

IN THE MATTER OF the *Insurance Act*, R.S.O. 1990, c.l.8, as amended (the “Act”), in particular sections 392.5, 407.1, and 441;

AND IN THE MATTER OF Vineet Anand.

**NOTICE OF PROPOSAL TO REVOKE LICENCE and
TO IMPOSE ADMINISTRATIVE PENALTIES**

TO: Vineet Anand

TAKE NOTICE THAT pursuant to sections 392.5 and 407.1 of the Act, and by delegated authority from the Chief Executive Officer (“Chief Executive Officer”) of the Financial Services Regulatory Authority of Ontario (“FSRA”), **the Director, Litigation and Enforcement (the “Director”) is proposing to revoke the insurance agent licence issued to Vineet Anand.**

TAKE FURTHER 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 two administrative penalties in the total amount of \$50,000 on Vineet Anand for two instances of failing to comply with section 16 of Ontario Regulation 347/04.**

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 West, 7th Floor
Toronto, ON, 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. 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.

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 the reasons for the proposal by the Director to revoke the insurance agent licence of Vineet Anand (“Vineet”) and to impose two administrative penalties in the total amount of \$50,000 on Vineet.

II. BACKGROUND

2. Vineet is licenced as a Life, Accident, and Sickness insurance agent (licence #03080736) under the Act. Vineet has been licensed as a life insurance agent since December 11, 2003. His licence is scheduled to expire on February 14, 2023.
3. Vinod Anand (“Vinod”) is Vineet’s father. Vinod is licenced as a Life, Accident, and Sickness insurance agent (licence #94011431) under the Act. Vineet has been licensed as a life insurance agent since April 1, 1994. His license is scheduled to expire on March 4, 2023.

III. SCHEME TO OBTAIN FUNDS FROM INSURANCE POLICY

4. GU and his wife EU were longstanding insurance clients of Vinod.
5. In June of 2019, EU died. GU was 92 years old and living in an assisted living home.
6. At the time of EU’s death, she was the owner of an Empire Life non-registered segregated fund policy with a total death benefit of approximately \$275,000 (the “EU Policy”). GU was the beneficiary of the EU Policy.
7. A segregated funds policy is an individual variable insurance contract in which benefits are paid based on the life of the “annuitant.”
8. Following EU’s death, Vineet took a series of actions that, if successful, would have resulted in his father Vinod (or his father’s estate) obtaining the funds that were paid out from the EU policy.
9. First, on October 2, 2019, Vineet submitted an application to transfer the funds from the EU Policy to a new Empire Life non-registered segregated fund policy (the “GU Policy”). The application identified GU as the owner, GU as the successor owner, the estate of GU as the beneficiary, and Vinod as the annuitant. This document bears what is purported to be GU’s signature.
10. Vineet claims that he listed Vinod as the annuitant because Empire Life required an annuitant under 90 years of age, and GU’s family refused to agree to be listed as annuitant. GU’s daughters deny that this is true.
11. Second, Vineet took steps to remove GU as the successor owner of the GU Policy.

12. Vineet states that GU had previously provided Vinod with a pre-signed blank piece of paper. Vineet admits that he used this pre-signed blank piece of paper to create a letter, purportedly from GU, directing Empire Life to remove GU as the successor owner of the GU Policy.
13. This letter went on to state that as a result of this change, "upon my death, the named annuitant, Vinod Anand, will become owner of this policy."
14. Vineet sent this letter to Empire Life on October 8, 2019. Vineet claims GU gave him verbal authorization to do so, but describes his actions in using the signed blank piece of paper as "an error."
15. Third, on October 17, 2019, Vineet sent Empire Life an amendment to the beneficiary section of the application to change the beneficiary of the GU Policy from the Estate of GU to the "Estate of Vinod Anand". This amendment was purportedly initialled by GU.
16. Vineet claims that he changed the beneficiary as a result of misreading an email from Empire Life, and that doing so was "a mistake."
17. Fourth, on November 6, 2019, approximately \$90,000 was transferred from a Canada Life policy owned by GU into the GU Policy. This increased the value of the GU Policy to approximately \$365,000. Vineet's name and advisor code appear on the Transfer Authorization document, but he denies initiating this transfer.
18. Vineet's listing of Vinod as the annuitant, the removal of GU as successor owner, and the listing of Vinod's estate as beneficiary created two scenarios in which Vinod or his estate would receive the approximately \$365,000 held in the GU Policy:
 - (i) If GU died, Vinod would have become the owner of the GU Policy; or
 - (ii) If Vinod died, Vinod's estate would have received the funds in the GU Policy.
19. GU had been receiving \$2,000 per month from the GU Policy. According to GU's daughters, GU used these funds to pay his monthly assisted living home expenses. However, on August 7, 2020, Empire Life received a letter of direction (dated May 1, 2020) to stop the monthly withdrawals. This letter was sent from Vinod's fax telephone number. This change had the effect of maintaining the value of the GU Policy.
20. GU's health declined throughout 2020. On September 3, 2020, his daughters sent an email to Empire Life advising they had assumed power of attorney over his financial affairs.
21. On November 30, 2020, Vineet sent an email to Empire Life to change GU's mailing address to Vinod's home address. Vineet claims that GU gave Vinod verbal instructions to do so. This change had the effect of preventing GU (or anyone monitoring his mail) from receiving information about the GU Policy.

