

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

AND IN THE MATTER OF Daniel George Gordon and Gordon Wealth Management Limited.

NOTICE OF PROPOSAL TO IMPOSE ADMINISTRATIVE PENALTIES

TO: Daniel George Gordon

AND TO: Gordon Wealth Management Limited

TAKE NOTICE THAT pursuant to section 441.3 of the Act, and by delegated authority from the Chief Executive Officer (the “Chief Executive Officer”), of the Financial Services Regulatory Authority of Ontario (“FSRA”) the Director, Litigation and Enforcement (the “Director”) is proposing to impose administrative penalties totaling \$133,500 on Daniel George Gordon (“Gordon”) for the following contraventions of the Act and its regulations:

- a. Two penalties in the total amount of \$115,000 for using coercion or undue influence to secure insurance business contrary to section 17(a) of Ontario Regulation 347/04 in relation to:
 - i. CMP, PM, and KM (\$100,000); and
 - ii. SS, a prospective employee of CMP (\$15,000); and
- b. Two penalties in the total amount of \$15,000 for contravening section 447(2)(a) of the Act by directly or indirectly furnishing false, misleading or incomplete information to FSRA in relation to Gordon’s:
 - i. occupation or employment (\$10,000); and
 - ii. being the subject of an investigation by another regulatory authority (\$5,000); and
- c. A penalty in the amount of \$3,500 for failing to maintain E&O insurance or a suitable financial guarantee contrary to section 13 of Ontario Regulation 347/04.

AND 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 administrative penalties totaling \$150,000 on Gordon Wealth Management Limited (“Gordon Wealth Management”) for using coercion or undue influence to secure

insurance business contrary to section 17(a) of Ontario Regulation 347/04 in relation to:

- a. CMP, PM, and KM (\$130,000); and
- b. SS, a prospective employee of CMP (\$20,000).

Details of these contraventions and the 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). 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 West, 7th Floor
Toronto, Ontario
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 impose administrative penalties in the total amount of \$133,500 on Gordon and \$150,000 on Gordon Wealth Management.

II. BACKGROUND

A. Gordon's Licencing History and E&O Insurance

2. Gordon held a life insurance and accident and sickness agent licence (licence #93002874) under the Act between August 26, 1997 and May 2, 2022, when it expired. During this period Gordon was unlicensed from August 26, 2001 to August 18, 2002, and from August 19, 2010 to May 2, 2012.
3. Gordon never applied to surrender his licence prior to it expiring.
4. Gordon was covered by an errors and omissions insurance ("E&O insurance") policy from Zurich Insurance Company Ltd. that expired on March 7, 2021. Gordon never renewed this E&O insurance.
5. FSRA's automated reminder system sent Gordon an email reminder that his E&O licence was about to expire and then several further emails after it had expired.
6. These were sent to the email address Gordon had provided to FSRA at Harbourfront Wealth Management Inc. ("Harbourfront Wealth") and Harbourfront Estate Planning Services Inc. ("Harbourfront Estate Planning"). Harbourfront Estate Planning is a Managing General Agent ("MGA") and is authorized to sell insurance in Ontario (licence #35243M).
7. Harbourfront Estate Planning notified FSRA of Gordon's "retirement from representing Harbourfront..." via email on August 20, 2020. Gordon did not provide FSRA with updated contact information, including email, after leaving Harbourfront Estate Planning.

B. Gordon's Licence Renewal Applications

8. Gordon had submitted bi-annual renewal applications to the Financial Services Commission of Ontario ("FSCO") and subsequently FSRA as required. Effective June 2019, FSRA and the Chief Executive Officer assumed the duties of FSCO and the Superintendent of Financial Services respectively. Gordon submitted his renewals on the following dates:

Application Year	Submission Date
2014	May 6, 2014
2016	April 15, 2016
2018	May 9, 2018
2020	April 28, 2020

