



Financial Services Regulatory
Authority of Ontario



Autorité ontarienne de réglementation
des services financiers

IN THE MATTER OF the *Insurance Act*, R.S.O. 1990, c.I.8, as amended (the “Act”), in particular sections 441.2 and 441.3;

AND IN THE MATTER OF Tejpal Mann and Daniel Emerson Tiffin.

NOTICE OF PROPOSAL TO IMPOSE ADMINISTRATIVE PENALTIES

TO: Tejpal Mann

AND TO: Daniel Emmerson Tiffin

TAKE NOTICE THAT pursuant to section 441.3 of the Act, and by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), **the Director, Litigation and Enforcement, (the “Director”)** is proposing to impose an administrative penalty in the amount of **\$20,000 on Tejpal Mann (“Mann”)** for directly or indirectly paying or allowing compensation to be paid to a non-licensee contrary to section 403 of the Act.

AND TAKE 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 an administrative penalty in the amount of \$50,000 on Daniel Emmerson Tiffin (“Tiffin”)** for contravening section 2(1) of O. Reg. 347/04 by acting as an insurance agent without a licence.

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 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 W, Suite 100
Toronto, ON M2N 6S6

Attention : Registrar

Fax: 416-226-7750

Email: contact@fstontario.ca

For additional copies of the Request for Hearing Form (Form 1), visit the Tribunal's website at www.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.

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 of the Director to impose administrative penalties on Tejpal Mann (“Mann”) and Daniel Emmerson Tiffin (“Tiffin”).
2. Tiffin, who was formerly licenced as an insurance agent, arranged for some of his former clients to be transferred to Mann, then a licensed insurance agent, in exchange for a portion of Mann’s commissions. Tiffin continued to act as the insurance agent and Mann signed the paperwork.
3. The Director issued a Notice of Proposal on January 25, 2023, to impose an administrative penalty and a compliance order on Tiffin in relation to a similar arrangement that Tiffin had with another licensed insurance agent, YJ.

II. BACKGROUND

4. Mann was a licensed life insurance and accident & sickness insurance agent (licence # 16152598) under the Act. Mann was licensed from June 24, 2016, until his licence expired on June 23, 2022.
5. Mann was contracted by Akal Insurance Brokers Inc. (“Akal Insurance”), a Managing General Agent (“MGA”) from February 28, 2021, to when his licence expired. Mann worked at Allkind Insurance Inc. (“Allkind Insurance”), a related, Associate General Agency (“AGA”) of Akal Insurance. Mann was contracted to sell for several insurers including Industrial Alliance (“iA”).
6. Tiffin was formerly a licensed life insurance and accident & sickness insurance agent (licence # 93005788) under the Act. Tiffin was licensed from April 1, 1994, until February 7, 2019.
7. On February 11, 2019, Tiffin applied to renew his life insurance agent licence, which had expired. This application was subsequently withdrawn after discussions with FSRA, and Tiffin’s licence was not renewed.
8. Tiffin is the owner of several corporations, including Global Demographics Inc. (“Global Demographics”) and 2796330 Ontario Inc. Tiffin is the sole Director of 2796330 Ontario Inc. The company was incorporated on December 1, 2020, and Tiffin has been the Director since inception.

III. FACTS

A. Tiffin's Securities Act Convictions

9. In 2014, the Ontario Securities Commission ("OSC") issued a cease trade order against Tiffin and his company, Tiffin Financial Corporation, prohibiting them from trading in securities for five years. Tiffin and his company were later charged with provincial offences under the *Securities Act*, R.S.O. 1990, c. S.5, alleging that they violated the cease trade order by soliciting loans from clients in the form of promissory notes.
10. On March 16, 2020, the Ontario Court of Appeal upheld the convictions though removed the six-month custodial sentence for Tiffin, leaving a 24-month probation order and a restitution order for the full amount of the loans.

B. Tiffin and Mann Arrange to Transfer Clients and Split Commissions

11. In April 2020, Mann received an email from Tiffin on behalf of Global Demographics with an article about how to create better investment returns. Mann replied and he and Tiffin started to exchange emails.
12. Tiffin told Mann in an email dated July 17, 2020, that he had "tried to retired two years ago but was forced into being a financial consultant and creating a sister company that needs agents."
13. Mann and Tiffin first met in Tiffin's office in the summer of 2020. At first, Mann thought he would be hired as an agent as part of a new MGA. However, that MGA did not come to fruition. The arrangement to split commissions for Tiffin's former clients started in March 2021.
14. Typically, Tiffin would provide Mann with clients on the condition that Mann paid a 'referral fee.' Tiffin would meet with the clients at his office and provide them with advice regarding their insurance needs, including specific insurance product recommendations.
15. After the clients had met with Tiffin, Mann would meet with the clients. The meetings were usually held at Tiffin's office and the clients would direct him as to what they wanted him to do with their insurance products. Tiffin was often present. The paperwork was pre-filled by Tiffin's assistant, RD, with the client details and product information. Mann signed the forms on the agent signature line.
16. TC, a former client of Mann's, confirmed that while Mann was her formal insurance agent, she considered Tiffin to be her insurance agent and that she only went to Mann to have paperwork signed. Another former client, DS, confirmed that his only dealings with Mann as his insurance agent were to have documents signed and that at all relevant times Tiffin provided advice about his insurance products.

