



Ontario
Securities
Commission

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de l'Ontario

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

- and -

**IN THE MATTER OF AN OPPORTUNITY TO BE HEARD REQUESTED BY
GILBERTO ARRIECHE-SAYAGO**

DECISION OF THE DIRECTOR

Having reviewed and considered the agreed statement of facts, the admissions by Gilberto Arrieche-Sayago (**Arrieche-Sayago**), and the joint recommendation to the Director by Arrieche-Sayago and staff of the Ontario Securities Commission (**Staff**) contained in the settlement agreement signed by Arrieche-Sayago on June 22, 2022, and by Staff on June 24, 2022 (the **Settlement Agreement**), a copy of which is attached as Appendix “A” to this Decision, and on the basis of those agreed facts and admissions, I, Debra Foubert, in my capacity as Director under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**), accept the joint recommendation of the parties, and make the following decision:

1. The registration of Arrieche-Sayago is suspended pursuant to s. 28 of the Act effective five business days from date of this decision (the **Effective Date**), and Arrieche-Sayago will not apply for registration for a period of at least six-months from the Effective Date.

2. Before reapplying for registration, Arrieche-Sayago shall provide Staff with proof that he has successfully completed the Ethics and Professional Conduct Course offered by the IFSE Institute.

3. If Arrieche-Sayago complies with paragraphs 1 and 2 above, then upon Arrieche-Sayago reapplying for registration in the future with a registered scholarship plan dealer, Staff will not recommend to the Director that his application be refused unless Staff becomes aware after the date of this Settlement Agreement of conduct impugning Arrieche-Sayago's suitability for registration or rendering his registration otherwise objectionable, provided Arrieche-Sayago meets all other applicable criteria for registration at the time he applies for registration.

4. This Settlement Agreement will be published on the website of the Ontario Securities Commission and in the OSC Bulletin.

July 12, 2022

Date

"Debra Foubert"

Debra Foubert

Appendix “A”

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

- and -

IN THE MATTER OF AN OPPORTUNITY TO BE HEARD REQUESTED BY GILBERTO ARRIECHE-SAYAGO

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. This settlement agreement (the **Settlement Agreement**) between staff of the Ontario Securities Commission (**Staff**) and Gilberto Arrieche-Sayago (**Arrieche-Sayago**) relates to an opportunity to be heard (an **OTBH**) under section 31 of the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**) requested by Arrieche-Sayago concerning a recommendation made by Staff to the Director that Arrieche-Sayago’s registration as a scholarship plan dealing representative be suspended pursuant to section 28 of the Act.

2. As more particularly described in this Settlement Agreement, Arrieche-Sayago failed to comply with Ontario securities law and to conduct himself with the integrity required of a registrant by impersonating certain of his clients during telephone calls he made to his previous sponsor firm to request that actions be taken with respect to their scholarship plan savings accounts, and by falsely denying his conduct to his current sponsor firm when questioned about his conduct.

II. AGREED STATEMENT OF FACTS

3. Staff and Arrieche-Sayago agree as to the following facts.

A. Arrieche-Sayago

4. Arrieche-Sayago has been in the financial services industry since 1991; first in his native Venezuela, and since 2003, in Ontario.

5. Arrieche-Sayago has been registered under the Act as follows:

(a) November 7, 2003 to March 26, 2021: scholarship plan dealing representative with Knowledge First Financial Inc. (**KFFI**); and

(b) March 30, 2021 to the present: scholarship plan dealing representative with CST Consultants Inc. (**CST**).

6. Staff is unaware of any regulatory or other professional disciplinary action against Arrieche-Sayago prior to the events described herein.

B. Impersonation of Clients

7. Arrieche-Sayago resigned from KFFI effective March 26, 2021, and reinstated his registration with CST four days later on March 30, 2021.

8. The scholarship plan savings accounts that Arrieche-Sayago had established for clients at KFFI were not portable (*i.e.*, clients could not transfer the assets in their accounts at KFFI to CST or any other scholarship plan dealer). Accordingly, if a client wanted to “follow” Arrieche-Sayago from KFFI to CST, they would need to establish a new account at CST and fund it with new money, while retaining their original account at KFFI (and the funds deposited therein).

9. To enable certain clients to “follow” him to CST, from time-to-time Arrieche-Sayago phoned KFFI’s customer service centre from his home, introduced himself as the client, pretended

to be the client, and requested that the client’s contributions to their account be reduced and/or paused, which were actions those clients were entitled to take at any time. With Arrieche-Sayago’s knowledge, his wife placed similar phone calls to KFFI pretending to be certain of his female clients. In some but not all cases, clients were physically present with Arrieche-Sayago (or his wife) when they made these phone calls. These clients subsequently established accounts at CST through Arrieche-Sayago, funding those accounts with money that they may otherwise have contributed to their KFFI accounts.

