

ALBERTA INSURANCE COUNCIL
(the "AIC")

In the Matter of the *Insurance Act*, R.S.A. 2000 Chapter I-3
(the "Act")

And

In the Matter of Ryan Granadozin
(the "Agent")

DECISION
OF
The Life Insurance Council
(the "Council")

This case involves allegations pursuant to ss. 480(1)(a) of the Act. Specifically, it is alleged that the Agent coerced a former client to increase insurance coverage beyond what was appropriate and necessary for the client, and that the Agent subsequently entered fraudulent or willfully inaccurate information on the application for insurance without the client's consent. As such, it is alleged that the Agent acted contrary to section 480(1)(a) of the Act and is guilty of misrepresentation, fraud, deceit, untrustworthiness, and/or dishonesty. In the alternative, it is alleged that the Agent contravened s. 509(1)(a) of the Act by making false or misleading statements, which also attracts a violation of s. 480(1)(b) of the Act.

Facts and Evidence

This matter proceeded by way of a written Report to Council dated February 26, 2021 (the "Report"). The Report was forwarded to the Agent for her review and to allow the Agent to provide the Council with further evidence or submissions by way of Addendum.

The Agent holds both a life insurance agent's certificate of authority and an Accident and Sickness ("A&S") agent's certificate of authority (the "certificates"). The Agent has held the certificates continuously from October 20, 2015 to present.

On September 17, 2020, the AIC received a letter from the Agent's former client, ["F.D."], which alleged that the Agent "forced" her into completing a life insurance application for a policy that F.D. did not request nor require. The correspondence, dated September 11, 2020, provided;

I wish to file a formal complaint against an agent, Ryan Granadozin. I believe she has committed fraud by forcing and falsifying an application in my name [...]

In 2019, the agent approached me about applying for insurance. I already had one in- force, so I was surprised about her request. She explained that it was "just to get points" as an agent with [insurer – redacted]. She told me she would submit the application and a cheque, but it would not be cashed because it was not a real application. I was nervous about the situation but felt forced into it as I believed as my agent, she would not place me in harm's way.

I signed the application and provided her with a void cheque. She did not tell me how much the monthly premium would be. I was still nervous about the situation, so I signed with a different signature from my real one. Before I noticed, there were already three withdrawals from my account for the premiums of the insurance. I notified her about it, and she promised to pay me the amount owing, and cancel the policy. Then after that, she gave me a cheque from [insurer – redacted] with the same amount that was deducted into my account. I also found out that the application that Ryan did was address [sic] to her house.

Further, she coerced me into applying for a loan with [financial institution – redacted] in the amount of \$10,000. As nervous as I felt about it, I signed because I believed in her assurances that she would pay the amount owed within a few months. She was always bragging about earning more than \$200,000 a year, so I believed she would pay it back quickly. However pressured I felt about the situation, I trusted her, and as a Christian, I felt it would be the right thing to do.

After a few months, she started to reason that she did not have money to pay the loan amounts with [financial institution – redacted].

In the following months, she became late in paying [financial institution – redacted]. I begged her to at least pay the minimum of the required payments as it was automatically being withdrawn from my account. Whenever she was late, I had to cover the loan payments along with the late charges. A few months later, she went from being late, to outright not paying at all.

I strived to talk to her about it, giving her as much leeway as I could, but I also have financial responsibilities, and the burden of the loan weighed on me. Not long after, she filed for bankruptcy and I was sent a letter from the company handling it, that I needed to sign a disclosure because she included the debt in the filing.

In August of 2019, [insurer – redacted] sent me a letter asking about the application she filed under my name, because the signature on the in-force policy and the cancelled policy were different. As I have stated above, I felt coerced into the second policy, so I changed my signature. She stated that it was only for "points" to meet some sort of agent requirement with [insurer – redacted], so I thought the signature would not even matter. I have attached a copy of the letter to me from a [compliance contact – redacted] from [insurer – redacted]. [...]

I started to ask for information about the policy, and the loan issued under my name. I found that within the fraudulent policy, she placed herself as my beneficiary. She stated in the document that she was my sister. I have no blood relation to her at all.

With regards to the loan to [financial institution – redacted], I also found that she placed my vehicle as collateral or security, without my knowledge. I stopped the payments to the loan already, as I have pressing financial obligations. I am expecting the company to repossess my vehicle at anytime.

These are only some of the atrocities Ryan Granadozin has committed against me. [...] She has effectively ruined my finances [...]

On September 18, 2020, F.D. provided documentation to support the allegation against the Agent, including a letter dated August 26, 2019 from F.D.’s insurer (redacted)(hereinafter the “Insurer”). The correspondence questioned the validity of F.D.’s signature on the insurance application in question. F.D. provided an overview of the documents attached;

Letter from [Insurer] questioning the two signatures. One has my true signature, one has the false one from the false policy.