17. Between March and May 2021, Mann submitted seven change-of-agent-of-record forms to iA for policies held by four clients. The four clients were previously serviced by YJ and/or Tiffin. Mann also submitted 15 applications for annuity contracts to iA on behalf Tiffin's clients, including two applications for TC and three applications for DS.
18. Tiffin would ask for a fee for each application that he referred to Mann. The fees generally amounted to approximately 10-20% of the commissions generated.
19. Mann was paid \$84,612.51 by iA in commissions relating to Tiffin's clients. This was net of deductions for some chargebacks. Of these commissions, approximately \$3,188.96 were related to TC and \$34,104.68 were related to DS.
20. In total, Mann paid Tiffin \$21,973. Mann paid commissions to Tiffin directly via two personal cheques and one bank draft to Tiffin's numbered corporation, 2796330 Ontario Inc.

C. End of Commission Sharing Arrangement

21. Mann and Tiffin worked together for approximately two months from March to May 2021. In May, Mann was sued by a third party, along with Tiffin, RD, and Global Demographics.
22. As of May 5, 2021, after receiving notice of the lawsuit, Mann stopped communications with Tiffin. Tiffin attempted to contact Mann multiple times following this date.
23. iA eventually charged back most of the commissions Mann received. iA made the chargebacks to Akal Insurance as Mann's MGA. Akal Insurance is seeking the money from Allkind Insurance, who has in turn sued Mann. According to Akal Insurance, Mann still owes \$74,217.70 for chargebacks.

D. iA Investigation

24. On May 12, 2021, iA notified a FSRA Compliance Officer about possible evidence of fronting by Mann on behalf of Tiffin. iA initiated an investigation into Mann's practice on May 26, 2021, after receiving an email written by Mann that detailed his business relationship with Tiffin.
25. Several potential irregularities were identified by iA after reviewing Mann's book of business including the seven change-of-agent-of-record requests in Mann's favor for clients who were formerly serviced by Tiffin and/or YJ. In addition, iA identified 14 annuity applications where the paperwork appeared to be completed in the same handwriting as Tiffin's past paperwork.

26. In response to iA's investigative findings, Mann wrote a letter in which he explained that the reason the paperwork appeared to be identical to Tiffin's was that he was utilizing RD, Tiffin's administrative assistant, to complete it. Mann further explained that he was introduced to the clients by Tiffin in exchange for a fee.

E. Mann's Interview with FSRA

27. In February 2023, a FSRA investigator interviewed Mann regarding his business relationship with Tiffin. In the interview, Mann generally confirmed the information in the letters he provided to iA and the interview he participated in as part of their investigation.
28. Mann stated that he viewed Tiffin as a mentor who would teach him about the insurance business. Mann explained that Tiffin presented himself to his former clients as their "financial consultant."
29. Mann told the investigator that Tiffin kept the client files in his office and that Tiffin was the one to set up the meetings with clients. Tiffin would meet with clients at his office first, with Mann waiting outside. After their discussion with Tiffin, Mann would meet with the clients with Tiffin present to complete the paperwork.
30. According to Mann, Tiffin referred 10-15 clients to him, or about 4 families.

IV. CONTRAVENTIONS OR FAILURES TO COMPLY WITH THE ACT

A. Mann Paid Compensation to a Non-Licensee

31. Section 403(1) states that no broker, an insurer, or an officer, employee or agent of an insurer shall directly or indirectly pay or allow, or agree to pay or allow, compensation to be paid to a non-licensee for placing or negotiating life insurance in Ontario, or for attempting to do so.
32. Mann directly paid Tiffin, a non-licensee, a portion of commissions pursuant to a verbal agreement with Tiffin. In total, Mann paid Tiffin approximately \$21,973. Payments were by cheque or bank draft to a Tiffin-controlled company.
33. Mann was aware that Tiffin was unlicensed. Mann also knew that Tiffin was placing or negotiating life insurance, as he knew his only role was to sign the paperwork that was completed in accordance with Tiffin's advice.
34. The Director is satisfied that Mann contravened section 403(1) by paying compensation or allowing compensation to be paid to a non-licensee, in exchange for the non-licensee's placing or negotiating of life insurance.

B. Tiffin Acted as an Agent without a Licence

35. Subsection 2(1) of O. Reg. 347/04 prohibits a person from acting as an agent unless they are licensed.
36. Section 1 of the Act defines an insurance agent as a person who solicits insurance on behalf of an insurer, who transmits an application for, or policy of insurance to or from an insurer, or who acts in the negotiation or renewal of insurance with an insurer.
37. The Director is satisfied that Tiffin acted as an insurance agent without a licence. In particular, Tiffin provided clients with insurance advice, including specific advice about which products to purchase before introducing them to Mann to have the paperwork signed. In effect, Tiffin continued to act as an insurance agent for his former clients by soliciting or negotiating insurance, as confirmed by clients TC and DS, and receiving compensation for doing so.

