DECISION OF A PANEL APPOINTED PURSUANT TO *THE FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN ACT*

In the Matter of
The Securities Act, 1988

and

In the Matter of
Gaetan Daniel Blouin
(the Respondent)

DECISION OF THE HEARING PANEL CONCERNING THE HEARING ON THE MERITS

Hearing on:	November 2, 3, 4 and 27, 2020
Before:	Howard Crofts, Panel Chairperson Honourable Eugene Scheibel Norman Halldorson (referred to as the "Panel")
Appearances:	Grace Hession David on behalf of Staff ("Staff") of the Financial and Consumer Affairs Authority of Saskatchewan (the "FCAA") Gaetan Daniel Blouin, representing himself as the Respondent
Date of Decision:	January 13, 2021

I. BACKGROUND

1. An investigation into this matter began when a Saskatchewan resident referred to in this decision as Raintree Investor 1 made investments in an entity known as Olive Equity Group Inc. ("Olive Equity") through Mr. Gaetan Blouin ("Blouin") while Blouin was employed with and acted as a dealer for Raintree Financial Solutions Inc. ("Raintree"). Throughout this time, the Olive Equity securities were not a product that Raintree was promoting or selling. As a result, acting on his own and off the books from Raintree's product offerings, Staff alleges that Blouin was not registered to act as a dealer to engage in the business of trading in securities of Olive Equity in Saskatchewan, therefore contravening various sections of *The Securities Act, 1988*, SS 1988-89, c S-42.2 [*Act*] and section 4.1 of *National Instrument 33-109 Registration Information* [*NI 33-103*], all outlined in the Statement of Allegations issued by Staff dated June 13, 2019.

2. After receiving a call from Raintree Investor 1, Investigator Ken Foster ("Investigator Foster") commenced an investigation file on November 2, 2018. This call and the investigation that

followed ultimately led to this Hearing on the Merits that took place on November 2, 3, and 4, 2020.

3. In paragraphs 4 through 21 of the Statement of Allegations dated June 13, 2019, Staff brought forward the following allegations in respect to Blouin:

Contraventions of subsection 27(2) of *The Securities Act, 1988* (the Act)

(4) From in or around May 2013 to in or around July 2013 (the Relevant Time), the Respondent acted as a dealer as defined in the Act by engaging in the business of trading in securities of Olive Equity in Saskatchewan.

(5) During the Relevant Time the Respondent acted as an adviser as defined in the Act by engaging in the business of advising another as to the buying of securities of Olive Equity in Saskatchewan.

(6) The details of these activities include, but are not limited to, the following:

(a) During the Relevant Time, the Respondent met with persons who were known to him as clients of Raintree (the Raintree Clients) and also other individuals who were not clients of Raintree (the Other Investors) at Raintree's sub-branch office in Saskatoon, Saskatchewan, for the purpose of advising these persons as to the buying of shares in Olive Equity. The Respondent provided the Raintree Clients and the Other Investors with information on Olive Equity as well as information regarding investments that were available to persons who invested with Olive Equity, including information with respect to possible profits to be made;

(b) In order to facilitate the purchase of shares in Olive Equity by the Raintree Clients and the Other Investors, the Respondent provided each of the Raintree Clients and the Other Investors with a subscription agreement for class B common non-voting shares in Olive Equity (the Subscription Agreements);

(c) The Respondent met with the Raintree Clients and the Other Investors to assist them in completing the Subscription Agreements and took payment from the Raintree Clients and the Other Investors pursuant to the Subscription Agreements in the following amounts:

i.	Raintree Client 1:	$100,000.00;
ii.	Raintree Client 2:	$115,000.00;
iii.	Raintree Client 3:	$25,000.00;
iv.	Other Investor 1:	$300,000.00; and
v.	Other Investor 2:	$150,000.00.
	Total:	**$690,000.00**.

(d) The Respondent then forwarded the Subscription Agreements along with the payments collected from the Raintree Clients and the Other Investors to Olive Equity; and

(e) For his assistance in selling shares in Olive Equity to the Raintree Clients and the Other Investors, Olive Equity paid the Respondent, and the Respondent accepted, a commission of in or around 7% on each sale. These payments were made either directly to the Respondent, or indirectly to the Respondent, through a business corporation controlled by the Respondent. These payments were not made to Raintree and the Respondent did not advise Raintree about these payments.

(7) At no time did Raintree approve shares in Olive Equity for sale by its representatives.

