



THE MANITOBA  
SECURITIES  
COMMISSION

November 23, 2021

**IN THE MATTER OF: THE MORTGAGE BROKERS ACT**

- and -

**AND IN THE MATTER OF: SIGMAR MORTGAGE SERVICES Ltd. and  
THOMAS HAROLD STANDING**

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**REASONS FOR DECISION  
OF THE MANITOBA SECURITIES COMMISSION**

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Panel:

Chair:	Mr. D.M.R. Cheop, Q.C.
Vice-Chair:	Ms. D.J. Metcalfe
Member:	Mr. J.T. McJannet, Q.C.

Appearances:

C. Besko	)	Counsel for The Manitoba Securities Commission
F. Trippier	)	On behalf of Sigmar Mortgage Services Ltd. and Thomas Harold Standing

1. Sigmar Mortgage Services Ltd. (Sigmar) and Thomas Harold Standing (Standing) are registered respectively as a broker and authorized official under *The Mortgage Brokers Act (Act)*.
2. On March 4, 2021, the registrations of Sigmar and Standing were suspended by the Commission without notice pursuant to subsection 5(2) of the Act.
3. On March 23, 2021 the Commission issued a Notice of Hearing and a Statement of Allegations (collectively, the Notice), as amended on June 7, 2021, which gave notice of the Commission's intention to hold a hearing to consider, among other things, whether or not orders should be made cancelling the registrations of Sigmar and Standing under the Act. The Notice essentially alleges that Sigmar and Standing contravened the Act in the way they handled funds provided by clients for investment in mortgages and the manner in which they dealt with those mortgages.
4. On November 19, 2021 we were requested to consider whether a Settlement Agreement (Agreement) that had been reached by Sigmar, Standing and Staff of the Commission should be approved and the draft order attached to the Agreement issued. After considering the Notice, the Agreement and the submissions of Staff and counsel for Sigmar and Standing we approved the Agreement and directed that the draft order attached to it be issued. The following are our reasons for doing so.
5. The misconduct acknowledged by Sigmar and Standing in the Agreement is egregious and goes to the heart of the obligations of registrants under the Act: Sigmar and Standing accepted money from clients for investment in mortgages but used the funds for other purposes; mortgages in which Sigmar and Standing had invested clients' money were discharged by them without those clients being repaid; and Sigmar and Standing promised to repay a client's mortgage from a refinancing but failed to do so and only did so much later from other funds. In doing so Sigmar and Standing violated key provisions of the Act and have expressly acknowledged that they failed to protect and promote the best interest of their clients and that this conduct was contrary to the public interest.
6. Settlements serve the public interest in resolving regulatory proceedings promptly, efficiently and with certainty. They avoid the significant resources that would be incurred in a contested proceeding, which in this case would have involved a lengthy hearing extending over multiple days.

7. We have reviewed the Agreement in detail and considered the submissions of counsel for the parties. We have also conducted a confidential settlement conference with counsel for the parties during which we asked questions of counsel and heard their submissions.

8. In the Agreement Sigmar and Standing consent to the issuance of an order barring Standing for life and permanently barring Sigmar and any company in which Standing is an officer or director, from being registered in any capacity under the Act. In addition, Sigmar and Standing are barred from relying on certain exemptions in the Act.

9. The Commission's role at a settlement hearing is to determine whether the negotiated result falls within a range of reasonable outcomes, and whether it would be in the public interest to approve the settlement. In considering this the Commission accords significant deference to the resolution reached by the parties and respects the negotiation process leading up to it.

10. In our view, this settlement does fall within a range of reasonable outcomes given the specific circumstances of this case. The key power that the Commission has under the Act after a hearing that establishes misconduct is the cancellation of a registrant's registration under the Act and the order accomplishes this.

11. Ordinarily in a case such as this that involves such serious misconduct we would have expected a settlement agreement to provide for a payment of a fine by the registrants and a contribution to the costs incurred by the Commission, given the power that the Commission has under the Act, after conducting a hearing, to levy a fine of up to \$100,000 for individuals and \$500,000 for corporations as well as assessing costs. However, the Agreement notes that both Sigmar and Standing have made an assignment in bankruptcy and that the clients referenced in the Notice have obtained consent judgements against them totalling in excess of \$4.279 million. Counsel for Commission Staff have also advised during the hearing that because these proceedings were commenced prior to the bankruptcy, assessment of a fine or for costs might be considered to be claims provable in bankruptcy, which may negatively affect any potential recovery by clients against Sigmar and Standing for their losses. Had it not been for the assignments in bankruptcy by the respondents and our concern that their creditors are very likely to suffer significant losses as it is we would have had no hesitation in rejecting a settlement agreement that did not include significant monetary penalties.

12. In the circumstances, we conclude that the sanctions set out in the Agreement against Sigmar and Standing are appropriate and that it would be in the public interest to approve the settlement. We therefor direct that an order issue substantially in the form attached to the Agreement.

“D.M.R. Cheop, Q.C.”  
D.M.R. Cheop, Q.C.  
Chair

“D.J. Metcalfe”  
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Vice-Chair

“J.T. McJannet, Q.C.”  
J.T. McJannet, Q.C.  
Member