
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 Nirali Chandrakant Patel.

MINUTES OF SETTLEMENT AND UNDERTAKING

PART I – INTRODUCTION

1. Nirali Chandrakant Patel (“Nirali Patel”) was licensed as a Life Insurance and Accident and Sickness Agent (licence #20181615) under the Act between March 18, 2020, and March 17, 2022.
2. On July 15, 2022, the Director, Litigation and Enforcement (the “Director”), by delegated authority from the Chief Executive Officer (“CEO”) of the Financial Services Regulatory Authority of Ontario (“FSRA”), issued a Notice of Proposal in respect of Nirali Patel (the “NOP”).
3. Nirali Patel disputed the allegations and, on or about August 1, 2022, requested a hearing before the Financial Services Tribunal (the “Tribunal”) in respect of the NOP.
4. Nirali Patel and the Director, by delegated authority from the CEO, (collectively the “Parties”) wish to resolve this matter on consent and without a hearing before the Tribunal.

PART II – AGREED FACTS

(a) Background

5. During the relevant time Jay Patel, Nirali Patel, Pratik 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 (license #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 Nirali Patel. As part of their contract with WFG, this team acted as agents for Canada Protection Plan (“CPP”), a licensed insurance agency.

7. During the relevant time the Agents were sponsored by and contracted as insurance agents with Ivori, a licensed insurance company.
8. Jay Patel, with another person, incorporated 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.
9. During the relevant time Nirali Patel worked for or acted on behalf of Expedite. Jay Patel supervised their activities at Expedite.

(b) Misconduct Relating to the Sale of Insurance Policies

10. 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") 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 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 the Students fully understanding the nature of the product they were purchasing;
 - (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;
 - (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; and

- (ix) As a result of the policies identified below, Nirali Patel earned commission of \$ 1,097.42.

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

11. The AS Policy was a CPP Preferred Life whole life insurance policy with face value of benefits amounting to \$117,000. Patel was named as AS’s advisor on the form.
12. At the time of the sale of the AS Policy, AS was an international student from India studying in Canada.
13. AS attended an online job interview with Nirali Patel and Jay Patel for what she was told was a data entry position with Expedite.
14. Patel applied for the AS Policy without AS fully understanding that she was purchasing an insurance policy.
15. Information relating to AS’ medical history was entered on the basis of assumptions made by Nirali Patel and Patel and was not accurate.
16. Nirali Patel received commission of \$244.49 on the sale of the AS Policy.

(d) CPP Insurance Policy sold by Nirali Patel to SM (the “SM Policy”)

17. 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. Nirali Patel was named as SM’s advisor on the form.
18. 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.
19. SM attended an online a job recruitment session for a data entry position with Expedite;
20. Nirali Patel applied for the SM Policy without SM fully understanding that he was purchasing an insurance policy
21. SM did not complete the application form that had been used to apply for the SM Policy. 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.
22. Nirali Patel received commissions amounting to \$372.88 on the sale of the SM Policy.

(e) Ivori Insurance Policy sold by Nirali Patel to “AB” (the “AB Policy”)

23. The AB Policy was a Ivori Prosperity Single Life insurance policy with face value of benefits amounting to \$153,000. Nirali Patel was named as AB’s advisor on the form.
24. At the time of the sale of the AB Policy, AB was an international student from India studying in Canada. AB was 26 years old.

25. AB attended an online job recruitment for a data entry position with Expedite.
26. 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.
27. Nirali Patel received commissions amounting to \$480.05 on the sale of the AB Policy.

(f) False Information to FSRA

28. Nirali Patel attended for an interview with FSRA on April 12, 2021 (the "Interview").
29. During the course of the Interview, Nirali Patel provided false, misleading or incomplete information, including denying that they were involved in the activities of Expedite.

PART III – NON-COMPLIANCE WITH THE ACT

30. By engaging in the conduct described above in Part II, Nirali Patel admits and acknowledges that they breached the Act as follows:
 - (i) Using coercion and undue influence in order to secure insurance business from AS and AB, contrary to subsection 17(a) of Ontario Regulation 347/04;
 - (ii) Making false and misleading statements and representations to AS, SM, Ivori, and CPP in order to arrange the purchase of life insurance policies, contrary to subsection 17(c) of Ontario Regulation 347/04; and
 - (iii) Furnishing false information to FSRA, contrary to clause 447(2)(a) of the Act.

PART IV – TERMS OF SETTLEMENT

31. Nirali Patel admits the facts contained in Part II of these Minutes.
32. Nirali Patel acknowledges and agrees that they have been given the opportunity to seek independent legal advice and they have done so (or have waived the right to do so) and are entering into these Minutes of Settlement and Undertaking ("Minutes") voluntarily, understanding the consequences of doing so.
33. Nirali Patel acknowledges that these Minutes are an undertaking within the meaning of the Act, and that failure to comply may result in immediate regulatory action including, but not limited to, the issuance of a Notice of Proposal to revoke the licence, a Notice of Proposal to impose an administrative penalty, or a prosecution under the *Provincial Offences Act*.

34. Nirali Patel agrees and undertakes that they will act as a witness at any hearing in respect of Jay Patel and/or Pratik Gohel, and that they will testify in accordance with the facts as set out in Part II of these Minutes.