9. Gordon submitted his renewal applications online. Gordon's private PIN was required to access the system and to submit renewal applications. The applications included a notification that agents were not to allow others to complete applications on their behalf and to keep their PINs well-secured.
10. On each renewal application Gordon was asked whether he had "any other occupation or employment other than as an insurance agent?". He filled in the following responses on his renewal applications:
 - a. On his 2014 renewal application, Gordon answered "Financial Planner".
 - b. On his 2016 renewal application, Gordon answered "Financial planning, including securities".
 - c. On his 2018 renewal application, Gordon answered "Financial planning with Harbourfront Wealth Management Ltd".
 - d. On his 2020 renewal application, Gordon answered "no".
11. Each renewal application also asked Gordon whether he had "ever been subject to discipline or are you currently the subject of an investigation by a regulatory authority in this jurisdiction or elsewhere?" Gordon always answered "no", including on his 2020 renewal application.
12. When submitting his 2014, 2016, 2018, and 2020 renewal applications, Gordon would have seen the following statement. The statement appears in red lettering at the end of a renewal application and before an agent submits it:

Providing false, misleading or incomplete information in this application and/or any attachments requested may be sufficient grounds to reject the application or revoke a licence, or result in your prosecution. By clicking the "Confirmed" button below, you swear that you have truthfully answered all questions contained within this electronic application.

C. Gordon Wealth Management

13. Gordon told FSRA investigators that he conducted all his insurance business through his corporation, Gordon Wealth Management.
14. Gordon incorporated Gordon Wealth Management on February 11, 2010. Gordon was always the designated agent of Gordon Wealth Management.

15. Gordon Wealth Management held a corporate life insurance and accident and sickness agent licence (licence #33384M) under the Act between April 14, 2010 and July 24, 2021 when it expired. There was one unlicensed period during this span from April 14, 2014, to July 23, 2015.

D. Gordon and Harbourfront Wealth

16. Gordon was a registrant with the Investment Industry Regulatory Organization of Canada (“IIROC”) starting in 2010. As of June 22, 2015, Gordon became employed as a Registered Representative at Harbourfront Wealth.
17. When Gordon first joined Harbourfront Wealth, he completed certain required disclosures indicating his outside business activities. He disclosed that he was to be the Chief Financial Officer (“CFO”) of a pharmacy company, CMP. Gordon also indicated that he had been acting as the *de facto* CFO for CMP since 2014.
18. Harbourfront Wealth told Gordon that his involvement with CMP was a prohibited outside business activity, and asked Gordon to sign a memorandum acknowledging this. Gordon signed the memorandum on January 18, 2016.

E. IIROC’s Investigation and Settlement with Gordon

19. Harbourfront Wealth notified Gordon by letter on March 4, 2020, that it would be conducting an internal investigation into his conduct as a result of a complaint received. Harbourfront Wealth also informed Gordon it would be advising IIROC of the matter.
20. The conduct related to Gordon providing “consulting services” to CMP and having received payment through a firm that had not been disclosed to Harbourfront Wealth.
21. On April 20, 2020, IIROC sent Gordon a letter advising him that an investigation had been opened by their enforcement department.
22. IIROC’s FedEx tracking confirms that the letter was delivered to Gordon’s address on April 21, 2020.
23. On May 24, 2022, Gordon and IIROC reached a settlement agreement, which was ultimately accepted by an IIROC Hearing Panel. Gordon agreed to (a) an \$80,000 fine, (b) a prohibition of approval in any capacity for three months, (c) a requirement to rewrite the Conduct and Practice Handbook upon reregistration, and (d) costs of \$20,000.
24. As part of the settlement agreement with IIROC, Gordon admitted that, through Dan Gordon Consulting Inc. (“DG Consulting”), he acted for CMP in “negotiating corporate loans as well as mortgages for various properties; discussing contract details for entering into a business partnership with another party such as issuing shares of the proposed company; and generally advising on financial matters for the Corporate Client.”

25. Gordon also admitted in the settlement that DG Consulting received approximately \$670,000 from CMP between March 2016 and March 2020.

