



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 392.4, 392.5, 407.1, 441.2 and 441.3;

AND IN THE MATTER OF Michael Lampel;

AND IN THE MATTER OF IFC Financial Inc. operating as Insurance for Children.

**NOTICE OF PROPOSAL TO REVOKE LICENCE, TO REFUSE TO RENEW LICENCE
AND TO IMPOSE AN ADMINISTRATIVE PENALTY**

TO: Michael Lampel

AND TO: IFC Financial Inc. operating as Insurance for Children
4211 Yonge St, Suite 245
Toronto, ON, M2P 2A9

TAKE NOTICE THAT pursuant to sections 392.5 and 407.1 of the Act, and 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”)** is proposing to revoke the life insurance and accident and sickness insurance agent licence issued to Michael Lampel (“Lampel”).

AND TAKE NOTICE THAT pursuant to sections 392.4 and 407.1 of the Act, and by delegated authority from the Chief Executive Officer, **the Director is proposing to refuse to renew the corporate agent licence issued to IFC Financial Inc. operating as Insurance for Children (“IFC”).**

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 three administrative penalties in the total amount of \$55,000 on Lampel as follows:**

- a. **\$50,000 for contravening section 17(c) of Ontario Regulation 347/04 by engaging in a course of conduct of making false or misleading statements or representations in the solicitation or registration of insurance.**
- b. **Two administrative penalties of \$2,500 each, in the total amount of \$5,000, for contravening section 447(2)(a) of the Act by providing false information to FSRA.**

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 407.1(2), 407.1(3), 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, Suite 100
Toronto, ON M2N 6S6

Attention: Registrar

Fax: 416-226-7750

Email: contact@fstontario.ca

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

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 of the Director to revoke Lampel's life insurance and accident and sickness insurance agent licence, to refuse to renew the corporate insurance agent licence of IFC, and to impose administrative penalties in the total amount of \$55,000 on Lampel.

II. BACKGROUND

2. Lampel is a licenced life insurance and accident and sickness insurance agent (licence #07097077) under the Act. Lampel was first licenced from June 1, 2007, until May 31, 2011. Lampel renewed his licence on January 12, 2012, and has been continuously licenced since. His licence will expire on January 11, 2024.
3. Lampel owns and operates IFC (licence #34496M). IFC's licence expired on April 30, 2023. A renewal application for IFC was submitted on April 12, 2023. Lampel is the sole Director, Officer, or Partner, as well as the only life agent selling under IFC. IFC failed to disclose the investigation into Lampel on its 2023 licence renewal application.
4. Lampel was contracted to sell for Faith Life Financial ("Faith Life", now known as Serenia Life) on March 17, 2020. Lampel did not disclose that he had a contract with Faith Life in his January 4, 2022, licence renewal application to FSRA.
5. LG is a licensed life insurance and accident and sickness insurance agent. LG worked for IFC from February 1, 2021, until November 10, 2021. LG was contracted with IFC from 2019 until she left IFC in November 2021.
6. SL is not licenced under the Act. SL worked for Lampel as an office assistant at IFC from March 2021 until November 2021.

III. FACTS

A. Lampel Misrepresented he was the Selling Agent

7. On March 7, 2022, FSRA received a Life Agent Reporting Form ("LARF") from Faith Life with respect to misrepresentation and untrustworthiness allegations against Lampel. Faith Life terminated Lampel's contract on March 4, 2022.

Agent LG

8. On February 1, 2021, LG was hired by Lampel for the role of "Family Advisor." LG was not contracted with Faith Life while she was employed at IFC. LG did not have a Faith Life system access code. LG contracted with Faith Life on November 26, 2021, after she left IFC.