(8) Throughout the relevant time, Raintree was not aware of the above-noted sales of Olive Equity shares to its clients, by the Respondent.

(9) While the Respondent carried out the acts indicated in paragraph 6, above, he was acting as a dealer in Saskatchewan but was neither registered as a dealer, as required by clause 27(2)(a)(i) of the Act, nor was he registered as a representative of a registered dealer and acting on behalf of that registered dealer, as required by clause 27(2)(a)(ii) of the Act, and therefore, was in contravention of clause 27(2)(a) of the Act.

(10) As the Respondent was not registered as a dealer nor registered as a representative of a registered dealer and acting on behalf of that registered dealer, while engaged in the activities outline in paragraph 6, above, the exemption from the requirement to register as an adviser with respect to these sales, found in section 8.23 of National Instrument 31- 103 Registration Requirements, Exemptions and Ongoing Registration Obligations (NI 31-103) was not available to the Respondent. Therefore, while the Respondent carried out the acts indicated in paragraph 6, above, the Respondent was acting as an adviser while not registered to do so, in contravention of clause 27(2)(b) of the Act.

Contraventions of subsection 33.1(1) of the Act

(11) Each of the Subscription Agreements that the Respondent had the Raintree Clients sign included the following phrase:

"The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me."

(12) When the Respondent had the Raintree Clients sign the Subscription Agreements, he was registered in Saskatchewan as a dealing representative under the exempt market dealer category, and as such, he was registered with a securities regulatory authority and he was required, pursuant to section 13.3 of NI 31-103, to take reasonable steps to ensure that, before he accepts an

instruction from a client to buy a security, that the purchase is suitable for the client.

(13) By having the Raintree Clients sign the Subscription Agreements, which contained the phrase reproduced in paragraph 8, above, the Respondent failed to deal fairly, honestly, and in good faith with his clients, contrary to clause 33.1(1) of the Act.

Contravention of section 4.1 of National Instrument 33-109 Registration Information (NI 33-103)

(14) In or around May 2012 the Respondent applied for registration as a dealing representative of an exempt market dealer with the Financial and Consumer Affairs Authority of Saskatchewan (the Authority), and as such, in accordance with NI 33-109, filed a form33-109F4 with the Authority through the National Registration Database (NRD).

(15) The form 33-109F4 filed by the Respondent had appended to it a number of Schedule G's, which were confirmed by the Respondent upon filing the form 33-109F4 on NRD to include all of his then-current business and employment activities, including employment and business activities with his sponsoring firm (namely, Raintree) and any other employment and business activities outside his sponsoring firm. These were also confirmed to have included all of the Respondent's then-current business related officer or director positions and any other equivalent positions held by the Respondent, whether he received compensation or not.

(16) The form 33-109F4 filed by the Respondent did not include any information with respect to any activities related to Olive Equity.

(17) At no time since filing the above-mentioned form 33-109F4 in May 2012 did the Respondent notify the Authority of any change to the information submitted in respect to this form 33-109F4. In particular, the Respondent did not notify the Authority of any change to the information related to his outside business activities, specifically his activities related to Olive Equity.

(18) In failing to update his form 33-109F4 to reflect the change in his outside business activities, as outline in paragraph 3, above, the Respondent breached section 4.1 of NI 33- 109.

Contraventions of subsection 55.13(1) of the Act

(19) On or about May 7, 2019, in response to a summons issued by Staff of FCAA, the Respondent attended at Staff of FCAA's office to give evidence under oath or otherwise in relation to an investigation into the activities and affairs of Olive Equity and the Respondent relating to the administration of the Act and relating to trading in securities.

(20) The Respondent did, after affirming that the evidence to be given during his examination would be the truth the whole truth and nothing but the truth,

advise Staff of FCAA that he had not raised any capital for any businesses outside of Raintree before August 13, 2013.

(21) In giving this evidence, outlined in paragraph 17, above, the Respondent made a statement in evidence given to the Authority or a person acting under its authority that, in a material respect and at the time, in light of the circumstances under which it was made, was false, and therefore, contravened clause 55.13(1)(a) of the Act.