F. Gordon's Work at CMP and Relationship with PM and KM

26. CMP offered a range of pharmaceutical services in the Hamilton area, including prescriptions and compound medications. PM was the Chief Executive Officer of CMP and founded the company in 2001. PM is a licenced pharmacist.
27. PM and KM were married during most of the relevant period. KM is also a pharmacist and was partial owner of CMP.
28. Gordon first started managing PM's Registered Retirement Savings Plan investments in the late 1990s or early 2000s. He was PM's primary investment advisor. Gordon was also the insurance agent for both PM and KM.
29. Gordon's relations with CMP began in the 2000s when the pharmacy first opened an investment account with him. Starting in 2008, the company also began to purchase insurance products through him.
30. CMP employed or contracted Gordon (either directly or through corporations owned by him) starting in January 2014. At that time, Gordon was the CFO of CMP, managing, among other things, banking, loans, payroll, and cashflow.
31. In 2015, PM transferred most of his personal investments to accounts owned by CMP in exchange for a shareholder loan. This transfer was done on Gordon's advice. Gordon continued to work as the investment advisor for CMP and PM.
32. After agreeing with Harbourfront Wealth to cease being CFO at CMP, Gordon changed his job title to Consultant and closed his CMP email. Gordon did not tell Harbourfront Wealth about the continued relationship between Gordon and CMP.
33. In July 2017, Gordon incorporated DG Consulting. Gordon was the President, Secretary and sole director of that company. Gordon billed CMP through his companies.
34. Over time Gordon began to take on more responsibilities at CMP. Gordon's additional responsibilities included more negotiations of loans and mortgages, and dealing with suppliers to secure rebates. PM was dealing with personal matters around this time and became even more dependent on Gordon.
35. In 2019, the last full year that Gordon was a consultant for CMP, he was paid \$50,000 per quarter and \$10,000 per month (\$320,000 annually). Gordon was also paid at least \$1,000 a month for non-specific "expenses".

G. Gordon's Sale of Insurance Policies to CMP, PM and KM

36. Between 2008 and when Gordon ceased being a consultant with CMP in February 2020, PM, KM, and CMP purchased 55 insurance policies with Gordon as the agent. The policies were not all active at the same time. The peak number of active policies was in early 2019, when CMP, PM, and KM collectively owned 42 policies.
37. Of the 55 policies, CMP was the owner of 40 policies, while PM and KM individually or jointly owned the other 15.
38. Of the 40 policies purchased by CMP, 11 individually PM. Of these 11, 7 were whole life policies. Further, 9 CMP-owned policies insured KM with 7 of these being whole life policies. The other 20 CMP-owed policies insured the children of PM and KM (4 policies) and CMP employees (16 policies). The employee policies were mostly insurance for critical illness or long-term care (14 of 16 policies).
39. Of the 15 policies owned by PM and/or KM, 8 were for critical illness, 4 were for term life, 2 were for long-term care, and 1 was for whole life insurance. The policies insured PM, KM, and their children.
40. CMP, PM, and KM purchased 19 of the 55 policies after Gordon started working at CMP in 2014. The policies purchased after 2014 substantially increased the annual premiums being paid by PM, KM, and CMP.
41. In 2013, before Gordon joined CMP, the total annual premiums paid by PM, KM and CMP were roughly \$329,000. By 2017, the premiums had increased to over \$1,000,000. By 2019, the insurance premiums were \$1,781,580.
42. Between 2008 and 2020, PM, KM and CMP paid total premiums of approximately \$7,190,250 on policies they had purchased through Gordon. Of this amount they paid \$6,406,580 in premiums between 2014 and 2020.
43. Gordon generated \$900,648 in commissions on these sales to CMP, PM, KM, and SS between 2008 and 2020. Gordon received most of these commissions during his tenure as actual or *de facto* CFO of CMP.
44. Gordon received commission as high as \$87,856 for the sale of a single whole life policy to CMP.
45. These commissions were in addition to Gordon's considerable pay as CFO or Consultant at CMP.

H. Gordon's Sale of Insurance to CMP Employee SS

46. In December 2014, SS was negotiating to be hired by CMP. Gordon was representing CMP in those negotiations.
47. Nearing the end of the negotiations, Gordon told SS in an email that he could not proceed with the offer of an employment contract unless SS had "direct disability insurance with us."

48. SS had already committed to leaving his job and working at CMP. He told a FSRA investigator that he did not feel there was another option other than purchasing disability and life insurance through Gordon to get the job.
49. SS paid for the insurance premiums on a disability policy and a life policy.
50. Gordon received a commission of \$3,669.30 for the sale of SS's life policy.

I. Civil Action

51. On June 26, 2020, PM and CMP launched a civil claim against Gordon, DG Consulting, Gordon Wealth Management, Harbourfront, IDC and the insurer. The claim remains outstanding.