9. In a June 26, 2023, interview with a FSRA Investigator, LG advised that her role was to meet with prospective clients that were scheduled for her by IFC. Lampel instructed LG to meet with clients to sell Faith Life insurance products. After each meeting LG would send a completed word document provided by Lampel that mirrored the Faith Life application to SL, Lampel's assistant. SL would then submit the applications to Faith Life using Lampel's Faith Life access code and Faith Life's application system. According to Faith Life, agents are supposed to utilize Faith Life's application system directly using their own, personal agent code. After several months, LG was given an IFC "e-application" by Lampel to fill out instead of using the word document. This e-application was not sanctioned by Faith Life.
10. LG advised that Lampel did not have contact with the clients throughout the sales process. Despite this, Lampel was placed as the selling and advising agent on all applications when submitted to Faith Life.
11. From February 1, 2021 to November 26, 2021, LG completed 74 applications for insureds she met with that were submitted under Lampel's agent code and signature and for which Faith Life issued policies. Lampel received all commissions and then he paid LG based on a verbal commission agreement. Lampel was paid approximately \$59,355.07 in commissions by Faith Life on LG's policies. Lampel did not keep records of how much he paid LG. LG is currently suing Lampel for additional commissions owed.
12. In a July 7, 2023, interview with a FSRA Investigator, Lampel indicated that he wanted to ensure that all the policies would remain with IFC, even if the advisor left the company. Lampel stated that he wanted to maintain possession and control of his IFC clients by keeping LG off record and placing himself as the sole selling and advising agent.

Non-Agent SL

13. According to SL, the general practice was that LG would meet with clients and discuss their insurance options. SL would then receive completed word document applications or IFC e-applications from LG. SL was instructed by Lampel to insert client information from the application LG had completed into the Faith Life application system using Lampel's Faith Life system access code. When the client returned the signed application, SL would insert Lampel's e-signature and submit the application to Faith Life.
14. SL was not a licenced agent nor contracted by Faith Life. SL did not have a Faith Life system access code.

B. Lampel Misrepresented Client Information on Policies for Insurer Approval

Faith Life Investigation

15. In the LARF submitted by Faith Life, Faith Life indicated that it investigated 137 client policies (including the 74 LG sold policies) produced by Lampel and discovered 24 children insurance policies with amendments to the original heights and weights provided by the parents at the time of the application.
16. Faith Life confirmed that all five policies reviewed would have been denied or rated differently if the amendments were not made from the original application.

FSRA Investigation

17. A FSRA Senior Compliance Officer confirmed that in the five policies reviewed by Faith Life, the original heights and weights provided to LG by the parents were accurate and the altered heights and weights were not provided by the parents.
18. In a July 18, 2023, interview with a FSRA Investigator SL confirmed that Lampel instructed SL to ensure the heights and weights fit the Faith Life table before she sent them for consideration. SL said that she continued that process to prevent Faith Life from rejecting the applications. SL indicated that she did not tell the client's parents, the applicants for the policies, when she made changes to heights and weights on the application.
19. SL also indicated that Lampel did not review any of the applications prior to her submitting them to Faith Life. SL indicated that she never received any complaints or questions about any changes she made to height and weight.

C. Lampel Failed to Disclose Information to FSRA in his Licence Renewal Application

20. In a July 7, 2023, interview with a FSRA Investigator, Lampel stated that he was contracted with Faith Life on March 17, 2020, until March 4, 2022 when Faith Life terminated his contract.
21. Lampel renewed his license on January 4, 2022. Lampel did not disclose that he had a contract with Faith Life in his licence renewal application. Lampel indicated that he forgot to advise FSRA because of the COVID-19 pandemic and personal health issues.

D. IFC False Information on Licence Renewal Application

22. On April 12, 2023, Lampel applied to renew IFC's corporate agent licence.
23. In the application, Lampel answered "no" to the following questions:
 - i. In the last five (5) years, has a complaint been made against you or the corporation to any regulatory body in a Canadian jurisdiction that was based, in whole or part, on fraud, theft, deceit, misrepresentation, forgery or similar conduct; or based in whole or in part, on professional negligence or misconduct?
 - ii. Have you or the corporation been subject to discipline or are you or the corporation currently the subject of an investigation by a regulatory authority in this jurisdiction or elsewhere?
24. At the time of this application, Lampel was aware of the misrepresentation complaint by Faith Life and the FSRA investigation.