Also, the page of the policy where the agent put herself as my beneficiary. She pretended to be my sister. [...] I just realized now that she owes [financial institution – redacted] 5,000 already. So that's why she made me do the loan instead. [...] I included some texts that prove her debt to me. [...]

The correspondence of August 26, 2019 provided, in part;

I have enclosed photocopies of the signature pages on file for some of your policies. Please indicate in the spaces provided beside the policy numbers whether you applied for these policies, whether the applications were completed in person and whether the signatures are yours. [...]

Policy Number	Date of Application	Policy Status	I applied for this policy YES/NO	The policy application was completed in person YES/NO	This is my signature YES/NO
Q59***3-8	07-Aug-2018	Declined			
Q59***4-6	07-Aug-2018	Declined			
Q72***3-3	26-Nov-2018	Declined			
Q84***6-2	26-Apr-2019	In force			
Q84***7-0	26-Apr-2019	In force			

A copy of the Pre-Close Loan Offer Summary of the [financial institution – redacted] dated May 7, 2019 (the “Loan Offer”) was also attached to F.D.’s correspondence of September 18, 2020. The Loan Offer did not mention the name of the Agent. Particulars of the Loan Offer are as follows;

PRE-CLOSE LOAN OFFER SUMMARY

Applicant: F.D. [...]
The Amount you are borrowing: \$13,270.69 [...]
[...] Annual Interest Rate: 36.99% [...]

F.D. also supplied copies of alleged text messages between herself and the Agent as follows [sic grammatical/spelling throughout];

Fri, Oct 4, 11:56 PM

[F.D.]: Ryan [...] for your payment, u should know exactly your obligation?? Send me your payment ASAP. Thank you;

Mon, Oct 7, 7:14 AM

[F.D.]: Ryan its been 6 month since you got the money last May. Please I need the full amount of \$10,000 before end of November 2019. No more extension! [...], of what you had promised. Remember the help & Benefits that you got from it when you need the most. So please! I'm expecting you to settle soon before end of Nov. 2019. NO MORE EXTENSION! Thank you

Wed, May 8, 2020 [...]

[F.D.]: Ryan, [not discernable][...] loan deduct the amount \$3000 \$7000 [...] breakdown \$2450 which you received on May 6 cash \$950 [...] \$1,500 email transferred [...] remaining borrowed amount remaining is \$1000 [...] \$10,000 loan. Let me know what you thought. Thank you.

Just think positive u can make it I'm praying for u

[Agent] Thanks, ur kindness means a lot to me

[sic throughout]

On September 18, 2020 F.D., through an email named "H.S." [redacted] F.D. advised "*I just noticed I didn't include the beneficiary page. Please find attached.*" F.D. attached the *Portfolio Level 2 Summary (Whole Life Insurance)* Contract dated March 18, 2020 (the "Whole Life Policy") which stated:

Contract Number: Q721**33
Amount: \$500,000.00
Plan Name: Sun Par Accumulator II [...]
Plan Type: Whole Life
Status: Terminated [...]
Effective Date: 26/11/2018
Product Type: Insurance [...]

Insurance Details

Basic Insurance/Benefit Amount: \$500,000.00 [...]
Termination Reason: Declined [...]

Payment Details

Net Payment Amount: \$795.60
Payment Method: Cheque

Billing Frequency: Monthly
[...]
Premium Offset Status: Client Interested In Premium Offset At Issue [...]
Created By: Data Feed [...] Last Modified [...] 18/03/2020 2:39 a.m. [...]
Portfolio Level 2, Sun Par Accumulator II
Insurance Benefit Amount \$500,000.00
[...]
Involvements
[F.D.]
Role: Owner
[...] Role: Insured
[...]
Ryan Granadozin – (sister) and ([O.D.][redacted]) – (brother) Equally
Role: Beneficiary

In response to F.D.’s allegations, the AIC contacted the Insurer on September 23, 2020 to obtain true copies of the records relating to the Whole Life Policy. Specifically, the AIC investigator requested *“all documentation regarding policies written for [F.D.] where Ryan Granadozin was the agent writing the policies.”* and further; *“I note that you sent [F.D.] a letter on August 26, 2019, [...] Did you ever get a response to this letter? If so, could you please provide me with [F.D.’s] response. Please also provide me with any other information/documentation that you feel would assist in our investigation of this matter.”*

The Insurer responded on October 2, 2020 as follows, in part; *“[...] Ms. [F.D.] did respond to the investigation audit letter. Her response was received on October 9, 2019 and she confirmed that she had applied for the policies [...]”*

