

**IN THE MATTER OF THE *SECURITIES ACT*,  
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF THE REGISTRATION OF  
JONATHAN COVELLO**

1. Jonathan Covello (“Covello”) has been registered under the *Securities Act*, R.S.O. 1990, c. S.5 (the “Act”) as a mutual fund dealing representative with Quadrus Investment Services Ltd. (“Quadrus”) since September 21, 2012.
2. In February 2019, staff of the Ontario Securities Commission (“Staff”) received information suggesting that Covello may have significant outstanding financial obligations, which could impugn his suitability for registration. As a result, Staff undertook an investigation into the matter.
3. In August 2019, while Staff’s investigation was ongoing, Quadrus disclosed to Staff that Covello was the subject of a Requirement to Pay in an amount exceeding \$10,000 that had been issued by the Canada Revenue Agency to London Life, a Quadrus affiliate.
4. As a result of the Requirement to Pay, and consistent with Staff’s usual practice upon being notified of a Requirement to Pay, on August 21, 2019, the Director imposed terms and conditions on Covello’s registration pursuant to s. 28 of the Act, which required Quadrus to closely supervise his trading activities.
5. After completing its investigation, Staff confirmed that Covello did in fact have a number of significant outstanding financial obligations, not all of which he had disclosed in accordance with Ontario securities law. Staff also developed concerns about the manner in which Covello had dealt with these obligations.
6. On January 15, 2020, Staff sent a letter to Covello informing him that Staff had concerns about his integrity, proficiency, and solvency, and that as a result, Staff had recommended to the Director that new terms and conditions be imposed on Covello’s registration (the “New Terms and Conditions”).
7. The New Terms and Conditions, which are set out in Schedule A, required Quadrus to strictly supervise Covello’s trading activities (replacing the previously imposed close supervision requirement), and required Covello to successfully complete a professional education course. Staff’s January 15, 2020 letter alleged the following facts in support of the recommended New Terms and Conditions:
  - (a) Covello and his wife were the subject of two successful applications by a former landlord to the Landlord and Tenant Board (the “Board”) for unpaid rent. In 2014, the Board issued an Order against Covello and his wife requiring them to pay an

amount exceeding \$10,000. In 2015, the Board issued a second Order against Covello and his wife, requiring them to pay an additional \$10,000.

- (b) Covello never paid either of the Board's Orders because he did not agree with them, although he did not appeal them either.
  - (c) In 2017, Covello was sued in Small Claims Court by his former landlord who alleged that Covello had damaged the rental property. Covello was served with the claim, but never defended it, and default judgment was issued against him in 2018 in an amount exceeding \$10,000, which Covello never paid.
  - (d) In 2019, Covello was sued by a lender after Covello failed to repay a loan that had been used to finance a construction project. Covello did not have the funds necessary to repay the loan, and the lender obtained default judgment against him for an amount exceeding \$10,000, which Covello satisfied.
  - (e) Covello did not update his Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* to disclose his debts arising under the Board's Order, the 2018 default judgment, or the 2019 default judgment, as he was required to by National Instrument 33-109 *Registration Information*. Covello's non-disclosure was the result of his lack of appreciation for his regulatory disclosure obligations.
8. Staff's January 15, 2020 letter informed Covello of his right to an opportunity to be heard by the Director before a decision was made regarding Staff's recommendation, in accordance with s. 31 of the Act. Covello did not request an opportunity to be heard, and on January 20, 2020, accepted the New Terms and Conditions.

February 7, 2020

**Schedule “A”**  
**Terms and Conditions for Registration of**  
**Jonathan Covello**

The registration of Jonathan Covello (the **Registrant**) as a dealing representative in the category of mutual fund dealer is subject to the terms and conditions set out below. These terms and conditions were imposed by the Director pursuant to subsection 28 of the *Securities Act* (Ontario) and replace the close supervision terms and conditions imposed on the Registrant’s registration on August 21, 2019.

**Continuing Education**

1. The Registrant is required to successfully complete the the Ethics and Professional Conduct course (**EPC**) offered by the IFSE Institute within six months of these terms and conditions becoming effective.
2. If term and condition 1 above has been satisfied, the Registrant shall provide staff of the Ontario Securities Commission with evidence of his successful completion of the EPC.

**Strict Supervision**

3. The Registrant is subject to strict supervision.

Monthly Strict Supervision Reports (in the form specified in Schedule A to CSA Staff Notice 31-349 *Change to Standard Form Reports for Close Supervision and Strict Supervision Terms and Conditions*) are to be completed on the registrant's sales activities and dealings with clients. The supervision reports are to be sent to Staff of the OSC on a monthly basis or as required by the Strict Supervision Report.

*These terms and conditions of registration constitute Ontario securities law, and a failure by the Registrant to comply with these terms and conditions may result in further regulatory action against him, including a suspension of his registration.*