22. GU's daughters subsequently learned how Vineet had structured the GU Policy. They took steps to terminate the GU Policy and transferred the funds to a different Empire Life non-registered segregated fund policy owned by GU.
23. GU died in August of 2021.
24. FSRA investigators conducted an interview of Vineet in August of 2021. In that interview, he provided his explanations that his actions were "an error" and "a mistake." However, these explanations are not credible considering the multiple steps Vineet took over the course of a year to create a situation where Vinod or his estate would become entitled to the funds in the GU Policy, including listing Vinod as the annuitant, removing GU as successor owner, listing Vinod's estate as beneficiary, increasing and preserving the value of the GU Policy, and redirecting statements to avoid detection.

IV. CONTRAVENTIONS OR FAILURES TO COMPLY WITH THE ACT

25. Section 16 of Ontario Regulation 347/04 states that an agent who holds a life insurance licence shall disclose in writing to a client or prospective client any conflict of interest or potential conflict of interest of the agent that is associated with a transaction or recommendation.
26. In carrying out his scheme, Vineet engaged in a series of clear conflicts of interest:
 - (i) By listing Vinod as the annuitant and removing GU as successor owner of the GU Policy, Vineet's father stood to benefit financially in the amount of approximately \$365,000 if GU died; and
 - (ii) By listing Vinod's estate as the beneficiary of the GU Policy, Vineet's father's estate stood to benefit financially in the amount of approximately \$365,000 if Vinod died.
27. There is no evidence that Vineet disclosed either of these conflicts of interest in writing to GU.
28. Accordingly, the Director is satisfied that in both instances Vineet contravened section 16 of Ontario Regulation 347/04.

V. GROUNDS FOR REVOCATION OF LICENCE

29. Section 392.5(1) of the Act states that the Chief Executive Office 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.
30. For the reasons noted above, the Director is of the view that Vineet twice failed to comply with the regulations under the Act, specifically section 16 of Ontario Regulation 347/04, by failing to disclose conflicts of interest in writing to GU.

31. In addition, 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, exists.
32. Subsection 8(c) of Ontario Regulation 347/04 states that the Chief Executive Officer may suspend or revoke a licence if, after due investigation and hearing, it appears to the Chief Executive Officer that the licensee has been guilty of a fraudulent act or practice.
33. Subsection 8(d) of Ontario Regulation 347/04 states that the Chief Executive Officer may suspend or revoke a licence if, after due investigation and hearing, it appears to the Chief Executive Officer that the licensee has demonstrated incompetence or untrustworthiness to transact the insurance agency business for which the licence has been granted.
34. The Director is of the view that Vineet is guilty of a series of fraudulent acts or practices, and has demonstrated untrustworthiness to transact the insurance agency business for which his licence has been granted:
 - (i) Vineet listed his father Vinod as the annuitant of the GU Policy;
 - (ii) Vineet used a pre-signed blank piece of paper to create a letter to Empire Life removing the successor owner from the GU Policy and stating that upon GU's death, Vinod would become the owner of the policy;
 - (iii) Vineet sent Empire Life an amended application to change the beneficiary of the GU Policy to Vinod's estate;
 - (iv) Vineet transferred \$90,000 into the GU Policy to increase the value of the funds his father or his father's estate stood to receive;
 - (v) Vineet stopped monthly withdrawals from the GU Policy to maintain the value of the funds his father or his father's estate stood to receive; and
 - (vi) Vineet changed the mailing address on the GU Policy to prevent GU (or anyone monitoring his mail) from receiving information about the GU Policy.
35. For these reasons, and subject to such further and other particulars as may come to the attention of the Director, the Director proposes to revoke Vineet's licence under the Act.

VI. GROUNDS FOR IMPOSING ADMINISTRATIVE PENALTIES

36. The Director is satisfied that imposing two administrative penalties on Vineet under section 441.3(1) of the Act will satisfy either of the following purposes under section 441.2(1) of the Act:
 1. To promote compliance with the requirements established under the Act.

2. To prevent a person from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with a requirement established under this Act.
37. The Director is satisfied that two administrative penalties in the amount of \$25,000 each should be imposed on Vineet for his two failures to comply with section 16 of Ontario Regulation 347/04.
 38. 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:
 1. The degree to which the contravention or failure was intentional, reckless or negligent.
 2. The extent of the harm or potential harm to others resulting from the contravention or failure.
 3. The extent to which the person or entity tried to mitigate any loss or take other remedial action.
 4. 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.
 5. 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.
 39. In respect of the **first criterion**, the Director is satisfied that Vineet's actions were intentional. Vineet has been licensed under the Act for approximately 19 years. He is a sophisticated individual who is expected to understand the products, processes, and policies related to the sale of insurance in Ontario. Vineet is also expected to understand his client's needs and put those needs ahead of his own. He was or ought to have been aware that listing his father as the annuitant and successor owner of the GU Policy and his father's estate as the beneficiary, was improper and created a conflict of interest.
 40. In respect of the **second criterion**, the Director is satisfied that Vineet's actions had the potential to cause significant financial harm to GU or his estate. Had GU or Vinod died while Vineet's scheme was in place, Vinod or his estate would have wrongly taken ownership of the approximately \$365,000 in the GU Policy.
 41. In respect of the **third criterion**, the Director is not aware of any attempts by Vineet to mitigate any loss or take other remedial action. While Vineet claims that his actions were an "error" and a "mistake," he took no steps to correct them.
 42. In respect of the **fourth criterion**, the Director is satisfied that Vineet's father or his estate expected to receive financial benefit of approximately \$365,000 as a result of Vineet's contraventions of the Act.

43. In respect of the **fifth criterion**, the Director is not aware of any other breaches of the Act or other financial services legislation by Vineet.
44. Such further and other reasons as may come to the attention of the Director.

DATED at Toronto, Ontario on January 20, 2023.

Elissa Sinha
Director, Litigation and Enforcement

By delegated authority from the Chief Executive Officer