



Financial Services Regulatory
Authority of Ontario



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 and 407.1;

AND IN THE MATTER OF 1550739 ONTARIO INC.

AND IN THE MATTER OF CARMAN McKECHNIE

**NOTICE OF PROPOSAL TO REFUSE TO RENEW LICENCE OF 1550739
ONTARIO INC. AND TO REVOKE THE LICENCE OF CARMAN McKECHNIE**

TO: 1550739 Ontario Inc.
128 Woodgate Way
Ottawa, ON K2J 4E5

AND TO: Carman McKechnie
Principal Representative

TAKE NOTICE THAT pursuant to sections 392.4 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, Licensing (the “Director”) is proposing to refuse to renew the insurance agent corporate licence issued to 1550739 Ontario Inc. and revoke the insurance agent licence issued to Carman McKechnie.**

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) AND 407.1(3) 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 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.

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 reasons for the proposal by the Director to revoke the insurance agent licence issued to Carman McKechnie (the "Applicant") and to refuse to renew the corporate licence of 1550739 Ontario Inc. (the "Corporation").
2. The Director believes, on reasonable grounds, that the Applicant and the Corporation are not suitable to be licensed having regard to the circumstances prescribed under the Act and Regulations for conduct contrary to the statute and for failing to make disclosure on multiple consecutive licensing applications.

II. BACKGROUND

Licensing History

3. The Applicant has been licensed continuously as a life and accident & sickness insurance agent (licence # 02074754) under the Act since November 6, 2002. His licence expires January 31, 2026.
4. The Corporation is duly incorporated under the laws of Ontario and principally engaged in the business of brokering life insurance products. The Corporation (licence # 33287M) had been licensed under the Act since February 8, 2020, until February 8, 2024, when the licence expired.
5. The Applicant is the Designated Agent, Principal Representative and only selling agent on behalf of the Corporation.

Discipline Decision of the Institute of Chartered Accounts of Ontario (ICAO)

6. The Applicant held a licence to practice public accounting from 1995 to 1997. He was not licensed after 1997. In reasons dated February 26, 2013, following a guilty plea on an agreed statement of facts, the ICAO found that between February 2006 and November 2010, the Applicant knowingly practiced public accounting without a licence, fabricated reports and submitted fabricated reports and statements to the regulatory authority.
7. The Applicant's membership in the profession was revoked, he was reprimanded, and ordered to pay a fine of \$7,500.

Canadian Investment Regulatory Organization Licence

8. The Applicant is licensed as a mutual fund dealer with the Canadian Investment Regulatory Organization (CIRO). On July 25, 2024, the CIRO advised that the Applicant did not disclose the ICAO decision to them.

The Applications to Renew the Licenses

9. The Applicant and the Corporation failed to disclose the ICAO Discipline Decision on nine (9) consecutive applications submitted to FSRA between 2013 and 2024.
10. The Applicant submitted six (6) renewal applications to FSCO/FSRA regarding his life agent licence in 2013, 2015, 2017, 2019, 2021 and 2023. The Corporation submitted three (3) renewal applications in 2020, 2022 and 2024.
11. On all nine (9) applications, the Applicant and the Corporation swore to have truthfully answered all the questions, and certified they understood that “providing false, misleading or incomplete information may be sufficient grounds to reject the application or revoke a licence”.
12. FSRA only learned of the ICAO decision after the Applicant’s licence had been renewed on February 1, 2024.

III. GROUNDS FOR REVOCATION AND REFUSING TO RENEW THE LICENCE

13. Section 392.4(1) states that the Chief Executive Officer shall issue a licence to act as an insurance agent in Ontario to an applicant who applies in accordance with section 392.3 and who satisfies the prescribed requirements for the licence unless the Chief Executive Officer believes, on reasonable grounds, that the applicant is not suitable to be licensed having regard to such circumstances as may be prescribed and such other matters as the Chief Executive Officer considers appropriate.
14. Section 4 of Ontario Regulation 347/04, subsections (a) and (i) respectively, provides that an applicant for a licence shall be granted a licence if the Chief Executive Officer is satisfied that the applicant is of good character and reputation, and otherwise suitable to receive a licence.
15. 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.
16. Section 8 of Ontario Regulation 347/04 states that the Chief Executive Officer may suspend or revoke a licence on any grounds on which an application for a licence may be refused or if, after due investigation and hearing, it appears to the Chief Executive Officer that the licensee has:
 - a) violated any provision of the licence in the licensee’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.

17. Section 392.5(1) of the Act states that the Chief Executive Officer may revoke or suspend an agent's licence to act as an insurance agent, if the agent has failed to comply with the Act, the regulations or a condition of the licence.
18. 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.
19. FSRA must assess suitability keeping in mind that the purpose of licensing is to ensure that consumers receive competent and ethical insurance brokering services from those licensed to participate in the industry. When FSRA issues a licence, it is considered a public endorsement that the licensee can serve as a trusted advisor to their clients who often rely on their insurance agents when making important financial decisions that can have a significant impact on their lives and well-being. When Applicants fail to disclose information related to suitability, they prevent FSRA from performing its gatekeeping function to assess who is eligible for a licence.
20. The Director believes, on reasonable grounds, that the Applicant and the Corporation are not suitable and are not of good character or reputation to be licensed under the Act. The Applicant's conduct as a regulated professional and the repeat provision of false information by the Applicant and the Corporation to FSRA poses a significant risk to consumers that cannot be cured by attaching conditions to the licenses.
21. Such further and other reasons as may come to my attention.

DATED at Toronto, Ontario

Yovanka McBean
Director, Licensing (A)

By delegated Authority from the Chief Executive Officer