The Insurer also attached all requested documentation. Included was an “Advisor Statement” [undated], which addressed the Whole Life Policy of [F.D.]. The Advisory Statement provided;

ADVISOR STATEMENT
Policy # Q721,**3-3
Source of Prospect: Advisor’s existing client – individual insurance
Marital Status of [F.D.] Single
Address: [redacted]
How well do you know the Insured? Acquaintance
How many years? 0 year(s)
Did you use SunVision Financial Analyzer with this client? No
[...]
Premium as calculated by PC: \$795.60 [...]
This application was completed on Nov. 26, 2018. [...]
BENEFICIARY INFORMATION:
INSURED: [F.D.]

[...] Basic insurance amount: \$500,000

BENEFICIARY

(The relationship to the Insured [...])

Full Name	Relationship	Share
Ryan Granadozin	Sister	EQUALLY
[O.D.]	Brother	EQUALLY

The “Address” listed under the “Advisor Statement” belonging to F.D. was evidenced as being the address of the Agent, not the insured.

The Insurer also provided a copy of the *Electronic declaration and authorization for insurance application* for one “[F.D.]”, policy application no Q721**3-3 which was duly signed by F.D. on November 26, 2018, and signed in counterpart by the Agent on the same date.

The AIC contacted the Agent by way of correspondence dated November 4, 2020 to respond to the issues at hand. The request for information was sent to the Agent’s home address listed on Agent’s licensing profile as [redacted]. This address was notably the same address listed on the Advisor Statement as being the address of F.D.

The Agent responded on November 27, 2020 as follows, in part:

1. I met [F.D.] in February of 2018, when I attended an event that was held in a car dealership where she works. [...] [F.D.] knows what I do for work, and that is being a Financial Advisor with [Insurer] at that time. We start to discuss about Insurance in June, and she asked for proposals in July. And based on the information she provided, I made some recommendations about the type and amount of insurance policy that suits her needs. I did not force her; I did not entice her to apply for both Life insurance and Critical illness insurance. She was the one who solicits for an application on August 7, 2018. I was told that she has a Universal Life Insurance policy she bought from [redacted] that she already cancelled before we even met. She mentions about her group benefit plan from work; however, she was aware that the Life insurance and the Critical illness insurance that she is applying thru [sic] [Insurer] is different from what she already has. Unfortunately, that application was not issued because [F.D.] did not complete the underwriting requirements. It was closed in November 2018 and all her payments were refunded. On this application, she used a SW Calgary address that belongs to her old employer and puts her brother and her sister as beneficiaries.

We communicate almost everyday [sic]. [...] During that time, she also wants to move to my place and rent my spare room since she already has keys and stays there most of the time. We see each other almost everyday [sic]; [...] The closeness that we had was like having a sister which both of us never had from our own family. [...]

2. November of 2018, she asked me if she can reapply for a life insurance again. And this time, she wants her extra money that was meant for a new vehicle purchase to be put on her insurance policy instead. Again,

I told her to think about it because it is a long-term commitment. She can apply for it and if she changes her mind within 10 days upon issuance, she can cancel the plan and the insurance company will going to refund all payments made. However, after that 10-day period, no refund will be made, no cash values on early years if she cancels. And still, she was decided to apply for it, so we did.

She uses my home address and puts me and her brother as her beneficiaries. [F.D.] appeals to use my address because she said, using her previous address results into some lost mails, and most of them are taking too long before she gets them. We are not siblings by blood, but she knows the truth, she was the one who insisted to have my name as her beneficiary because at that time [...]

That application though was not issued and closed in February of 2019. Again, due to underwriting requirement that [F.D.] did not completed. All her payments were refunded.

3. April 2019, she made another application, and at that time I already realized that it was inappropriate and that it was an error to have my name as one of [F.D.] beneficiaries on the previous application. I have lost myself and forget about the fact that I should stand as her Advisor before acting to be a guardian, a friend, or a sister. I realized that it was unethical, and I regret that I let my guard down. I was swept by the fact that [F.D.] is my best friend, and so I follow all her request. I was in good faith; I did not intend any harm nor would like to have someone suffered from my misconduct.

I explained to [F.D.] my concerns and we both agreed to have it corrected on this third application. We used the address where she was currently living at that time and we named her brother and her sister as her beneficiaries.

4. May 2019, I got audited by [Insurer] because they found out that the signatures, [F.D.] used on this third application were different from the other two. I told [Insurer] that I was not aware of it. They contacted [F.D.] to have it authenticated. I was also asked about having my name as one of her beneficiaries and as to why my address was being used on the previous application. I told them exactly what I stated above. That application was then approved, and a policy was issued. It was in force until I left [Insurer] in October 2019.