4. At paragraph 22 of the Statement of Allegations, Staff sought the following relief:

a. Pursuant to clause 134(1)(d) of the Act, the Respondent shall cease trading in securities or derivatives in Saskatchewan for a period of seven years;

b. Pursuant to subsection 134(1)(d.l) of the Act, the Respondent shall cease acquiring securities or derivatives for and on behalf of residents of Saskatchewan for a period of seven years;

c. Pursuant to clause 134(1)(e) of the Act, the Respondent shall cease giving advice respecting securities, trades or derivatives in Saskatchewan for a period of seven years;

d. Pursuant to clause 134(1)(h)(iii) of the Act, the Respondent shall not be employed by any issuer, registrant or investment fund manager in any capacity that would allow him to trade in securities or derivatives in Saskatchewan for a period of seven years;

e. Pursuant to clause 134(1)(h.1) of the Act, the Respondent is prohibited from becoming or acting as a registrant, and investment fund manager or a promoter for a period of seven years;

f. Pursuant to section 135.1 of the Act, the Respondent shall pay an administrative penalty to the Financial and Consumer Affairs Authority of Saskatchewan, in the amount of $65,000.00;

g. Pursuant to section 135.6 of the Act, the Respondent shall pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or in part, of the Respondent's contraventions of Saskatchewan securities laws, in amounts to be determined at later proceedings by this Panel; and

h. Pursuant to section 161 of the Act, the Respondent shall pay the costs of or relating to a hearing in this matter at later proceedings by this Panel.

5. Having regard for the ongoing COVID-19 pandemic, this matter proceeded by way of a virtual hearing consistent with the procedures set out in the *Guidelines for Managing Hearings during a Pandemic* [*Guidelines*]. These *Guidelines* supplement and amend, to the extent necessary, Part 11 and Rule 11.1 of the *Saskatchewan Policy Statement 12-602, Procedure for Hearings and Reviews* [*Local Policy*]. For the virtual hearing, the Panel, Staff counsel, Blouin, and all witnesses appeared by way of WebEx.

II. PRELIMINARY MATTERS

6. Staff raised the following two potential issues with regard to this Panel's jurisdiction to hear the allegations against the Respondent:

   (a) whether there has been inordinate delay in these proceedings that warrants a remedy; and

   (b) whether the limitation period in section 136(2) of the *Act* has expired.

7. Each of these issues will be dealt with in turn.

i. Delay

8. In considering the issue of whether there has been inordinate delay, the Panel was guided by the principles set out in various cases involving issues of inordinate delay in the administrative context, including *Blencoe v British Columbia (Human Rights Commission)*, 2000 SCC 44, [2002] 2 SCR 307 [*Blencoe*] and *Abrametz v The Law Society of Saskatchewan*, 2020 SKCA 81 [*Abrametz*].

9. The Panel appreciates that inordinate delay in an administrative proceeding can result in an abuse of process and require the intervention of a decision maker through a range of remedies up to and including a stay of proceedings. In considering whether delay has become inordinate, a decision maker is to undertake a contextual analysis, taking into account things like "the nature of the case and its complexity, the facts and issues, the purpose and nature of the proceedings, whether the respondent contributed to or waived the delay, and other circumstances of the case." (*Blencoe* at para 122.)

10. That said, the existence of delay alone is not enough to reach the threshold of an abuse of process. Instead, there must also be evidence of a significant prejudice, whether to the hearing process itself or to the respondent. Both *Blencoe* and *Abrametz* expressly make this point.

11. Beginning with *Blencoe*, a case that considered 24 months of delay in a human rights proceedings from the time of the complaint to the start of the hearing, Bastarache J. articulated the law noting two situations where prejudice could arise and result in an abuse of process:

> 102 In my view, there are appropriate remedies available in the administrative law context to deal with state-caused delay in human rights proceedings. **However, delay, without more, will not warrant a stay of proceedings as an abuse of process at common law. Staying proceedings for the mere passage of time would be tantamount to imposing a judicially created limitation period** (see: *R. v. L. (W.K.)*, [1991] 1 S.C.R. 1091, at p. 1100; *Akthar v. Canada (Minister of Employment and Immigration)*, [1991] 3 F.C. 32 (C.A.). **In the administrative law context, there must be proof of <u>significant prejudice</u> which results from an unacceptable delay.**
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> 101 There is no doubt that the principles of natural justice and the duty of fairness are part of every administrative proceeding. Where delay impairs a party's ability to answer the complaint against him or her, because, for example,