10. The phone calls during which Arrieche-Sayago or his wife impersonated clients were as follows:

Client	Date	Caller	Client Present?
RR	May 18, 2021	Arrieche-Sayago	Yes
DB	May 19, 2021	Wife	Yes
HG	June 3, 2021	Arrieche-Sayago	Yes
MR	June 10, 2021	Wife	Yes
CL	June 16, 2021	Arrieche-Sayago	No
ER	June 17, 2021	Wife	No
ER	June 18, 2021	Wife	No
ER	August 20, 2021	Wife	No

11. Arrieche-Sayago states that these calls were made as a convenience to the clients and to give effect to their expressed wishes to “follow” him to CST, but that in other instances he advised clients to remain at KFFI, which they did.

C. Misleading Statements

12. KFFI become concerned that Arrieche-Sayago may have been impersonating clients when the firm's phone records indicated that calls purporting to come from different clients were originating from his home number.

13. On September 3, 2021, counsel for KFFI wrote to CST and Arrieche-Sayago alleging that Arrieche-Sayago had impersonated clients in calls to KFFI. Arrieche-Sayago misled CST and KFFI about this allegation on four occasions:

- (a) Arrieche-Sayago was interviewed by his branch manager at CST about the allegation and denied it;
- (b) Arrieche-Sayago was interviewed by the chief compliance officer at CST about the allegation and denied it;
- (c) Arrieche-Sayago sent a responding letter to KFFI in which he stated: "I did not impersonate these clients or make changes to their plans";
- (d) In a letter dated September 15, 2021, CST formally responded to the September 3, 2021 letter from KFFI's counsel. CST's letter stated that the firm had discussed the allegation with Arrieche-Sayago and that: "Mr. Arrieche-Sayago ... has advised that a small number of friends and family members contacted your Customer Service Department with questions or to make changes to their plans using his home telephone during visits to his residence or through conference calls from his home telephone. Mr. Arrieche-Sayago has refuted the claim that he impersonated any of these individuals." CST sent this letter to Arrieche-Sayago in draft for his comment before it was delivered to KFFI. Arrieche-Sayago did not correct the draft, despite the

fact that it contained false and misleading information regarding the impersonation allegation.

D. Staff Recommends Suspension of Registration

14. Following an investigation into the matters described herein, on April 19, 2022 Staff sent a letter to Arrieche-Sayago alleging the conduct substantially described in paragraphs 9, 10, and 13 above, and informing him that on the basis of that alleged conduct, Staff had recommended to the Director that his registration be suspended.

15. On April 28, 2022, Arrieche-Sayago requested an OTBH before the Director regarding Staff's recommendation that his registration be suspended.

III. ADMISSIONS BY ARRIECHE-SAYAGO

16. Arrieche-Sayago admits that he engaged in the conduct described in paragraphs 9, 10, and 13 above, and that in so doing, he failed to act fairly, honestly, and in good faith with his clients contrary to s. 2.1(2) of OSC Rule 31-505 *Conditions of Registration* by impersonating them to KFFI, and failed to conduct himself with the integrity required of a registered dealing representative under the Act.

IV. JOINT RECOMMENDATION

17. To settle the OTBH, Staff and Arrieche-Sayago make the following joint recommendation to the Director:

- (a) Arrieche-Sayago's registration shall be suspended pursuant to section 28 of the Act effective 5 business days after the date the Director approves this Settlement

Agreement, and Arrieche-Sayago will not reapply for registration for a period of at least six months from that date;

- (b) Before reapplying for registration, Arrieche-Sayago shall provide Staff with proof that he has successfully completed the Ethics and Professional Conduct Course offered by the IFSE Institute;
- (c) If Arrieche-Sayago complies with paragraphs 17(a) and (b) above, then upon Arrieche-Sayago reapplying for registration in the future with a registered scholarship plan dealer, Staff will not recommend to the Director that his application be refused unless Staff becomes aware after the date of this Settlement Agreement of conduct impugning Arrieche Sayago's suitability for registration or rendering his registration otherwise objectionable, provided Arrieche-Sayago meets all other applicable criteria for registration at the time he applies for registration; and
- (d) This Settlement Agreement will be published on the website of the Ontario Securities Commission and in the OSC Bulletin.

18. The parties submit that their joint recommendation to the Director is reasonable, having regard to the following factors:

- (a) Arrieche-Sayago does not have a prior disciplinary history;
- (b) Arrieche-Sayago's misconduct was limited to a very small fraction of his total clientele;
- (c) Arrieche-Sayago has recognized and acknowledged his misconduct;

(d) By agreeing to this Settlement Agreement, Arrieche-Sayago has saved Staff and the Director the time and resources that would have been required for the OTBH.

19. The parties acknowledge that if the Director does not accept this joint recommendation:

(a) This joint recommendation and all discussions and negotiations between Staff and Arrieche-Sayago in relation to this matter, including the admissions in this Agreement, shall be without prejudice to the parties; and

(b) Arrieche-Sayago will be entitled to an OTBH in accordance with section 31 of the Act in respect of the recommendation made by Staff that his registration be suspended.

“Elizabeth A. King”

“Gilberto Arrieche-Sayago”

Elizabeth A. King
Deputy Director, Registrant Conduct
Compliance and Registrant Regulation

Gilberto Arrieche-Sayago

June 24, 2022

June 22, 2022

Date

Date