

IN THE MATTER OF the *Insurance Act*, R.S.O. 1990, c. 1.8, as amended (the "Act"), in particular sections 392.5, 407.1, 441.2 and 441.3;

AND IN THE MATTER OF Susan Keshen and Michael Stoddart.

MINUTES OF SETTLEMENT AND UNDERTAKING

PART I - INTRODUCTION

1. On April 27, 2022, the Director of Litigation and Enforcement ("Delegate"), by delegated authority from the Chief Executive Officer ("CEO") of the Financial Services Regulatory Authority of Ontario ("FSRA"), issued a Notice of Proposal (the "NOP") in respect of Stoddart.
2. Michael Stoddart ("Stoddart") disputed the allegations and, on or about May 10, 2022, requested a hearing before the Financial Services Tribunal (the "Tribunal") in respect of the NOP.
3. Stoddart and the Delegate, by delegated authority from the CEO, (collectively the "Parties") wish to resolve this matter on consent on the following terms and without a hearing before the Tribunal.

PART II - AGREED FACTS

4. Stoddart was previously licenced as a life insurance and accident and sickness insurance agent.
5. His licence was revoked effective August 11, 2008. The revocation was made under Minutes of Settlement entered into between Stoddart and the Financial Services Commission of Ontario, the former regulator of the life insurance sector.
6. After his licence was revoked, the book of business was transferred to Susan Keshen ("Keshen") by Financial Horizons.
7. Keshen and Stoddart were in a personal relationship. Keshen did not pay for Stoddart's book of business.
8. Stoddart did not advise clients that their insurance agent had changed from Stoddart to Keshen.
9. FSRA received a Life Agent Reporting Form regarding Stoddart from The Manufacturers Life Insurance Company on April 29, 2020.

10. After his licence was revoked Stoddart continued to:
 - (i) be involved in transactions on client accounts;
 - (ii) communicate with certain clients by email and correspondence;
 - (iii) meet directly with certain clients; and
 - (iv) complete certain insurance documents and sign certain documents in Keshen's name.
11. At times, Stoddart was referred to as the "Managing Partner" of Standard Wealth Management (an unincorporated entity created by Keshen).
12. Several clients were unaware that Stoddart's licence had been revoked or that Keshen had replaced Stoddart as their life insurance agent.

PART III - NON-COMPLIANCE WITH THE ACT

1. By engaging in the conduct described above in Part II, Stoddart admits and acknowledges that he contravened the Act as follows:
 - (i) Section 401 of the Act by, at times, holding himself out as an insurance agent;
 - (ii) Section 392.2(6) of the Act and section 2(1) of Ontario Regulation 347/04 by, at times, engaging in unlicensed activity; and
 - (iii) Section 447(2)(a.3) of the Act by knowingly making a false or misleading statement or representation in order to obtain certain payments or providing certain services to an insured.
2. Stoddart consents to administrative penalties being imposed. As a result of this non-compliance, Stoddart admits that the imposition of administrative penalties by FSRA is appropriate.

PART IV - TERMS OF SETTLEMENT

3. Stoddart admits the facts contained in Part II of these Minutes.
4. Stoddart acknowledges and agrees that he has been given the opportunity to seek independent legal advice and has done so and is entering into these Minutes of Settlement and Undertaking ("Minutes") voluntarily, understanding the consequences of doing so.
5. Stoddart acknowledges that these Minutes are an undertaking within the meaning of the Act. and that failure to comply may result in immediate regulatory action including,

but not limited to, the issuance of a Notice of Proposal to revoke the licence, a Notice of Proposal to impose an administrative penalty, or a prosecution under the *Provincial Offences Act*.

(a) Administrative Penalties

6. Stoddart agrees to pay administrative penalties of \$30,000.

(b) Issuance of Order

7. Stoddart acknowledges that, upon execution of these Minutes by both Parties, the order attached as Appendix "A" to these Minutes (the "Order") will be issued.

(c) Process for Execution of Settlement

8. Stoddart acknowledges that these Minutes are not binding on the Delegate until signed by the Delegate.

9. These Minutes may be executed in counterparts, and may be executed and delivered by facsimile or e-mail, and all such counterparts and facsimiles or e-mails, as applicable, shall together constitute one and the same agreement.

10. Upon receiving an executed copy of these Minutes from FSRA, Stoddart will withdraw their Request for Hearing (Form 1) in respect of the NOP before the Tribunal by completing a Withdrawal/Discontinuance (Form 5) and filing it with the Registrar at the Tribunal within two (2) business days.

11. Upon confirmation from the Tribunal that the Request for Hearing has been withdrawn and the hearing has been cancelled, the Parties agree that the Delegate will issue an Order in the form attached as Appendix "A" to these Minutes.