V. GROUNDS FOR IMPOSING ADMINISTRATIVE PENALTIES

38. The Director is satisfied that imposing administrative penalties on Mann and Tiffin under section 441.3(1) of the Act for the contraventions identified above will satisfy one or both of the following purposes under section 441.2(1) of the Act:
 - i. To promote compliance with the requirements established under the Act; and
 - ii. To prevent a person from deriving, directly or indirectly, any economic benefit because of contravening or failing to comply with a requirement established under the Act.

A. Administrative Penalty to be Imposed on Mann

39. The Director is satisfied an administrative penalty in the total amount of \$20,000 should be imposed on Mann for directly or indirectly paying or allowing compensation to be paid to a non-licensee contrary to section 403 of the Act.
40. Section 403 of the Act is listed in *Schedule 2* of O. Reg. 408/12 and contraventions of the section carry a maximum penalty of \$50,000 for an individual.
41. In determining the amount of the administrative penalties, the Director has considered the following criteria as required by section 4(2) of O. Reg. 408/12:
 - i. The degree to which the contravention or failure was intentional, reckless or negligent;
 - ii. The extent of the harm or potential harm to others resulting from the contravention or failure;

- iii. The extent to which the person or entity tried to mitigate any loss or take other remedial action;
 - iv. 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; and
 - v. 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.
42. In respect of the **first criterion**, the Director is satisfied that Mann acted intentionally in paying commissions to Tiffin, an unlicensed individual, in exchange for Tiffin providing access to his clients and the corresponding commissions. Mann paid Tiffin approximately \$21,973 through two cheques and a bank draft.
43. In respect of the **second criterion**, the Director is satisfied that Mann's conduct created potential harm to others. Confidence in the licensing system was undermined by Mann allowing Tiffin, a non-licensee, to solicit, negotiate or register insurance business without the regulatory supervision that comes with being a licensee. He paid Tiffin for these illegal actions. Without compensation, Tiffin would not be incentivised to continue to act as an agent.
44. In respect of the **third criterion**, Mann took some steps to mitigate the harm caused by his actions. Mann ended the relationship with Tiffin when prompted by the lawsuit and iA. Mann also eventually cooperated with the iA and FSRA investigations. However, Mann has not paid back the chargebacks of \$74,217.70 that his former MGA had to pay to iA.
45. In respect of the **fourth criterion**, the Director is satisfied that Mann received a direct economic benefit of approximately \$62,639, as Mann was paid commissions of \$84,612.51 from iA on transactions where Tiffin was involved in soliciting and registering insurance, \$21,973 of which he paid to Tiffin. Having not paid back the outstanding chargebacks, Mann is still benefiting from his dealings with Tiffin.
46. In respect of the **fifth criterion**, the Director is unaware of any contraventions or failures to comply with a requirement established under the Act or with any other financial services legislation in Ontario or of any jurisdiction during the preceding five years by Mann.

B. Administrative Penalty to be Imposed on Tiffin

47. The Director is satisfied that an administrative penalty in the amount of \$50,000 should be imposed on Tiffin for contravening section 2(1) of O. Reg. 347/04 by engaging in unlicensed activity.

48. Section 2(1) of O. Reg. 347/04 is listed in *Schedule 1* of O. Reg. 408/12 and thus carries a maximum penalty of \$100,000 for an individual.
49. In determining the amount of the administrative penalty, the Director has considered the criteria referred to above, as required by section 4(2) of O. Reg. 408/12.
50. In respect of the **first criterion**, the Director is satisfied that Tiffin intentionally engaged in insurance business after becoming unlicensed.
51. Tiffin's intentional, unlicensed activity related to Mann continued for two months. Having been a licenced agent for more than a decade previously, Tiffin knew of the obligation to be licenced. Further, Tiffin intentionally recruited Mann to sign insurance paperwork so that Tiffin could continue to act as an agent despite being unlicensed.
52. In respect of the **second criterion**, the Director is satisfied that Tiffin's activities caused harm to others. The insurance agent licensing regime provided in the Act is a critical and necessary component in protecting the public interest. The public is entitled to have confidence that the licensing regime will only allow properly qualified and licensed agents to solicit, negotiate and place insurance. By acting as an insurance agent, Tiffin undermined the integrity of the licensing regime and consequently harmed the public interest.
53. In respect of the **third criterion**, the Director is not aware of any mitigation by Tiffin.
54. In respect of the **fourth criterion**, the Director is of the belief that Tiffin received a direct economic benefit of approximately \$21,973 through the arrangement, which is the amount that Mann paid Tiffin.
55. In respect of the **fifth criterion**, the Director is aware that Tiffin was convicted on appeal in 2018 of offences under the *Securities Act* but that the original trial for those offences was held in 2016. The Director also issued a Notice of Proposal to Tiffin on January 25, 2023. The outstanding Notice of Proposal is in connection with a similar arrangement with a different licensed insurance agent.
56. Such further and other reasons as may come to my attention.

DATED at Toronto, Ontario, April 24, 2023

Elissa Sinha
Director, Litigation and Enforcement

By delegated authority from the Chief Executive Officer