5. Looking back, I joined the Career Salesforce of [Insurer] in October 2015. [...] I have built up a solid practice with over 400 clients. My business grew thru [sic] referrals too. In my 4 years of practice, I have met a lot of people with different needs and different background. I decided to terminate my exclusive contract with [Insurer] in October of 2019 with my aspiration to put my own broker firm to be of greater service to my clients.

[Insurer] bought the blocked [sic] of business (Individual) that I built in 4years, and that includes [F.D.]'s insurance policy. I have a 2 year non-compete agreement with [Insurer] [...]

6. I am attaching documents about some conversations I had with [F.D.] in 2018.

The Agent provided text messages which were dated between May 27, 2018 to December 2018, annexed as attachments "A" to "Q" respectively. The text messages were, in part, in the language of Tagalog of the Philippines. The Agent provided a summary of the text messages in her own words and also provided hand-written translations on select number of the records. The Agent advised through her November 27, 2020 correspondence as follows;

A - She's inviting me to attend an event.

B & C - She is inviting me to join her on attending a basketball and volleyball game. She was informing me that she calls [Insurer] for teleinterview, but she stops the interviewer because she could not handle the length of time and the numerous questions.

D - She was looking for my business card and would like to put it on the poster for advertisement.

H - I [sic] asked her about her scheduled [medical][redacted] appointment she needs to complete in response to the underwriting requirements, and she thank me for reminding her and said she'll do it.

Q - I am thanking her and wishing that one day I can return the favor she did to me. She replied with a message that even though, we are not blood related, she treats me like a sibling.

*The rest are messages about referrals, invitations, and encouragement.

The Agent concluded her November 27, 2020 correspondence as follows;

This is an isolated incident where I am so sure that it will never happen again. And if I may request that you look at the numerous policies that are still in force with [Insurer] and with other carriers where I have submitted applications, to prove how passionate and diligently I do my job.

I am sorry that it happened, even it just happens once. I lost my work ethics because of the close bond relationship between me and the complainant. I was in good faith; I did not intend any harm by following the request of a friend, and later realized that it was my practice that is about to be jeopardize. I have learned my lessons and swears that it will never happen again.

On November 30, 2020 the Agent sent a supplemental response to the AIC investigator which provided *"You may have read my response sent on Friday, November 27, 2020. However, I am sending you again a revised statement for better understanding. It took me amount of time to choose the right words to use to express how I really feel and tell what really happened 2 years ago. [...]"*

The letter remained almost wholly unchanged from the November 27, 2020 iteration, with some grammatical amendments. Sections which had more substantial changes were as follows; *"[F.D.] appeals to use my address because she said, using her previous address results into some lost mails, and most of them are taking too long before she gets them."* was replaced with *"She used my home address"*. The Agent also replaced *"I have lost myself and forget about the fact that I should stand as her Advisor"* with *"Due to our close relationship, on her previous applications, I forgot the fact that I should have stood my ground as an advisor [...]"*, and the section *"I did not intend any harm nor would like to have someone suffered from my misconduct."* was replaced with *"I never intended any harm nor would want to mislead anyone from my misconduct."* With respect to F.D.'s signatures, the following inclusion was made; *"I was*

surprised and told [Insurer] that I would have never thought that her signature would be any different from the previous applications since she signed them". The purchase of the Agent's insurance "block" was amended to read "book". An inclusion was made; "[...] ask that you consider my past work. Please take a look at the numerous policies that are still in force [...]". The letter concluded the amended sentence *"I have learned my lesson the hard way but swears that it will never happen again"*.

Having received a response to the allegations from all parties, the AIC provided the Agent with a copy of the Report. The Report was forwarded to the Agent for her review and to allow the Agent to provide the Council with further evidence or submissions by way of Addendum.

The Agent responded through correspondence from her legal counsel dated April 30, 2021. The correspondence included a *"Response by Ryan Granadozin"* dated April 29, 2021 (the *"Agent's Response"*). The Agent's Response supported the Agent's previous correspondence of November 27, 2020 in that the chronology of events remained the same. The Agent's response to the entirety of the Report are as follows:

[...] 6. Granadozin treated [F.D.] as her best friend. She gave [F.D.] a key to her home for emergency purposes. [F.D.] would stay overnight at least twice a week. There were instances when she would invite her friends, her date, her boyfriend, to Granadozin's place to hang out. [F.D.] stayed at her home most of the time. They saw each other almost daily. They treated each other like siblings. Granadozin allowed [F.D.] to move in. There were also instances when [F.D.] came to her home unannounced just to find out who Granadozin was with. During those occasions Granadozin felt uncomfortable, that [F.D.] wanted to control her life. [F.D.] returned the keys at Granadozin's request. [...]