> memories have faded, essential witnesses have died or are unavailable, or evidence has been lost, then administrative delay may be invoked to impugn the validity of the administrative proceedings and provide a remedy (D. J. M. Brown and J. M. Evans, *Judicial Review of Administrative Action in Canada* (loose-leaf), at p. 9-67; W. Wade and C. Forsyth, *Administrative Law* (7th ed. 1994), at pp. 435-36). It is thus accepted that the principles of natural justice and the duty of fairness include the right to a fair hearing and that undue delay in the processing of an administrative proceeding that impairs the fairness of the hearing can be remedied (see, for example, J. M. Evans, H. N. Janisch and D. J. Mullan, *Administrative Law: Cases, Text, and Materials* (4th ed. 1995), at p. 256; Wade and Forsyth, *supra*, at pp. 435-36; *Nisbett*, *supra*, at p. 756; *Canadian Airlines*, *supra*; *Ford Motor Co. of Canada v. Ontario (Human Rights Commission)* (1995), 24 C.H.R.R. D/464 (Ont. Div. Ct.); *Freedman v. College of Physicians & Surgeons (New Brunswick)* (1996), 41 Admin. L.R. (2d) 196 (N.B.Q.B.)).
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> …
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> 115 I would be prepared to recognize that unacceptable delay may amount to an abuse of process in certain circumstances even where the fairness of the hearing has not been compromised. Where inordinate delay has directly caused significant psychological harm to a person, or attached a stigma to a person's reputation, such that the human rights system would be brought into disrepute, such prejudice may be sufficient to constitute an abuse of process. The doctrine of abuse of process is not limited to acts giving rise to an unfair hearing; there may be cases of abuse of process for other than evidentiary reasons brought about by delay. It must however be emphasized that few lengthy delays will meet this threshold. I caution that in cases where there is no prejudice to hearing fairness, the delay must be clearly unacceptable and have directly caused a significant prejudice to amount to an abuse of process. It must be a delay that would, in the circumstances of the case, bring the human rights system into disrepute.
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> [emphasis added]

12. *Abrametz* was a case involving 53 months of delay in a professional discipline context, 32.5 months of which was considered "undue delay". There was evidence of significant prejudice that resulted directly from the inordinate delay, ultimately leading the Court of Appeal to impose a stay of proceedings. In discussing the various legal principles regarding inordinate delay in the administrative context, Barrington-Foote J.A. cited to *Blencoe* and made similar comments about how delay alone is not sufficient to trigger an abuse of process. Rather, Barrington-Foote J.A. stressed that there must be evidence of a significant prejudice that was directly caused by the delay itself before an abuse of process based on inordinate delay can be found.

13. In summarizing the principles from *Blencoe*, Barrington-Foote J.A. stated:

> 141 *Blencoe* related to two complaints of sexual harassment that had been filed with the British Columbia Council of Human Rights and was accordingly

concerned with impact on the repute of the human rights process. In Mr. Abrametz's case, that element of the test is whether there was delay that would, in the circumstances of the case, bring the LSS disciplinary process into disrepute.

142 Justice Bastarache was at pains to emphasize the limited scope of this ground for relief from abuse of process arising from state-caused delays, particularly where a stay is requested. As he put the matter, "delay, without more, will not warrant a stay of proceedings", as that "would be tantamount to imposing a judicially created limitation period" (at para 101). Limitation periods are the province of legislatures, not courts. For a court to intervene on this ground, it must be satisfied that there has been both inordinate delay caused by the administrative entity, and prejudice of a certain order attributable to that delay. The following principles identified in *Blencoe* reflect these requirements:

1. The period of delay must be so inordinate as to be clearly unacceptable (at paras 115 and 121). Whether a delay is inordinate turns on contextual factors, including "the nature of the case and its complexity, the facts and issues, the purpose and nature of the proceedings, and whether the respondent contributed to the delay or waived the delay, and other circumstances of the case" (at para 122).

2. The party claiming abuse of process must show that the inordinate delay "directly caused [them] a significant prejudice" that is related to the delay itself (at para 115, emphasis added). In order for there to be abuse of process, "the delay must have caused actual prejudice of such magnitude that the public's sense of decency and fairness is affected" (at para 133).

3. The analysis requires a weighing of competing interests. "In order to find an abuse of process, the court must be satisfied that 'the damage to the public interest in the fairness of the administrative process should the proceeding go ahead would exceed the harm to the public interest in the enforcement of the legislation if the proceedings were halted'" (at para 120).