J. Bankruptcy of CMP and PM

52. CMP filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* on July 28, 2020.
53. The Notice of Proposal to Creditors for CMP was filed on August 26, 2020. The company was assigned into bankruptcy by its creditors on September 22, 2020.
54. PM also made a personal proposal in bankruptcy to his creditors.

III. CONTRAVENTIONS OR FAILURES TO COMPLY WITH THE ACT

A. Using Coercion or Undue Influence to Secure Insurance Business

55. Section 17(a) of Ontario Regulation 347/04 states that life insurance agents shall not offer inducement or use coercion or undue influence to control, direct or secure insurance business.
56. Gordon told SS that he had to purchase insurance to get a job with CMP and then arranged the insurance policies for SS. Gordon used his position of authority, representing CMP in hiring negotiations, to unduly influence SS to secure insurance business.
57. Gordon also used undue influence to get CMP, PM and KM to purchase numerous insurance policies through him. As *de facto* CFO of CMP and trusted advisor, Gordon used his position to inappropriately secure insurance business and sizeable commissions.
58. Gordon had been PM's financial advisor since the late 1990s or early 2000s. Over time, Gordon came to play a greater and greater role in PM's financial matters. In January 2014, Gordon was hired as CFO of CMP.

59. For various personal reasons, PM came to rely more and more on Gordon to manage his personal financial affairs as well as the financial affairs of CMP.
60. This dependence was reflected in Gordon's compensation. CMP paid Gordon as much as \$320,000 a year as the *de facto* CFO of the company and trusted that he would act in CMP's and PM's best interests.
61. Instead, Gordon used his position to influence PM and KM to purchase, through CMP and individually, 55 insurance policies. During his tenure at CMP, Gordon secured 19 policies for PM, KM and CMP, 11 of which were whole life policies. Gordon's commissions on just one of these whole life policies was as high as \$87,846 and his total commissions during this period were approximately \$615,819.
62. At the peak in 2019, CMP, PM, and KM paid premiums on their insurance policies of \$1,781,580. The amount, on its own or in conjunction with other financial issues, proved to be unsustainable for the business, which went bankrupt. PM also declared personal bankruptcy.
63. The Director is satisfied that Gordon took advantage of his position of trust and authority as the CFO or *de facto* CFO of CMP and as PM's long-time financial advisor. Gordon used his position to unduly influence CMP, PM and KM so as to secure insurance business for himself contrary to section 17(a).
64. Gordon told FSRA investigators that he did all of his insurance business through his corporation, Gordon Wealth Management. As a result, Gordon Wealth Management contravened section 17(a), though its agent Gordon.

B. Providing False, Misleading, or Incomplete Employment or Occupation Information to FSRA

65. Section 447(2)(a) of the Act provides that every person is guilty of an offence who directly or indirectly furnishes false, misleading or incomplete information to FSRA.
66. Gordon was required to inform FSRA of any occupation or employment other than as an insurance agent. His renewal applications for 2014, 2016, and 2018 each included the question: "do you have any other occupation or employment other than as an insurance agent?".
67. In response, Gordon only provided information about being a financial advisor. He failed to identify being retained by CMP as CFO or as a consultant. He also did not refer to his corporations or any work he was doing through them.
68. Gordon also failed to report being a consultant at CMP to Harbourfront Wealth. While that is not a contravention under the Act, it does reflect a pattern of selective reporting.

69. The Director is satisfied that Gordon provided FSRA with false, misleading or incomplete information in his 2014, 2016, and 2018 renewal applications in contravention of section 447(2)(a) of the Act.

C. Providing False, Misleading, or Incomplete Information to FSRA About Being the Subject of an Investigation

70. Gordon was required to inform FSRA if he was the subject of an investigation by another regulatory authority. His renewal application submitted on April 28, 2020, included the question: “are you currently the subject of an investigation by another regulatory authority?”. In response, Gordon answered “no”.
71. When applying to renew his agent licence on April 28, 2020, Gordon was aware he was being investigated by IIROC. He had been informed of this by IIROC in a letter dated April 20, 2020. The letter was delivered to his home, with confirmation of delivery, on April 21, 2020.
72. The Director is satisfied that Gordon provided FSRA with false, misleading, or incomplete information in his 2020 renewal application, in contravention of section 447(2)(a) of the Act.

