

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

-and-

**IN THE MATTER OF THE REGISTRATION OF
TERNION FINANCIAL SERVICES INC. AND ALISON TRAVERS**

DECISION OF THE DIRECTOR

1. Ternion Financial Services Inc. (**Ternion**) has been registered in the category of exempt market dealer under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**) since June 13, 2022. Alison Travers has been registered as the firm's ultimate designated person (**UDP**) and chief compliance officer (**CCO**), and as Ternion's dealing representative, in the category of exempt market dealer since Ternion was first registered. At this time, Ms. Travers is the only registered dealing representative with the firm.
2. Having reviewed and considered the recommendation of the Registration, Inspections and Examinations Division of the Ontario Securities Commission (the **RIE Division**), which was not opposed by Ternion or Ms. Travers, I, in my capacity as Director under the Act, accept the RIE Division's recommendation, and make the following decision:
 - a. The registration of Ternion as an exempt market dealer is hereby suspended pursuant to section 28 of the Act; and
 - b. The registration of Ms. Travers as Ternion's UDP, CCO and dealing representative is hereby suspended pursuant to section 28 of the Act.

A. Compliance Review by the RIE Division

3. In 2023, the RIE Division conducted a compliance review of Ternion to examine the firm's compliance with Ontario securities law for the period from June 1, 2022 to May 31, 2023.
4. At the conclusion of the compliance review, the RIE Division issued a report to Ternion on November 20, 2023 identifying 29 deficiencies, including 14 significant deficiencies, in the firm's compliance with Ontario securities law across multiple areas of the firm's operations.
5. Following the issuance of the compliance review report, a further review of Ternion and of its ongoing suitability for registration under the Act was conducted by the Registrant Conduct Team of the RIE Division.

B. The RIE Division's Recommendation

6. On July 23, 2025, having completed its review of Ternion's ongoing suitability for registration, the RIE Division sent a letter to Ms. Travers, as the UDP and CCO of Ternion,

informing the firm that the RIE Division had recommended to the Director that Ternion's registration in the category of exempt marked dealer, as well as Ms. Travers' registration as the firm's UDP, CCO and sole dealing representative, be suspended.

C. Grounds for the RIE Division's Recommendation

7. In its letter dated July 23, 2025, the RIE Division cited a number of findings in support of its recommendation. The recommendation also referred to the findings made as a result of the compliance review of the firm.
8. In summary, the RIE Division identified a number of concerns related to a particular product Ternion offered to investors (the **Seaport Product**), and was of the view that Ternion and Ms. Travers failed to comply with their fundamental obligations as registrants, including their Know Your Product (**KYP**), Know Your Client (**KYC**), suitability and conflict of interest obligations, and demonstrated a lack of proficiency and integrity expected of registrants when offering the Seaport Product.
9. The RIE Division acknowledged that Ternion had provided responses and proposed remediation steps with respect to the deficiencies identified in the compliance review report. However, the RIE Division's view was that the proposed remediation steps did not address the fundamental investor protection concerns with the Seaport Product offered by Ternion.

i. The Seaport Product

10. Set out below are the key features of the Seaport Product, based on the information and documents provided by Ternion and Ms. Travers during the compliance review and during the review by the Registrant Conduct Team, including during Ms. Travers' examination pursuant to section 33.1 of the Act under oath.
 - The Seaport Product has two components: (i) an investment component which involves the units of Seaport Vacation Fund Trust (**Seaport Trust**) being distributed to a Ternion client; and (ii) a loan component which involves a loan being advanced to the same client by Seaport Financial Corporation. The purpose of the loan is to finance a purchase of a real estate property outside of Canada.
 - The client's funds in an existing registered plan are used to purchase units of Seaport Trust. The units are held in a new registered plan at a trust company. The proceeds from the sale of the units are transferred to Seaport Trust. Seaport Trust lends these funds to Seaport Financial Corporation in exchange for a promissory note. The funds are then lent by Seaport Financial Corporation to the client for the purchase of the property.
 - For each client, the value of the Seaport Financial Corporation loan, the value of the promissory note from Seaport Financial Corporation to Seaport Trust, and the total value of the Seaport Trust units acquired by the client (with the value of each unit being \$1) are all in the same amount.
 - The "investment term" and loan term are both 5 years and the client has the option to renew these terms for up to 20 years.