12. The Parties accept and understand that these Minutes and any rights within the Minutes shall enure to the Parties and to any successors or assigns of the Parties.

(d) Disclosure of Minutes and Order

13. The Parties will keep the terms of these Minutes and the Order confidential until the Order is issued, except that:

(iv) The Director shall be permitted to disclose the Minutes and the Order within FSRA; and

(v) The Parties shall be permitted to inform the Financial Services Tribunal.

14. If either of the Parties does not sign these Minutes or the Delegate does not issue the Order:

(i) These Minutes, the Order, and all related discussions and negotiations will be without prejudice to FSRA and Stoddart; and

- (ii) FSRA and Stoddart will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the NOP. Any proceedings, remedies and challenges will not be affected by these Minutes, the Order, or any related discussions or negotiations.

15. Upon issuance of the Order:

- (vi) Stoddart agrees that these Minutes and the Order form part of his administrative record for the purposes of any future licensing decision or as an aggravating factor in respect of a future administrative penalty or prosecution against them or any affiliated entities;
- (vii) Stoddart acknowledges that these Minutes and the Order are public and will be published by FSRA on its public website (or that of its successor) along with a press release that summarizes these Minutes and the Order; and
- (viii) The Parties agree not to make representations to any member of the public or media or in a public forum that are inconsistent with these Minutes or the Order.

(e) Further Proceedings

16. Whether or not the Order is issued. Stoddart will not use, in any proceeding, these Minutes or the negotiation or process of approval of these Minutes as the basis for any attack on FSRA's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may be available.

17. Upon issuance of the Order:

- (ix) Stoddart waives all rights to a hearing before the Tribunal regarding the NOP;
- (x) Stoddart waives all rights to a judicial review or appeal of the Order;
- (xi) The Delegate agrees that FSRA will not take any further proceedings against Stoddart arising solely from the facts contained in Part II of these Minutes_ unless facts not disclosed by Stoddart come to the attention of FSRA that are materially different from those contained in Part II of these Minutes or Stoddart fails to comply with any term in the Order; and
- (xii) Stoddart agrees that should he fail to comply with any term in these Minutes or the Order, FSRA is entitled to bring any proceedings available to it.

DATED at Gooderham, Ontario, January 31, 2023

Michael Stoddart

Signature of Michael Stoddart

DATED at Gooderham, Ontario, January 31, 2023

Igor Sarancha
Witness

Signature of Witness

DATED at Toronto, Ontario, January 31, 2023

Elissa Sinha
Director, Litigation and Enforcement
Financial Services Regulatory Authority of Ontario

By delegated authority from the Chief Executive Officer

APPENDIX A

IN THE MATTER OF the Insurance Act, RSO 1990, c. 1.8, as amended (the "Act"), in particular sections 392.5, 407.1, 441.2 and 441.3;

AND IN THE MATIER OF Susan Keshen and Michael Stoddart.

ORDER IMPOSING ADMINISTRATIVE PENALTIES

Michael Stoddart ("Stoddart") was previously licensed as a life insurance and accident and sickness insurance agent under the Act until his licence was revoked effective August 11, 2008.

On April 27, 2022, by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the "Chief Executive Officer"), the Director, Litigation and Enforcement (the "Director") issued a Notice of Proposal to impose administrative penalties on Stoddart for contraventions of sections 401, 392.2(6), and 447(2)(a.3) of the Act and section 2(1) of Ontario Regulation 347/04.

A Request for Hearing (Form 1), dated May 10, 2022, was delivered to the Financial Services Tribunal (the "Tribunal") in accordance with section 441.3(5) of the Act respecting the Notice of Proposal.

On [date], Stoddart withdrew the Request for Hearing, and, on [date], the Tribunal closed its file in respect of this matter. This order is made pursuant to a settlement entered into by Stoddart and the Director.

ORDER

Administrative penalties in the total amount of \$30,000 are hereby imposed on Michael Stoddart, for the reasons set out in the Notice of Proposal.

TAKE NOTICE THAT Financial Services Regulatory Authority of Ontario will deliver an invoice to Michael Stoddart with information as to where and how to pay the administrative penalties. Michael Stoddart must pay the administrative penalties no later than sixty (60) days after the date of the invoice.

If Michael Stoddart fails to pay the administrative penalties in accordance with the terms of this Order, the Chief Executive Officer may file the Order with the Superior Court of Justice and the Order may be enforced as if it were an order of the court. An administrative penalty that is not paid in accordance with the terms of an order imposing the penalty is a debt due to the Crown and is enforceable as such.

DATED at Toronto, Ontario,

Elissa Sinha
Director, Litigation and Enforcement

By delegated authority from the Chief Executive Officer

Si vous désirez recevoir cet avis en français, veuillez nous envoyer votre demande par courriel immédiatement à : contactcentre@fsrao.ca.

