



THE MANITOBA  
SECURITIES  
COMMISSION

April 11, 2023

**IN THE MATTER OF:                    THE SECURITIES ACT**

- and -

**IN THE MATTER OF:                    DENNIS MALTHOUSE**

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**REASONS FOR DECISION  
OF THE SETTLEMENT HEARING PANEL  
THE MANITOBA SECURITIES COMMISSION**

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**Hearing Date: March 28, 2023**

Panel:

Panel Chair:

Mr. D. Cheop, K.C.

Member:

Ms. D. Metcalfe

Appearances:

S. Gingera

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Counsel for The Manitoba Securities  
Commission

T. Fry

)

Counsel for Dennis Malthouse

## **Background**

On January 13, 2023, a Notice of Hearing and Statement of Allegations were issued by the Manitoba Securities Commission (Commission) under The Securities Act (Act) against Dennis Malthouse, (Malthouse) for a hearing to commence on February 22, 2023, alleging, among other things, that:

- in 2014 Malthouse accepted \$80,000 from an individual (DT) for investment in mortgages and loans;
- DT received payments of \$9,334.33 from Malthouse in 2014 but no further payments prior to the date the Notice of Hearing was issued;
- Malthouse has never been registered in any capacity under the Act.

The Notice asked the Commission to consider:

1. Whether or not it is in the public interest to order, pursuant to subsection 19(5) of the Act, that:
  - (a) subsection 19(1) of the Act does not, with respect to such of the trades referred to in that subsection, apply to Malthouse;
  - (b) subsection 19(2) of the Act does not, with respect to such of the securities referred to in that section, apply to Malthouse;
  - (c) whether or not it is in the public interest to order, pursuant to subsection 148.1(1) of the Act, that Malthouse pay an administrative penalty;
2. Whether or not pursuant to section 148.2 of the Act, that Malthouse be ordered to pay compensation for financial loss;
3. Whether or not it is in the public interest to order that Malthouse pay the costs of the investigation and the hearing; and
4. Such further and other matters and the making of such further and other orders as the Commission may deem appropriate.

## **Settlement Agreement**

Subsequent to the issuance of the Notice of Hearing, Staff of the Commission and Malthouse negotiated a Settlement Agreement dated March 27, 2023 in connection with this proceeding.

On March 28, 2023 this hearing panel of the Commission met to consider the Settlement Agreement. After reviewing the Notice of Hearing, the Statement of Allegations and the Settlement Agreement and hearing the submissions of counsel for Staff of the Commission and Malthouse, the panel accepted the Settlement Agreement.

**Reasons for the Approval of the Settlement:**

The Settlement Agreement was the product of a negotiation between counsel for Staff of the Commission and counsel for Malthouse, approval of which is recommended by both parties. When considering a settlement agreement, the panel must recognize the negotiation process and give significant weight to the agreement reached by the parties. Our role is to determine if the agreed upon sanctions are within the boundaries of what a reasonable person, aware of the circumstances, would consider to be in a range of reasonable outcomes. There is an extremely high threshold to be met in order for a recommended settlement agreement to be rejected.

The panel must also consider if the approval of the Settlement Agreement would be in the public interest. The significant sanctions imposed on Malthouse in the Settlement Agreement will have the necessary deterrent effect for the industry as well as to prevent future improper conduct. In addition, the Settlement Agreement notes Malthouse has cooperated with Staff of the Commission in the investigation of this matter and that Malthouse has separately reached a financial settlement with DT, with the result that the claim for financial compensation was withdrawn by Staff of the Commission.

Approval of the Settlement Agreement resolves the matter quickly, efficiently and with certainty. The settlement avoids the time and costs associated with a contested hearing process. In addition, the Settlement Agreement itself becomes public so can serve as a general deterrence for others in the industry for future improper conduct.

In the panel's view the Settlement Agreement falls within the acceptable parameters in the circumstances, and as a whole the resolution would be in the public interest and would also serve as a general deterrent to the industry.

For these reasons, the panel concludes it is in the public interest to approve the settlement agreement.

*"D. Cheop"*

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*David Cheop*  
*Panel Chair*

*"D.J. Metcalfe"*

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*Deborah Metcalfe*  
*Member*