(a) Issuance of Order

35. Nirali Patel acknowledges that, upon execution of these Minutes by both Parties, the order attached as Schedule "A" to these Minutes (the "Order") will be issued, pursuant to which three administrative monetary penalties in the total amount of \$35,000 are imposed on Nirali Patel:

- (i) \$15,000 for contravening subsection 17(a) of Ontario Regulation 347/04 by using coercion and undue influence in order to secure insurance business;
- (ii) \$10,000 for contravening subsection 17(c) of Ontario Regulation 347/04 by making false and misleading statements and representations in order to arrange the purchase of life insurance policies; and
- (iii) \$10,000 for contravening clause 447(2)(a) of the Act by furnishing false information to FSRA.

(b) Process for Execution of Settlement

36. Nirali Patel acknowledges that these Minutes are not binding on the Director until signed by the Director.

37. These Minutes may be executed in counterparts, and may be executed and delivered by facsimile or e-mail, and all such counterparts and facsimiles or e-mails, as applicable, shall together constitute one and the same agreement.

38. Upon receiving an executed copy of these Minutes from FSRA, Nirali Patel will withdraw their Request for Hearing (Form 1) in respect of the NOP before the Tribunal by completing a Withdrawal/Discontinuance (Form 5) and filing it with the Registrar at the Tribunal within two (2) business days.

39. Upon confirmation from the Tribunal that the Request for Hearing has been withdrawn and the hearing has been cancelled, the Parties agree that the Director will issue an Order in the form attached as Schedule "A" to these Minutes.

40. The Parties accept and understand that these Minutes and any rights within the Minutes shall enure to the Parties and to any successors or assigns of the Parties.

(c) Disclosure of Minutes and Order

41. The Parties will keep the terms of these Minutes and the Order confidential until the Order is issued, except that:

- (i) The Director shall be permitted to disclose the Minutes and the Order within FSRA; and

(ii) The Parties shall be permitted to inform the Financial Services Tribunal.

42. If either of the Parties do not sign these Minutes or the Director does not issue the Order:

(i) These Minutes, the Order, and all related discussions and negotiations will be without prejudice to FSRA and Nirali Patel; and

(ii) FSRA and Nirali Patel will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the NOP. Any proceedings, remedies and challenges will not be affected by these Minutes, the Order, or any related discussions or negotiations.

43. Upon issuance of the Order:

(i) Nirali Patel agrees that these Minutes and the Order form part of their administrative record for the purposes of any future licensing decision or as an aggravating factor in respect of a future administrative penalty or prosecution against them or any affiliated entities;

(ii) Nirali Patel acknowledges that these Minutes and the Order are public and will be published by FSRA on its public website (or that of its successor) along with a press release that summarizes these Minutes and the Order; and

(iii) The Parties agree not to make representations to any member of the public or media or in a public forum that are inconsistent with these Minutes or the Order.

(d) Further Proceedings

44. Whether or not the Order is issued, Nirali Patel will not use, in any proceeding, these Minutes or the negotiation or process of approval of these Minutes as the basis for any attack on FSRA's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may be available.

45. Upon issuance of the Order:

(i) Nirali Patel waives all rights to a hearing before the Tribunal regarding the NOP;

(ii) Nirali Patel waives all rights to a judicial review or appeal of the Order;

(iii) The Director agrees that FSRA will not take any further proceedings against Nirali Patel arising solely from the facts contained in Part II of these Minutes, unless facts not disclosed by Nirali Patel come to the attention of FSRA that are materially different from those contained in Part II of these Minutes or Nirali Patel fails to comply with any term in the Order; and

(iv) Nirali Patel agrees that should they fail to comply with any term in these Minutes or the Order, FSRA is entitled to bring any proceedings available to it.

DATED in the City of ,

Nirali Chandrakant Patel

Witness
Print name:

DATED in the City of Toronto, Ontario

Elissa Sinha
Director, Litigation and Enforcement
Financial Services Regulatory Authority of Ontario
By delegated authority from the Chief Executive Officer

APPENDIX A

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 Nirali Chandrakant Patel (“Nirali Patel”)

ORDER TO IMPOSE ADMINISTRATIVE PENALTIES

Nirali Patel was licensed as a Life Insurance and Accident and Sickness Agent (licence #20181615) under the Act between March 18, 2020, and March 17, 2022.

On July 15, 2022, by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), the Director, Litigation and Enforcement (the “Director”) issued a Notice of Proposal to impose administrative penalties on Nirali Patel.

A Request for Hearing (Form 1) dated August 1, 2022, was delivered to the Financial Services Tribunal (the “Tribunal”) in accordance with section 441.3(5) of the Act respecting the Notice of Proposal.

On [date], Nirali Patel withdrew the Request for Hearing, and, on [date] the Tribunal closed its file in respect of this matter. Therefore, pursuant to section 441.3(7) of the Act, the Director makes the following order.

ORDER

Administrative penalties in the total amount of \$35,000 are hereby imposed on Nirali Chandrakant Patel, for the reasons set out in the Notice of Proposal.

TAKE NOTICE THAT the Financial Services Regulatory Authority of Ontario will deliver an invoice to Nirali Chandrakant Patel with information as to where and how to pay the administrative penalties. Nirali Chandrakant Patel must pay the administrative penalties no later than eighteen (18) months after the order is issued.

If Nirali Chandrakant Patel fails to pay the administrative penalties in accordance with the terms of this Order, the Chief Executive Officer may file the Order with the Superior Court of Justice and the Order may be enforced as if it were an order of the court. An administrative penalty that is not paid in accordance with the terms of the order imposing the penalty is a debt due to the Crown and is enforceable as such.

DATED at Toronto, Ontario,

Elissa Sinha
Director, Litigation and Enforcement

By delegated authority from the Chief Executive Officer

Si vous désirez recevoir cet avis en français, veuillez nous envoyer votre demande par courriel immédiatement à : contactcentre@fsrao.ca.