8. In the November, 2018 application [F.D.] used Granadozin's home address and, on her own initiative, put her brother and Granadozin as beneficiaries. Granadozin's address was used because, according to [F.D.], using her previous address resulted in some lost mail, and most mail taking too long before she got them. [F.D.] insisted to have Granadozin's name as her beneficiary because at that time [F.D.] said she could not trust her own sister yet. [F.D.] regrets that her sister was giving all her money to her girlfriend partner. [...]

10. In April, 2019, [F.D.] made a third application. Granadozin had realized that it was inappropriate for her to be named as one of [F.D.] beneficiaries on the previous application. Granadozin acted in good faith for her best friend, but realized her conduct was unethical. Granadozin explained her concerns to [F.D.]. Both agreed to correct the mistakes on the third application. The address used in the third application was her current address at the time, and her brother and sister were named as her beneficiaries.

11. Granadozin did not collect a void cheque from [F.D.] or any other client for any of the applications. She obtained a client's banking information needed for the application. Further, [F.D.] was aware of the monthly premium [Insurer] was deducted from her bank account. The refund cheque when the policy was declined was made payable to [F.D.]. [...]

12. [...] The third application was approved, and a policy was issued. It was in force until she left [Insurer] in October 2019.

14. In May 2019 Granadozin started to have financial difficulties. [F.D.] offered to help. She voluntarily gave money out of her loan from her boyfriend so that Granadozin could pay bills. On her own initiative, [F.D.] obtained a high interest loan with [financial institution], which she then loaned to Granadozin. Granadozin was told to pay the monthly interest of \$488.00 until the loan was moved to [F.D.]'s line of credit so that Granadozin would pay less interest. Unsecured loans from [financial institution] are charged interest at an annual rate of 39.9%.

15. [F.D.] loaned at total of \$10,000 to Granadozin. In June 2019, Granadozin started to make the monthly payments of \$488.00. Granadozin filed for a consumer proposal on June 14, 2019. She kept paying [F.D.] \$488 monthly until November 2019, and paid \$600 in December, 2019.

16. In July, 2019, the relationship deteriorated. [...] Whenever she got mad, [F.D.] wanted full payment of the \$10,000, otherwise she threatened she would sue.

17. In July 2019, Granadozin flew to Vancouver, B.C. for a weekend with a friend at no cost to herself. She didn't tell [F.D.] about it because of the increasing jealousy that was evident. On her return, [F.D.] demanded payment of the loan in full. She started to tell Granadozin's friends, clients and relatives who she knew about the loan. The jealousy would abate, but [F.D.] would get angry and threaten to sue for the loan.

18. [F.D.] was aware that Granadozin had filed for a consumer proposal. She harassed Granadozin to pay the full amount immediately. Granadozin contacted her trustee, MNP Insolvency Trustee Ltd. ("Trustee"), in August 2019. [F.D.] was put on the list of creditors, and advised by the Trustee that she was to cease her demands for payment. Intimidated by [F.D.], Granadozin kept paying interest even after her Trustee and the Office of the Superintendent of Bankruptcy advised her to stop.

19. In October, 2019 Granadozin reported to the Trustee that [F.D.] was having someone pursue the debt and accused her of financial fraud and coercion.

20. On December 6, 2019, [F.D.] called Granadozin at which time she threatened to destroy Granadozin by any means. She would reach out to friends, family, and clients.[...]

21. Despite her Consumer Proposal, Granadozin gave into the intimidation. She [the Agent] kept giving [F.D.] \$488 every month, even when she was behind on paying her bills.

22. In January, 2020, Granadozin could not pay. She learned that [F.D.] contacted her friend, [L.V.], to push for payment of the debt.

23. In February, 2020, Granadozin contacted the Calgary Police Service. [F.D.] had left a voice message swearing Granadozin and her family would suffer for the rest of their lives.

24. Also in February, 2020, Granadozin was contacted by her sister in the Philippines. They had been contacted by [F.D.]. [F.D.] claimed Granadozin owed many people money, like Granadozin's aunt and uncle. [F.D.] claimed her family had to pay for her, otherwise she would be sent to jail or deported to the Philippines because Granadozin was only a permanent resident and not a Canadian citizen. [F.D.] also said she comes to check Granadozin's place once in a while and found that somebody else owns it.

25. Prior to the above, [F.D.] had already contacted a number of Granadozin's friends and relatives. She told them Granadozin owes her money, that Granadozin refused to pay, that she has committed financial fraud, that she has lost her home, and that Granadozin had vanished. All of the allegations were false.