4. A stay is not the only remedy available in administrative law proceedings. However, where a respondent asks for a stay, they will bear a heavy burden (at para 117). A finding of abuse of process is available only in the "clearest of cases" (at para 120).

[emphasis added]

14. With the above principles in mind, the delay issue in the present matter can be disposed of outright on the basis that there was no evidence of a significant prejudice brought forward in these proceedings. Considering the length of the delay in this case (see below), and out of fairness to the Respondent who was unrepresented, Staff was correct toraise the delay issue for the Panel to consider; however, as was stated in both *Blencoe* and *Abrametz*, delay without evidence of a significant prejudice cannot amount to an abuse of process. Here, not only is there no evidence of a significant prejudice to Blouin, but there is also no evidence of prejudice to the hearing process. Moreover, in closing submissions, Blouin did not pursue an argument of inordinate delay, nor did he claim that the length of the proceedings caused him or the hearing any prejudice. Therefore, the Panel holds that there has not been inordinate delay in these proceedings that would warrant any remedy.

15. That said, for completeness and context, the Panel has reviewed the key dates in these proceedings in an effort to help ascertain the length and nature of the delay. In *Blencoe*, time was counted from the time of the complaint, which resulted in an investigation, to the time of the hearing. In *Abrametz*, Barrington-Foote J.A. provided additional guidance to administrative entities as to when the time frame for a delay analysis may begin and end. He did not say that it is universal that the time frame begins when a complaint is made to an administrative entity. Instead, he put forth a more nuanced approach, stating that the time frame may begin when the administrative entity receives sufficient information to consider engaging in an investigation, charge, or some other enforcement process:

> 148 … As a general proposition, that time frame would begin when the regulator or other administrative entity knows enough about the nature of and foundation for a complaint or issue that might engage its investigatory, charge, decision-making and/or enforcement processes that it would be obliged to consider taking action. It is only then that there could be unnecessary delay caused by the regulator that could cause prejudice. A well-founded complaint that engaged important and pressing interests in the context of the regulatory scheme would tend to call for a prompt and robust response. A poorly founded or suspect complaint as to an issue that, even if it was made out, would have an insignificant impact on relevant interests might not.
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> 149 It is common in the context of a complaint to the regulator of a profession to calculate time not from the date an investigation is launched or charges are laid, but from the date the complaint was received by the regulator: see, for example, *Wachtler*, *Abbott* and *MacBain*. *Blencoe* illustrates the same approach in relation to a human rights complaint. That would often – although not invariably – be the date that both the regulator's obligations and the interests of the public, complainants and the regulated professional in a timely process would be engaged. Indeed, those obligations and interests can be characterized as two sides of the same coin. The relevant time frame would often differ from that at issue in a criminal context, where the calculation of time is driven by the constitutional right of a person "charged with an offence" to a trial in a reasonable time. Delay is calculated from the laying of the criminal charge (*Jordan* at paras 46–48). In an administrative context, the court may – depending on the

facts – be concerned with delay in either or both of the investigation and the steps taken to bring and dispose of any charges.

150 As to when the relevant time frame to be analyzed ends, it is also common in an administrative context for the analysis to consider delay to the date of the hearing. *Wachtler* and *MacBain* are examples of that approach. However, there is no rule that date is always appropriate, or indeed, that delay after the commencement or conclusion of the hearing cannot be considered or is irrelevant. That issue was considered in *United Food and Commercial Workers, Local 1400 v Tora Regina (Tower) Limited*, 2008 SKCA 38, 307 Sask R 309, which was concerned with a lengthy delay in the issuance of an administrative decision. Justice Richards (as he then was) held that post-hearing delay could be taken into account. Writing for the Court, he commented that "we see no reason why the basic principles articulated by the Supreme Court in [*Blencoe*] should not apply as well to post-hearing delay" (at para 17). Here, too, the question turns on the facts; that is, is there evidence of a post-hearing delay which could have been caused by the regulator, which could have exceeded the inherent time requirements, and that could have caused prejudice to the regulated person?