IV. CONTRAVENTIONS OR FAILURES TO COMPLY WITH THE ACT

False Statement in the Solicitation or Registration of Insurance

25. Section 17(c) of Ontario Regulation 347/04 states that a life insurance agent is prohibited from making a false or misleading statement or representation in the solicitation or registration of insurance.
26. Lampel instructed LG to sell Faith Life policies and gave his Faith Life system access code to SL to sign policies on his behalf. In doing so, Lampel made false and misleading statements to Faith Life by indicating that he was the insurance agent soliciting and registering the insurance on each policy. Additionally, Lampel made numerous false or misleading representations in the registration of insurance by representing to Faith Life that he verified the information after having met with the clients.
27. Lampel submitted applications with misleading information to Faith Life to facilitate the sale of insurance policies. Lampel knowingly provided an inaccurate version of the applications by directing his assistant to adjust the heights and weights of clients to ensure approval. The adjustments were not brought to the attention of the clients.

False Information to FSRA

28. Section 447(2)(a) of the Act states that it is an offence to directly or indirectly furnish false, misleading, or incomplete information to the Authority whether the information is required under this Act or is volunteered.
29. Lampel provided false and incomplete information to FSRA in his 2022 licence application by failing to disclose his contract with Faith Life.

30. Additionally, Lampel provided false and incomplete information to FSRA in IFC's 2023 licence application when he failed to disclose that he was under investigation by FSRA.

V. GROUNDS FOR REVOKING LICENCE AND REFUSING TO RENEW LICENCE

31. Section 392.4 of the Act states that the Chief Executive Officer shall renew an insurance agent's licence if the agent has satisfied the prescribed requirements for a licence unless he believes on reasonable grounds that the applicant is not suitable to be licenced, having regard to such circumstances as may be prescribed and other matters the Chief Executive Officer considers appropriate.
32. Section 7(4) of Ontario Regulation 347/04 states that an application for renewal of an insurance agent licence may be refused on any grounds on which the Chief Executive Officer is authorized to suspend or revoke the licence.
33. Section 392.5(1) of the Act states that the Chief Executive Officer may revoke or suspend an insurance agent's licence if the agent has failed to comply with the Act, the regulations, or a condition of the licence.
34. Further, section 392.5(2) of the Act states that the Chief Executive Officer may revoke or suspend an agent's licence if any prescribed grounds for revoking or suspending a licence, or for refusing to issue a licence, exist.
35. Sections 392.4 and 392.5 of the Act, and section 8 of Ontario Regulation 347/04 prescribe the circumstances the Chief Executive Officer may have regard to when determining whether an applicant is not suitable to be licenced, namely if it appears that the licensee has:
 - a) Violated any provision of the licence in the licence's operations as an agent;
 - b) Made a material misstatement or omission in the application for the licence;
 - c) Been guilty of a fraudulent act or practice; or
 - d) Demonstrated incompetence or untrustworthiness to transact the insurance agency business for which the licence has been granted.
36. The Director has reasonable grounds to believe that Lampel is not suitable for licensing under the Act. Lampel has demonstrated incompetence and untrustworthiness to transact business as an insurance agent by designing a system whereby he appeared as the selling agent on applications that he did not complete, nor submit and where he had not verified the accuracy of the information. Further, many of the applications submitted on Lampel's behalf included inaccurate height and weight information about the insureds, because Lampel instructed his staff to ensure that the information was within the insurer's parameters to encourage insurer approval.