26. [F.D.] continued the intimidation by posting on social media in April and May, 2020. [F.D.] left a voice message telling Granadozin she wanted her on the ground. She contacted friends, relatives and clients telling them Granadozin was untrustworthy and that she is a scammer.

27. The accusation by [F.D.] that Granadozin placed [F.D.]'s vehicle as collateral for a loan is false. Granadozin never used that vehicle as collateral for a loan. If the vehicle is security for a loan, Granadozin has no knowledge of the loan or security given.

28. [F.D.] has accused Granadozin of ruining her character at work, the car dealership where they met. [F.D.] used the dealership's phone number to call and harass her. Granadozin reported the matter to the dealership.

29. The email referred to on page 13 of the Investigation Report by Nicholas Woodhouse is from a certain Hansen Serina, not [F.D.]. The signature that is claimed to be false is [F.D.]' signature on the April, 2019, policy which [F.D.] had authenticated to [Insurer]. As stated above, it was at the instigation and with the knowledge of [F.D.] that Granadozin was a named beneficiary of the second policy.

30. In her complaint, [F.D.] states that Granadozin forced her to apply for insurance, so that was the reason she used different signatures. However, the application [F.D.] claims she did not sign was approved and a policy issued. [F.D.] acknowledged all policies and her signatures to [Insurer].

31. [...] Between making her application in April, 2019, and the date Granadozin left [Insurer] in October, 2019, [F.D.] never questioned or complained to Granadozin about the monthly premium being collected. [...]

32. The investigator seems to have ignored the response from [Insurer]. [F.D.] did respond to the investigation audit letter. She confirmed that she applied for the policies, and those were her signatures.

33. Granadozin's FCM at [Insurer] initiated the audit because of her practice of putting 1234567890 on the banking information portion of the application in order to submit them. Granadozin had been doing so since she started working at [Insurer]. She had never been asked before then, so she believed she was compliant as long as she provided the banking information within 10 days from the time she wrote the application. It was a practice she learned from one of the senior advisors because they shared common experience in the field. There were times when the client was ready to apply for insurance but did not have access to their banking details at the same time. It is of note that [D.S.], of [Insurer], says that on their review of Granadozin's business activity no additional concerns were identified or seen.

34. On March 5, 2020, [K.L.], Senior Estate Manager at the Trustee wrote a letter setting out a series of events concerning [F.D.]. Briefly, on September 12, 2019, the Trustee sent a creditor package to [F.D.] notifying her of the proposal filing. [F.D.] refused to cease collection acts despite repeated statements by the Trustee regarding the stay of proceedings and that collection actions had to cease. No proof of claim was submitted by [F.D.]. A Notice of Requiring Person to Prove Claim was sent to [F.D.] on December 17, 2019. [F.D.] continued to pursue Granadozin for the debt, ignoring the Trustee and the OSB.

35. An individual, ["P.C."][redacted], sent numerous emails to Granadozin on behalf of [F.D.] demanding payment. On October 30, 2019, [P.C.] sent an email threatening to *"follow through with the criminal complaint for financial fraud. Please govern yourself accordingly"* if Granadozin did not reply with an Offer of Settlement by the end of the day.

36. In an email sent October 30, 2019, under the heading "*Without Prejudice*", which appears to be in response to a letter dated October 30, 2019 from the Trustee to [F.D.] sent via email to [F.D.][email redacted], [P.C.] formally requested that the Trustee not contact [F.D.] directly in the matter. [F.D.] apparently did not intend to sign an agreement that was not beneficial for her. In the email, [P.C.] threatened Granadozin with criminal

charges for "*several accounts of financial fraud*" if a favourable arrangement was not made with her. The threat included providing law enforcement with details of Granadozin forcing [F.D.] to obtain a loan from [financial institution] under false pretences, of coercing [F.D.] to obtain a loan without informing her of the terms involved, and using [F.D.]' vehicle as security against the loan. The threat continued:

In addition, one of the several financial fraud charges that **will be arranged** (emphasis added) involves an investigation into Ms. Granadozin's submission of several insurance policies under Ms. [F.D.]' name, WITHOUT her consent. Ms. Granadozin is also accused of falsifying Ms. [F.D.]' signatures in the aforementioned applications.

Ms. Granadozin is currently under investigation with [Insurer] for fraudulent activities that includes Ms. [F.D.], and several others. Ms. [F.D.] **does not wish to participate in this investigation, but will be forced to do so if favourable arrangements will not be reached.** (emphasis added).