D. Failure to Maintain E&O Insurance

73. Section 13 of Ontario Regulation 347/04 requires an agent who holds a life insurance licence to maintain E&O insurance of at least \$1,000,000 or to maintain another form of financial guarantee in a form approved by the Chief Executive Officer in an amount of at least \$1,000,000.
74. Gordon was required to carry E&O insurance as he did not have a financial guarantee in a form approved by the Chief Executive Officer.
75. Gordon says he retired after ending his relationship with Harbourfront Wealth in March 2020. However, his relationship with Harbourfront Estate Planning was only formally ended later, on August 20, 2020. Moreover, he applied to renew his licence on April 28, 2020, and remained licensed for a further two years until his licence expired on May 2, 2022.
76. The only way for Gordon to terminate his licence before it expired on May 2, 2022, would have been to apply to FSRA to surrender it. He never did so. As a result, Gordon was still required to have E&O insurance until his licence expired on May 2, 2022.
77. The Director is satisfied that Gordon contravened section 13 of Ontario Regulation 347/04 by failing to have the required E&O insurance or guarantee for the 14-month period between March 7, 2021, and May 2, 2022.

IV. GROUNDS FOR IMPOSING ADMINISTRATIVE PENALTIES

78. The Director is satisfied that imposing administrative penalties on Gordon and Gordon Wealth Management 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 the Act.
79. The Director is satisfied that administrative penalties in the amount of \$133,500 should be imposed on Gordon. These penalties are based on the following:
- a. Two penalties in the total amount of \$115,000 for using coercion or undue influence to secure insurance business contrary to section 17(a) of Ontario Regulation 347/04 in relation to:
 - i. CMP, PM, and KM (\$100,000); and
 - ii. SS, a prospective employee of CMP (\$15,000); and
 - b. Two penalties in the total amount of \$15,000 for contravening section 447(2)(a) of the Act by directly or indirectly furnishing false, misleading or incomplete information to FSRA in relation to Gordon's:
 - i. occupation or employment (\$10,000); and
 - ii. being the subject of an investigation by another regulatory authority (\$5,000); and
 - c. A penalty in the amount of \$3,500 for failing to maintain E&O insurance or a suitable financial guarantee contrary to section 13 of Ontario Regulation 347/04.
80. The Director is satisfied that administrative penalties in the amount of \$150,000 should be imposed on Gordon Wealth Management Limited for using coercion or undue influence to secure insurance business contrary to section 17(a) of Ontario Regulation 347/04 in relation to:
- a. CMP, PM, and KM (\$130,000); and
 - b. SS, a prospective employee of CMP (\$20,000).
81. Section 2 of Ontario Regulation 408/12 provides that the provisions of the Act and its regulations that are listed in schedules 1, 2, and 2.1 are prescribed for the purpose of imposing administrative penalties under section 441.3 of the Act.
82. Section 447(2)(a) of the Act and section 17(a) of Ontario Regulation 347/04 are listed in Schedule 1. Section 13 of Ontario Regulation 347/04 is listed in Schedule 2.

83. In determining the amount of the administrative penalties under section 441.3, 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.
84. In respect of the **first criterion**, the Director believes that Gordon's and Gordon Wealth Management's conduct in using Gordon's position of authority to influence SS, PM, KM, and CMP to purchase insurance policies was intentional. Gordon intentionally exploited his position to sell policies and earn commissions.
85. Gordon explicitly required SS to obtain insurance as a condition of being hired by CMP. Gordon also used his position as CFO and *de facto* CFO of CMP to unduly influence CMP, PM, and KM into buying 19 insurance policies worth millions of dollars of insurance products through him, allowing him to collect substantial commissions as a result.
86. The sheer volume of the policies, the dramatic increase in the premiums over several years as CMP, PM, and KM bought new policies, and the increasing commissions that flowed to Gordon as a result, all support the conclusion that this was an intentional scheme by Gordon for his direct financial benefit.
87. The fact that Gordon failed to report being a consultant to both Harbourfront Wealth and FSCO / FSRA over a period of several years is also consistent with an intentional course of conduct. This conduct was designed to avoid drawing attention to the conflicts of interest between Gordon's roles as a financial advisor and insurance agent and his role as a consultant with CMP.
88. By concealing his conflicts of interest, Gordon was able to avoid scrutiny of his actual conduct, including the sale of the policies referred to above. This is consistent with an intentional, well planned, and deliberately executed course of conduct over many years.