16. In this case, the Panel finds that the proper date to start counting delay is the date of the complaint with the end date being the first day of the hearing. It was at this time that Investigator Foster had enough information to open an investigation file. The key dates and overall timeline based on the evidence are as follows:

Event Date	**Activity or Event Description**
November 02, 2018	Raintree Investor 1 makes complaint and Investigator Foster opens investigation file.
November 15, 2018	Raintree Investor 1 interviewed by Investigator Foster
December 14, 2018	Communications received from the Chief Compliance Officer of Raintree Financial Solutions
December 31, 2018	Investigation order granted
May 07, 2019	Compelled Statement taken by Investigator Foster pursuant to s. 12(5) of the Act
June 07, 2019	Investigation file sent to FCAA Legal Department for a decision to pursue a hearing
June 13, 2019	Statement of Allegations issued and served on Mr. Blouin
October 19, 2019	Disclosure provided to Mr. Blouin
November 12, 2019	Order setting Hearing dates for March 23-26, 2020; - subsequently adjourned *sine die* March 17, 2020 due to COVID-19 pandemic restrictions
March 07, 2020	Witness list provided to Mr. Blouin
March 25, 2020	Hearing (adjourned sine die because of exceptional circumstances – COVID-19)
June 25, 2020	Supplementary Witness/Document List provided to Mr. Blouin

October 13, 2020	Order resetting Hearing dates for November 2, 3 and 4, 2020
November 02, 2020	Merits Hearing commenced in virtual format
24 months – total time from commencement of investigation to Merits Hearing	

17. As the table indicates, there was 24 months of total delay from the date of the complaint to the start of the hearing. Considering our findings in respect to prejudice above, the Panel does not find it necessary to undertake a full contextual analysis of this time frame. Since there is no prejudice, the delay is not inordinate.

18. It is also important to note that the originally scheduled hearing dates of March 23-26, 2020 needed to be adjourned due to the start of the Covid-19 pandemic. At that time, the pandemic was met by various restrictions imposed by law resulting in the FCAA being unable to conduct in-person hearings. This is no fault of Staff or the Respondent, but is instead an extraordinary and unforeseen circumstance. Shortly after the FCAA was able to implement virtual hearings, new hearing dates were set, and the matter was promptly heard.

ii. Limitation Period

19. The second potential issue raised by Staff, again out of fairness to Blouin who is self-represented in these proceedings (and who did not raise or advance any argument in respect to a limitation period issue), is whether the limitation period found in subsection 136(2) of the *Act* has expired. Section 136(2) of the *Act* reads:

> 136(2) Notwithstanding *The Limitations Act*, no proceedings pursuant to this Act are to be commenced before the Commission later than six years from the date of the occurrence of the last material event on which the proceedings are based.

20. In light of the fact that there is little to no jurisprudence in this province in respect to section 136(2), Staff urges the Panel to engage in a deeper interpretative analysis of the wording of the section, including in respect to the phrase "last material event". However, as will be explained, on the facts of this case such an interpretative exercise is not necessary. Instead, the type of interpretative exercise suggested by Staff is better left for a matter where there is a live dispute over such wording. No such live dispute exists here.

21. The limitation period in section 136(2) states that no proceedings pursuant to the *Act* are to commenced later than six years from the date of the occurrence of the last material event on which the proceedings are based. These proceedings were commenced when Staff filed its Statement of Allegations on June 13, 2019. As such, taken from a perspective most beneficial to Blouin, the earliest the limitation period time clock could begin to tick is six years from June 13, 2019, which would be June 13, 2013. If there is a material event that occurred ***after*** **June 13, 2013**, whether or not it is the "last material event", then the limitation period in section 136(2) in respect to this matter could not have expired ***before*** these proceedings were commenced.

22. The evidence shows that Raintree Investor 1 made his investment, which is a material event on which these proceedings are based, on **June 17, 2013**. This date falls within four days of the six-year limitation period set out in section 136(2) of the *Act*. Accordingly, the limitation period has **not** expired. This Panel therefore has jurisdiction to hear this matter.

III. WITNESS TESTIMONY

23. Victoria Kouzmichova, Chief Compliance Officer for Raintree Financial Solutions Inc., testified at the hearing as follows:

(a) Raintree was registered to act as a dealer in Saskatchewan and Blouin was an employee of Raintree during the time of the alleged violations of the *Act*. In addition, Blouin was terminated as an employee of Raintree effective August 20, 2013. (Documents entered into evidence was confirmatory of this testimony, including the National Registration Database registration forms); and

(b) Olive Equity Group Inc., System Build Developments Inc., Coalburn Downhole International Inc., and R2 Development Inc. were companies that were not part of their exempt market product offerings.