37. The Trustee attempted to obtain [P.C.]'s contact information of name, company she worked for, address, and phone number as well as her relationship to [F.D.] in order to provide a formal response to the above noted email. In response, [P.C.] refused to provide the requested information, saying a formal response could be sent to her. All the Trustee needed was that she represented [F.D.]. The threat continued: "*Any response not favourable to Ms. [F.D.] will be considered a signal for us to continue with criminal charges.*"

38. In its letter of November 5, 2019, sent in response to [P.C.]'s email regarding the allegations made against Granadozin, the Trustee stated all collection actions against Granadozin had to stop pursuant to the provisions of the Bankruptcy and Insolvency Act unless [F.D.] obtained court approval to lift the stay of proceedings.

39. The intimidation continued into 2020. An individual, identified as ["Y"] [redacted] in a series of text messages on January 6, . 2020, demanded Granadozin send \$488 to [F.D.] "*RIGHT NOW!!!!*" On January 7, 2020, when told that Granadozin did not have any money to send, [Y's] response was "*Your licences are all on the line here. Remember that. This is not a freakin' game.*"

40. The complaint sent by [F.D.] to the Alberta Insurance Council dated September 11, 2020, is the manifestation of the December 6, 2019 threat set out in paragraph 20, that [F.D.] would destroy Granadozin by any means. It is nothing less than intimidation. All of the "facts" are not substantiated with corroborating documents, or independent confirmation by third parties, but are contradicted by [F.D.]'s own statements.

41. The complaint is a piece in a long list of threats and accusations, first to collect a debt, then to cause whatever harm possible to Granadozin. Its sole purpose is to have Granadozin's licence revoked based on a collection of fabrications and lies. There is no reasonable justification or excuse for her conduct. [F.D.]' conduct is, in effect, extortion as defined by section 346(1) of the *Criminal Code of Canada*.

42. Section 346(1) is broadly worded to criminalize any threats of any kind made with an attempt to induce any person to do anything, if those threats are made with the intention of obtaining anything. A threat to have Granadozin charged with criminal fraud, and have her licence revoked, constitutes a threat within this provision as the threat to have Granadozin's licence revoked is unlawful.

Discussion

In order to conclude that the Agent has committed an offence pursuant to s. 480(1)(a) of the Act, the Report must prove, on the basis of clear and cogent evidence, that it is more likely than not that the Agent committed the act as alleged. The requirement of clear and cogent evidence reflects the fact that our

findings can dramatically impact an insurance agent's ability to remain in the industry.

The elements of s. 480(1)(a) violation were outlined by the Alberta Court of Queen's Bench in *Roy v. Alberta (Insurance Councils Appeal Board)*, 2008 ABQB 572 (hereinafter "Roy"). In *Roy*, the Council found that an Agent committed an offence pursuant to s. 480(1)(a) of the Act when he attested to completing the applicable CE when he did not, in fact, have the required CE. The Insurance Councils Appeal Board dismissed the appeal and found the agent guilty of the breach. The agent subsequently appealed to the Court of Queen's Bench. In his reasons for judgment dismissing the agent's appeal, Mr. Justice Marceau reviewed the requisite test and wrote at paragraphs 24 to 26:

[24] The Long case, albeit a charge under the Criminal Code of Canada where the onus of proof is beyond a reasonable doubt (not on a preponderance of evidence as in this case), correctly sets out the two step approach, namely the court or tribunal must first decide whether objectively one or more of the disjunctive elements have been proven. If so, the tribunal should then consider whether the mental element required has been proved. While the Appeal Board said it was applying the Long decision, it did not make a finding as to whether step 1 had been proved with respect to each of the disjunctive elements. Rather it immediately went into a step 2 analysis and found that the mental element required for untrustworthiness might be less than the mental element required for fraud (as a given example).

[25] I am of the view that statement was in error if it was made to convey a sliding scale of mens rea or intent depending on which of the constituent elements was being considered. In my view, the difference between the disjunctive elements may be found in an objective analysis of the definition of each and certainly, as demonstrated by the Long case, what constitutes fraud objectively may be somewhat different from untrustworthiness. However once the objective test has been met, one must turn to the mental element. Here to decide the mental element the Appeal Board was entitled, as it did, to find the mental element was satisfied by the recklessness of the Applicant.

[26] While the language used by the Appeal Board may be characterized as unfortunate, on this review on the motion of the Applicant I need not decide whether the Appeal Board reasonably could acquit the Applicant on four of the disjunctive elements. Rather, the only matter I must decide is whether the Appeal Board acting reasonably could conclude, as they did, that the Applicant's false answer together with his recklessness justified a finding of "untrustworthiness". (emphasis added)

On the basis of clear and cogent evidence, the Council reviewed the following factors;

- **The appropriateness of insurance Policy Q72***3-3:** It is highly improbable that a client with a compromised financial situation such as [F.D.] (residing with friends, having limited financial means) would attract an appropriate recommendation of an insurance policy with a premium of \$795.60 per month. This fact is noted on the Advisor Statement related to this policy that "*Did you use SunVision Financial Analyzer with this client? No*".

