

Administrative Penalties to be Imposed on Nirali Patel

89. The Director is satisfied that four administrative penalties in the total amount of \$80,000 should be imposed on Nirali Patel:
 - (i) an administrative penalty in the amount of \$10,000 for contravening Section 395 of the Act by making fraudulent representations for procuring payment of premiums on an insurance policy from AS;
 - (ii) an administrative penalty in the amount of \$30,000 for contravening subsection 17(a) of Ontario Regulation 347/04 by using coercion and undue influence in order to secure insurance business from AS and AB;

- (iii) an administrative penalty in the amount of \$30,000 for contravening subsection 17(c) of Ontario Regulation 347/04 by making false and misleading statements and representations to AS, SM, Ivvari, and CPP in order to arrange the purchase of life insurance policies; and
- (iv) an administrative penalty in the amount of \$10,000 for contravening clause 447(2)(a) of the Act by furnishing false information to FSRA.

Administrative Penalties to be Imposed on Gohel

90. The Director is satisfied that two administrative penalties in the total amount of \$30,000 should be imposed on Gohel:

- (i) an administrative penalty in the amount of \$20,000 for contravening subsection 17(c) of Ontario Regulation 347/04 by making false and misleading statements and representations to SA, CPP, and Ivvari; and
- (ii) an administrative penalty in the amount of \$10,000 for contravening clause 447(2)(a) of the Act by furnishing false information to FSRA.

91. In determining the above stated amounts of administrative penalties, the Director has considered the criteria listed in section 4(2) of Ontario Regulation 408/12:

- (i) In respect of the **first criterion**, the Director is satisfied that the Agents intentionally made false and misleading representations to their clients, insurers, and FSRA, and that Jay Patel and Nirali Patel intentionally coerced and unduly influenced AS, AB, and SP while arranging the purchase of life insurance policies. The Director is also satisfied that Jay Patel intentionally offered to pay or paid the initial life insurance premiums of SS and SP.

The Agents' intent and bad faith is evident from their pattern of egregious conduct. The Agents concocted and participated in a scheme in which vulnerable international students in need of income were lured in by employment offers through Expedite. Instead of providing regular paid employment as promised, the Agents arranged for the purchase of life insurance policies on the Students' behalf, in several cases without their knowledge.

The specific representations made to the Students varied, however the overarching approach was repeated multiple times in the span of a few short months and only stopped when the Agents were terminated by WFG and Ivvari in July 2020.

- (ii) In respect of the **second criterion**, the Director is satisfied that the Agents' contraventions have caused harm to others. The Agents deliberately targeted and caused financial harm to the Students, who were seeking

employment opportunities and income. Such students, who had recently landed in Canada and were in a vulnerable position, were either deceived or unduly influenced and coerced into buying insurance policies.

- a) RP and AS paid a total of \$519.94 in premiums on insurance policies that they had no intention of purchasing; and
- b) AB paid \$69.62 in premiums on an insurance policy that she was unduly influenced into purchasing.

The Agents also caused financial harm to insurers as they had to refund premiums on policies on account of Jay Patel's misconduct:

- a) Ivori made refunds amounting to \$410.94 to AB and RP; and
- b) CPP refunded \$250.19 to SS and AS.

Potential harm was avoided because the policies sold by the Agents were promptly cancelled, including:

- a) Future claims on the life insurance policies could have been declined on account of the false and incorrect information provided in the policy application forms, causing harm to policy purchasers and their beneficiaries; and
- b) CPP and/or Ivori could have been obliged to pay out claims, amounting to a maximum of \$982,000, on improperly obtained life insurance policies.

Finally, the Agents have harmed FSRA's ability to regulate the insurance sector by furnishing false and misleading information. FSRA has been accorded the statutory responsibility to regulate the insurance sector in the public interest and is empowered under the Act to seek information from insurance agents to that end. Providing false information to FSRA compromises FSRA's ability to effectively enforce the provisions of the Act and to protect the public from deceptive or fraudulent conduct, practices, and activities.

- (iii) In respect of the **third criterion**, the Director is not aware of any steps taken by the Agents to mitigate any loss caused by the contraventions listed above or taken any other remedial action.
- (iv) In respect of the **fourth criterion**, the Director is satisfied that the Agents contravened the Act and its regulations in order to increase their volume of insurance business and generate commissions. The Agents received total commissions amounting to \$3,148.25 from the sale of the of the concerned insurance policies.

- (v) In respect of the **fifth criterion**, the Director is unaware of any further contraventions or failures to comply in the preceding five years by the Agents, other than those discussed in this Notice of Proposal.

DATED at Toronto, Ontario, July 15, 2022

DocuSigned by:

Elissa Sinha

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Elissa Sinha

Director, Litigation and Enforcement

By delegated authority from the Chief Executive Officer