- Clients are entitled to cash distributions (i.e., returns) with respect to their Seaport Trust units and they also pay interest on their Seaport Financial Corporations loans. The interest rate for the cash distributions and the interest rate on the loan vary depending on the series of the Seaport Trust units held by each client.
 - As the client pays down the principal amount of their Seaport Financial Corporation loan, the equivalent value of the Seaport Trust units (with the value per trust unit being \$1) is redeemed on “the annual Redemption Date” and paid to the client. Therefore, the total value of the client’s Seaport Trust holdings is reduced by the amount equal to the reduction in the outstanding balance on the loan.
 - Clients receive a “cash balance” in their registered plan on an annual basis, representing the sum of (i) the proceeds from the redemption of the Seaport Trust units; and (ii) the distribution of their return on the Seaport Trust units.
11. The majority of the distributions to Ternion clients of the units of the Seaport Trust (i.e., the investment component of the Seaport Product) relied on the Amended and Restated Offering Memorandum for the Seaport Trust dated October 18, 2022 (the **2022 OM**). The 2022 OM describes the product that is being distributed as an investment in a fund that loans unitholders’ funds to Seaport Financial Corporation which, in its turn, loans those funds as consumer loans to ostensibly qualified Canadians for the purpose of financing vacation memberships or purchases of real estate property.
 12. On March 25, 2024, an Amended and Restated Offering Memorandum was issued for Seaport Trust (the **2024 OM**) that contained various amendments to the 2022 OM.

ii. Ternion failed to comply with its KYP Obligations

13. The RIE Division identified significant concerns with the Seaport Product and Ternion’s due diligence and KYP analysis with respect to the Seaport Product. The following concerns with the Seaport Product were identified by the RIE Division:
 - The Seaport Product as described by Ternion to the RIE Division was materially different from the product disclosed in the 2022 OM. Therefore, Ternion’s distributions of the Seaport Product to its clients were made on the basis of the offering document that did not accurately disclose the product that was being distributed. Crucially, the 2022 OM does not specify that the parties who are receiving the consumer loans from Seaport Financial Corporation are the Seaport Trust unitholders themselves.

Most of the RIE Division’s concerns related to distributions that relied on the 2022 OM. While various amendments were made in the 2024 OM, that document still did not accurately disclose the key features of the Seaport Product.

- There does not appear to be any investment of the Seaport Trust unitholders’ money into a fund or an investment vehicle that implements an investment strategy with the purpose of generating returns for investors. In particular, it appears that any distributions to Ternion clients that were Seaport Trust unitholders were returned interest that those same

clients paid on their loans. In addition, Ms. Travers indicated that she did not believe the investor funds were pooled at the Seaport Trust level, and that she was not aware of a net asset value ever being calculated for Seaport Trust.

- The Seaport Product essentially allows the clients to withdraw their funds from a registered plan as a loan to themselves, on a tax-free basis, in order to finance a purchase of a real estate property. This gave rise to concerns that (a) the Seaport Product may not be a qualified investment for a registered plan under the *Income Tax Act*, and (b) as a result of apparently facilitating a withdrawal of funds from a registered plan on a tax-free basis, the Seaport Product appears to have several characteristics of an RRSP strip scheme.
14. The RIE Division found no evidence that these concerns were identified, explained or addressed by Ternion as part of its KYP process. Based on the evidence obtained during the RIE Division’s review, Ternion relied primarily on the representations made by Seaport Trust’s manager, Seaport Credit Canada, and its principals, and the RIE Division did not see evidence of a substantive independent review of the Seaport Product by Ternion.
 15. Ternion indicated that it believed that the Seaport Product was a qualified investment for a registered plan under the *Income Tax Act* based on the representations in the 2022 OM and the 2024 OM, conversations with the CEO of Seaport Credit Canada, and the letter from the Canada Revenue Agency (CRA) to Seaport Trust stating, among other things, that the CRA “accepted [Seaport Trust] as a Registered Investment under [...] the Income Tax Act”. Given the concerns identified by the RIE Division with respect to the Seaport Product, the RIE Division did not find Ternion’s reliance on the representations and documents that it cited to be reasonable in the circumstances.