- **The Agent's own admission that she had failed the fiduciary duties owed to her client as an insurance agent:** the Agent's asserts that she allowed the personal nature of her relationship with [F.D.] to govern her actions as an insurance agent. The Agent states; *I have lost myself and forget about the fact that I should stand as her Advisor before acting to be a guardian, a friend, or a sister. I realized that it was unethical, and I regret that I let my guard down. I was swept by the fact that [F.D.] is my best friend, and so I follow all her request. I was in good faith; I did not intend any harm nor would like to have someone suffered from my misconduct.*
- **The elevated responsibilities owed by an Insurance Agent to a client:** It is not unreasonable to expect that a high standard of due diligence is practiced by insurance agents when soliciting insurance products. The relationship between the agent and the client is such that the client relies on the agent's expertise, competency and integrity to make recommendations appropriate to the client's financial and personal situation. The Agent, in her role as an insurance agent, is entrusted with the stewardship of F.D.'s insurance policies, and owes a fiduciary obligation to act in the best interests of her client. Recommendations made to [F.D.] did not demonstrate a needs-based analysis, and in the mind of the Council, can only point to an abuse of power over [F.D.]

In light of all the evidence, the Council is satisfied that there is sufficient, clear and cogent evidence that the requisite elements of an offence under s.480(1)(a) have been met, and that the Agent misrepresented information, was dishonest, or at the high end, committed fraud in order to deceive, and is therefore untrustworthy as contemplated by s.480(1)(a) of the Act.

The Council agrees that substantial civil penalties are warranted under the circumstances. Honesty and transparency are the hallmarks of a trustworthy agent, especially when advising and presenting services to their clients. Given the seriousness of the offences the Council orders the maximum civil penalty under s. 480(1)(a) of the Act, being \$5,000.00, to be levied against the Agent pursuant to s. 480(1)(b) and 13(1)(b) of the *Certificate Expiry, Penalties and Fees Regulation*, A.R. 125/2001. Council also has the ability to order that the certificates of authority be revoked for one year or suspended for a period of time. Based on the facts in this case, the Council orders that the Agent's certificates of authority be revoked for the period of one year.

The civil penalties must be paid within thirty (30) days of receiving this notice. In the event that the penalties are not paid within thirty (30) days, interest will begin to accrue at the rate of 12% per annum in accordance with s. 13(2) of the *Certificate Expiry, Penalties and Fees Regulation*. Pursuant to s. 482 of the Act (excerpt enclosed), the Agent has thirty (30) days in which to appeal this decision by filing a notice of appeal with the Office of the Superintendent of Insurance.

This Decision was made by way of a motion made and carried at a properly conducted meeting of the Life Insurance Council. The motion was duly recorded in the minutes of that meeting.

Date: July 27, 2021

[Original Signed By]
Michael Bibby, Chairman
Life Insurance Council

Extract from the *Insurance Act*, Chapter I-3**Appeal**

482 A decision of the Minister under this Part to refuse to issue, renew or reinstate a certificate of authority, to impose terms and conditions on a certificate of authority, to revoke or suspend a certificate of authority or to impose a penalty on the holder or former holder of a certificate of authority may be appealed in accordance with the regulations.

Extract from the *Insurance Councils Regulation*, Alberta Regulation 126/2001**Notice of appeal**

16(1) A person who is adversely affected by a decision of a council may appeal the decision by submitting a notice of appeal to the Superintendent within 30 days after the council has mailed the written notice of the decision to the person.

(2) The notice of appeal must contain the following:

- a) a copy of the written notice of the decision being appealed;
- b) a description of the relief requested by the appellant;
- c) the signature of the appellant or the appellant's lawyer;
- d) an address for service in Alberta for the appellant;
- e) an appeal fee of \$200 payable to the Provincial Treasurer.

(3) The Superintendent must notify the Minister and provide a copy of the notice of appeal to the council whose decision is being appealed when a notice of appeal has been submitted.

(4) If the appeal involves a suspension or revocation of a certificate of authority or a levy of a penalty, the council's decision is suspended until after the disposition of the appeal by a panel of the Appeal Board.

Address for Superintendent of Insurance:

Superintendent of Insurance
Alberta Finance
402 Terrace Building
9515-107 Street
Edmonton, Alberta T5K 2C3