89. The Director is also of the belief that Gordon's failure to inform FSRA that he was under investigation by IIROC was intentional. On April 28, 2020, Gordon took the active step of failing to inform FSRA that he was the subject of a regulatory investigation when he had been advised otherwise in writing just one week earlier.
90. The Director is also of the belief that Gordon's conduct in failing to inform FSRA of his other employment or occupation information was, at minimum, reckless or negligent. An agent has responsibility for accurately and completely responding to the questions asked on licence applications.
91. Gordon's repeated failure to disclose his work with CMP on his applications in 2014, 2016 and 2018 is not consistent with an inadvertent mistake.
92. Finally, the Director is of the belief that, at minimum, Gordon was negligent or reckless in failing to maintain his E&O insurance. The requirement to have valid E&O insurance coverage is clear under Ontario Regulation 347/04, on FSRA's public website and in the required licence renewal applications. Gordon had been licensed under the Act for more than 20 years when he allowed his E&O insurance to lapse and ought to have been aware of this critical regulatory requirement intended to protect consumers. The onus was on Gordon to monitor the status of his E&O insurance and to maintain it.
93. In respect of the **second criterion**, the Director is of the belief that Gordon and Gordon Wealth Management harmed SS, PM, KM, and CMP through their sales of insurance policies.
94. SS paid monthly premiums on his insurance policies for roughly five years. CMP, PM and KM paid \$6,406,580 in insurance premiums between 2014 and 2020. The significant cost of the insurance premiums, reaching \$1,781,580 in 2019, was a significant drain on the finances of CMP and the company eventually entered bankruptcy. PM also declared personal bankruptcy.
95. The Director also believes that Gordon created a substantial risk of harm by failing to report to FSRA his other employment activities and the ongoing IIROC investigation into his actions. Self-reporting by insurance agents on applications is a key component of FSRA's monitoring activities and allows FSRA to conduct risk-based monitoring of insurance agents. Without accurate information, FSRA could not assess whether further protective measures were needed to protect the public or whether conditions should be placed on Gordon's licence.
96. The Director is also of the belief that there was a substantial risk of potential harm to the public given that Gordon had a valid insurance agent licence for 14 months where he did not maintain E&O insurance.
97. In respect of the **third criterion**, the Director is of the belief that Gordon and Gordon Wealth Management never attempted to mitigate the losses of SS, PM, KM or CMP, or to take any other remedial action.

98. The Director further believes that there is no evidence that Gordon took steps to mitigate or rectify his failure to have E&O insurance or to take steps to inform FSRA of his occupational and employment activities with CMP nor of the investigation by IIROC.
99. In respect of the **fourth criterion**, the Director is of the belief that Gordon and Gordon Wealth Management benefited by receiving commissions from Gordon's selling of policies to SS, PM, KM, and CMP. In particular, Gordon was paid \$900,648 in commissions between 2008 and 2020 from selling insurance policies to CMP, PM and KM. Gordon was also paid a commission of \$3,669.30 from selling insurance policies to SS.
100. Further, the Director is of the belief that Gordon also had the benefit of operating without the regulatory scrutiny and possible licence conditions or undertakings that would have been required of him had he properly disclosed his other occupations or employment and had he properly disclosed the IIROC investigation to FSRA.
101. Finally, the Director is of the belief that Gordon had the benefit of not having to pay premiums for E&O insurance for approximately 14 months while still holding a valid insurance agent licence.
102. In respect of the **fifth criterion**, the Director is aware of regulatory action taken by IIROC against Gordon and of the settlement reached by Gordon with IIROC on May 25, 2022, for his conduct in failing to disclose an outside business activity to his Dealer Member and for engaging in personal financial dealings with a client. Gordon admitted the contraventions of IIROC's rules as part of the settlement.
103. Such further and other reasons as may come to my attention.

DATED at Toronto, Ontario, July 6, 2022

Elissa Sinha
Director, Litigation and Enforcement

By delegated authority from the Chief Executive Officer