37. Further, Lampel made a material omission in his January 4, 2022, licence renewal to FSRA when he failed to disclose that he had a contract with Faith Life. Lampel made another material omission in his April 12, 2023, IFC renewal application by failing to disclose the complaint by Faith Life.
38. Lampel's material omissions on his applications impeded FSRA from making an accurate determination of whether it should be accepted. The questions posed to those who apply for licences or renewal under the Act are vitally important to FSRA in assessing the suitability and qualifications of applicants. These questions are a necessary screening tool to protect the public from unqualified and unsuitable persons.
39. The Director is satisfied that a sanction less than revocation, such as suspension or licence conditions, would not reflect the severity of Lampel's conduct and would not adequately protect the public.
40. As Lampel's insurance activity is carried out through IFC and given that Lampel is the sole owner and directing mind of IFC, the Director is satisfied that IFC will not transact insurance agency business with honesty and trustworthiness. As such, IFC is not suitable to be licensed under the Act.

VI. GROUNDS FOR IMPOSING ADMINISTRATIVE PENALTIES

41. The Director is satisfied that imposing an administrative penalty under section 441.3(1) of the Act for the contravention of sections 442.1(5) and 442.3(3) described above will satisfy both of the following purposes under section 441.2(1):
 - i. To promote compliance with the requirements established under the Act; and
 - ii. To prevent a person from deriving, directly or indirectly, any economic benefit because of contravening or failing to comply with a requirement established under the Act.
42. The Director is satisfied that administrative penalties in the total amount of \$55,000 should be imposed on Lampel. These administrative penalties will promote compliance with sections 447(2)(a) of the Act and 17(c) of Ontario Regulation 347/04.
43. Section 447(2)(a) and Section 17(c) are listed in *Schedule 1* of Ontario Regulation 408/12 and contraventions of these sections carry a maximum penalty of \$100,000 for an individual.

44. In determining the amount of the administrative penalties, the Director has considered the following criteria as required by section 4(2) of Ontario Regulation 408/12:
- i. The degree to which the contravention or failure was intentional, reckless or negligent;
 - ii. The extent of the harm or potential harm to others resulting from the contravention or failure;
 - iii. The extent to which the person or entity tried to mitigate any loss or take other remedial action;
 - iv. 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; and
 - v. 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.
45. In respect of the **first criterion**, the Director is satisfied that Lampel intentionally distributed his Faith Life system access code to SL and designed a system where he appeared as agent on applications he had not completed or verified. Lampel knew that SL was using his code to access the Faith Life portal and sign life insurance applications on his behalf. Lampel took deliberate actions to ensure that he was the only agent associated with the policies so he could maintain possession and control of the IFC clients.
46. Additionally, Lampel intentionally provided false information to FSRA as he knew that his answers on his own and on IFC's licensing applications were false.
47. In respect of the **second criterion**, the Director has considered the harm that could result from Lampel's conduct. Lampel caused harm to LG by collecting commissions earned by LG. LG, as a licenced agent, was entitled to submit policies using her own access code and collect commissions directly. Instead, Lampel ensured that the commissions were paid directly to him and exploited LG by taking part of the commission. Lampel exposed Faith Life and his clients to additional potential harm by placing inaccurate information on client policies. This could have resulted in policy cancellation or a refusal to pay benefits to clients. Further, this caused Faith Life to take on risks associated with policies that would have not been approved.
48. In respect of the **third criterion**, the Director is not aware of any steps taken by Lampel to mitigate any loss caused by the contraventions or taken any other remedial action.

49. In respect of the **fourth criterion**, the Director is satisfied that Lampel contravened the Act and its regulations to increase his volume of insurance business and generate commissions. Lampel made approximately \$59,355.07 in commissions from the sale of the concerned policies, some of which was directed to LG.
50. In respect of the **fifth criterion**, the Director is unaware of any contraventions or failures to comply with a requirement established under the Act or with any other financial services legislation in Ontario or of any jurisdiction during the preceding five years by Lampel.
51. Such further and other reasons as may come to my attention.

DATED at Toronto, Ontario, December 21, 2023

Elissa Sinha
Director, Litigation and Enforcement

By delegated authority from the Chief Executive Officer