24. Raintree Investor 1 testified that:

(a) he and his company became clients of Blouin in the spring of 2013 ("Know Your Client" forms entered as evidence during Ms. Kouzmichova's testimony confirmed same);

(b) on June 17, 2013, he invested $100,000 in two companies – System Built Developments Inc. ("System Built") and Coalburn Downhole International Inc. ("Coalburn") – after attending presentations at Blouin's Saskatoon office;

(c) he had not heard of Olive Equity until he was told to make his investment cheques out to that company and later found out that the investments were made in Olive Equity which in turn invested in System Built and Coalburn, a structure that he did not understand at the time;

(d) he received a letter dated January 6, 2015 from Blouin, became concerned and worried about his investments and began asking for updates on his investments, but was not happy with the responses he received;

(e) he was told in June 2017 by Francois Blouin, brother of Blouin, that he still had an investment in Coalburn and that his investment in System Built had been transferred to a new company called Riel Trail Management Ltd.; and

(f) in December 2018, he received a letter from an accounting firm informing him that his investment in Coalburn was lost as that project had been discontinued and Olive Equity had been shut down.

25. Investigator Foster testified in respect to the commencement of his investigation, witness interviews, and the documents he obtained through the witness interviews that were relevant to this case. The documents were entered as evidence in these proceedings and supported the dates and events relating to the testimony of Ms. Kouzmichova and Raintree Investor 1. His testimony was that he:

(a) received a complaint from Raintree Client 1 and commenced an investigation on November 2, 2018;

(b) interviewed Raintree Client 1 on November 15, 2018;

(c) interviewed Raintree's Chief Compliance Officer on December 14, 2018;

(d) obtained an Investigation Order on December 31, 2018;

(e) interviewed Mr. Blouin on May 7, 2019;

(f) referred his investigation file to the FCAA's Legal Department on June 7, 2019; and

(g) the FCAA Legal Department issued a Statement of Allegations on June 13, 2019.

IV. ALLEGATIONS CONCEDED BY THE RESPONDENT

26. During Staff's cross-examination of Blouin, as well as in his closing submissions, Blouin specifically admitted to the allegations set out in the Statement of Allegations dated June 13, 2019 (see paragraph 3 above).

V. DECISIONS ON THE MERITS

27. Given Blouin's admissions, and after considering the evidence provided by the witnesses and the documentary evidence, which the Panel finds credible, and after considering the evidence and admissions provided by Mr. Blouin through his compelled statement (which was played for the Panel and admitted as evidence), the Panel is satisfied that Staff has sufficiently proven the allegations brought against Mr. Blouin.

28. The next step in these proceedings is for the Panel to receive submissions from the parties in respect to the requested sanctions, including the administrative penalty, and costs (see *Local Policy*, s 19.3 & Part 20). In this regard, the Panel directs that Staff provide its written submissions on costs within thirty (30) days of this decision and Mr. Blouin provide his written submissions within thirty days (30) after Staff sends him Staff's submissions. Should Staff wish to file a reply to Mr. Blouin's written submissions, Staff may do so within ten (10) days of being sent Mr. Blouin's written submissions.

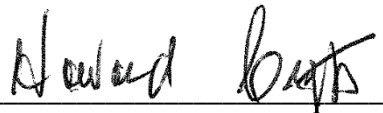
29. The Panel is cognizant that the timelines for filing written submissions set out above are more generous than those found in section 19.3 of the *Local Policy*. With an eye to subsection 1.3(3) of the *Local Policy*, and considering the nature of these proceedings, the nature of the sanctions (including the administrative penalty requested by Staff), and the fact that Mr. Blouin is self-represented, the Panel is of the view that it is in the public interest to proceed on the basis of the

above noted timelines. In accordance with subsection 19.3(2) of the *Local Policy*, after consulting with the parties, the Registrar will set a date for a hearing in respect to the issue of sanctions that is beyond the time frames set out above. If the parties wish, they can also address the issue of costs at this hearing.

30. Finally, in respect to Staff's request that the Respondent pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or in part, of the Respondent's contraventions of Saskatchewan securities laws, the Panel directs that this issue be the subject of a future hearing in accordance with the procedures set out in Part 13 of the *Local Policy*.

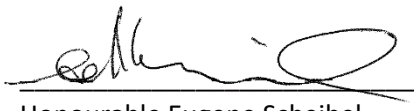
31. This is a unanimous decision of the Hearing Panel.

Dated at Regina this 13th day of January, 2021



Howard Crofts, Hearing Panel Chairperson

Norman Halldorson



Honourable Eugene Scheibel