iii. Ternion made misleading representations to clients

16. Ternion did not provide a complete and accurate disclosure of the Seaport Product to its clients. Most importantly, there is no evidence that any risks arising from the features of the Seaport Product as it was described to the RIE Division, such as potential tax consequences to clients, were discussed with the clients.
17. In fact, the Seaport Product appears to have been presented to clients as a legitimate way to use one’s funds in a registered plan to purchase a real estate property on a tax-free basis. For example, on its website, Ternion marketed the Seaport Product as being “modeled” after the Home Buyers’ Plan. Comparing the Seaport Product to the Home Buyers’ Plan was misleading and disregarded the significant risks associated with the Seaport Product.

iv. Ternion failed to comply with its KYC and suitability obligations

18. Ternion failed to comply with its KYC and suitability obligations. Further to the findings of the compliance review, the RIE Division had significant concerns with the fact that the KYC and suitability analysis for clients that purchased the Seaport Product was completed during joint calls with a Seaport Credit Canada representative. In addition, Ternion’s suitability analysis for clients was not consistently documented.

19. In any event, given the concerning and risky features of the Seaport Product, it is unlikely to be suitable for any investor.

v. Ternion failed to comply with the conflict of interest requirements

20. Since August 20, 2019, Ms. Travers has been the Chief Operating Officer of Vacation Capital Corporation (VCC). VCC shares common management with Seaport Credit Canada and provides administrative and management services to Seaport Credit Canada and other Seaport-related entities. Ms. Travers indicated that she prepared the promissory notes and the trust unit certificates for the Seaport Product as part of her role with VCC. She also said that she received an annual salary as compensation for her role with VCC.
21. In her Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals*, Ms. Travers represented that she would transition out of her role with VCC to focus on her role with Ternion once workload and income were sustainable to do so. She also represented to the RIE Division during the review of Ternion's application for registration in 2022 that she would resign from VCC "as soon as Ternion [was] approved [for registration] and up and running". Despite these representations, and despite the fact that Ternion has been registered since June 2022, Ms. Travers has continued in her role with VCC.
22. Furthermore, the services that Ms. Travers provides through VCC with respect to the Seaport Product and the compensation that she receives for those services, the fact that the Seaport Product appears to be Ternion's main product, the referral arrangements between Ternion and Seaport Credit Canada, and Ms. Travers' close and long-standing relationship with VCC, Seaport Credit Canada and their principals, all give rise to material conflicts of interest that were not adequately identified or addressed by Ternion. The required information pertaining to these material conflicts of interest was also not adequately disclosed to clients.
23. Finally, Ms. Travers did not provide a sufficient explanation of the nature of the conflicts of interest arising from her role with VCC or explain how the conflicts were addressed as required. She also failed to take responsibility for Ternion's lack of compliance with its conflict of interest obligations.

D. Director's Decision

24. Section 28 of the Act provides that the Director may suspend the registration of a person or company if it appears to the Director that the person or company is not suitable for registration, has failed to comply with Ontario securities law, or if their registration is otherwise objectionable.
25. Ternion was advised, in the RIE Division's letter dated July 23, 2025 and in further correspondence with Ternion and its representatives, that it was entitled to an opportunity to be heard before the Director made a decision on the RIE Division's recommendation.
26. No opportunity to be heard was requested with respect to the RIE Division's recommendation.

27. My decision is that the registration of Ternion as an exempt market dealer, and the registration of Ms. Travers as the firm's UDP, CCO and dealing representative with Ternion, be suspended pursuant to section 28 of the Act.

September 3, 2025

Date

"Dena Staikos"

Dena Staikos
Manager, Registration, Inspections and
Examinations Division