

**DECISION OF A PANEL APPOINTED PURSUANT TO *THE FINANCIAL AND CONSUMER AFFAIRS  
AUTHORITY OF SASKATCHEWAN ACT***

**In the Matter of  
*The Securities Act, 1988***

**and**

**In the Matter of  
Francois Paul Blouin**

**RE: FINANCIAL COMPENSATION**

**Hearing Held:** December 9, 2021

<b>Panel:</b>	Howard Crofts	(Chairperson)
	Honourable Eugene Scheibel	(Panel Member)
	Norman Halldorson	(Panel Member)

**Appearances:** Connor Smith (Counsel for Staff of the Financial Consumer Affairs Authority of Saskatchewan)

No one appearing for the Respondent, Francois Paul Blouin

**Date of the Decision:** January 17, 2022

**I. INTRODUCTION**

1. In our merits decision in this matter dated April 1, 2021, this Panel found that the Respondent, Francois Paul Blouin ("F Blouin"), contravened various securities laws. On October 25, 2021, the Executive Director of the Securities Division made a request that F Blouin pay financial compensation to a claimant pursuant to subsection 135.6(4) of *The Securities Act 1988*, SS 1988-89, c S-42.2 [Act]. The Executive Director's request was brought in compliance with PART 13 of *Saskatchewan Policy Statement 12-602 – Procedure for Hearings and Reviews [Local Policy]*. This decision concerns that request.

2. In the unanimous decision found herein, the Panel is ordering F Blouin to pay \$50,000 in financial compensation to the claimant, [REDACTED] ("[REDACTED]"). Our reasons are set out below.

## II. BACKGROUND

### A. History of the Proceedings regarding F Blouin

3. While employed with Tri View Capital Ltd. (“Tri View”), F Blouin sold securities of Olive Equity Inc. (“Olive Equity”) off-book from Tri View. At the time, F Blouin was properly registered with the FCAA to sell Tri View products, but Olive Equity was not an approved product of Tri View and consequently F Blouin was not registered with the FCAA for the purposes of selling Olive Equity securities. During his compelled statement with an investigator of the FCAA on July 16, 2019, F Blouin confirmed his understanding that Tri View was registered as an exempt market dealer with the FCAA. His position was that being registered as a representative of Tri View entitled him to deal off-book in Olive Equity securities. Further, F Blouin did not report his off book dealing in Olive Equity securities to the FCAA through the National Registration Database (“NRD”).

4. After receiving a complaint and investigating F Blouin’s actions, Staff alleged in an Amended Statement of Allegations dated October 5, 2020 that F Blouin contravened:

- a. subsection 27(2) of the *Act* by acting as an advisor and engaging in the business of trading in securities of Olive Equity Inc. (“Olive Equity”) while not registered to do so;
- b. subsection 33.1(1) of the *Act* by not taking reasonable steps to ensure that the securities he sold to eighteen Tri View clients and one other client were suitable for those clients and failing to deal with those clients fairly, honestly and in good faith when he got them to sign a form indicating he was not registered with a regulatory authority and had no duty to conduct a suitability assessment; and
- c. subsection 4.1 of *National Instrument 33-109 Registration Information* [NI 33-109] by failing to inform the FCAA of his business activities in selling Olive Equity securities off-book from his employer.

5. F Blouin appeared on his own behalf at the commencement of the merits hearing and challenged the Panel’s jurisdiction to hear the matter arguing that he was a living man and that the rules of civil procedure do not apply to a living man. Immediately after his jurisdictional challenge, F Blouin left the merits hearing and did not participate further in these proceedings. The Panel disposed of F Blouin’s jurisdictional challenge in our merits decision. Thereafter, a hearing on sanctions and costs was held and the Panel imposed various sanctions and costs orders against F Blouin.

## **B. Request for Financial Compensation**

6. After the Panel's decision on the merits found that F Blouin contravened securities laws, ██████ filed a claim for financial compensation with the Executive Director. On October 26, 2021, the Executive Director made a request to this Panel for an order that F Blouin pay \$50,000 in financial compensation to ██████.

7. The evidence filed in support of the request included an affidavit from ██████. The Affidavit stated that ██████ seeks financial compensation in the amount of \$50,000, being the amount of the investment that he lost. The affidavit also states that had ██████ known F Blouin was not in compliance with the *Act*, he would have never made the \$50,000 investment in Olive Equity securities through F Blouin.

8. ██████ also testified at the financial compensation hearing reiterating that had he known F Blouin was not in compliance with the *Act*, he would not have invested in the Olive Equity securities through F Blouin. He also testified that in his dealings with F Blouin, he trusted F Blouin and believed that F Blouin was acting as a registrant under the *Act*. ██████ did not know at the time that F Blouin was trading off-book and that these trades were not in compliance with the *Act*.

9. The documentary evidence filed by Staff in the compensation hearing confirms that ██████ invested \$50,000 in Olive Equity securities and that he lost the entire amount of his investment.

10. F Blouin did not appear at the financial compensation hearing and provided no materials or submissions for the Panel to consider. As such, the evidence filed by Staff regarding financial compensation is uncontradicted.

## **III. ISSUE**

11. At issue is whether the Panel should order that F Blouin pay financial compensation to ██████ in the amount of \$50,000 pursuant to subsection 135.6(4) of the *Act*.

## **IV. ANALYSIS**

12. The relevant provision of the *Act* regarding financial compensation is subsection 135.6(4). This provision sets out the preconditions to ordering financial compensation as follows:

### **Financial compensation**

135.6...

(4) If requested by the Director to do so, the Commission may order the person or company to pay the claimant compensation for the claimant's financial loss, if, after the hearing, the Commission:

(a) determines that the person or company has contravened or failed to comply with:

(i) Saskatchewan securities laws;

(ii) a written undertaking made by the person or company to the Commission or the Director; or

(iii) a term or condition of the person's or company's registration;

(b) is able to determine the amount of the financial loss on the evidence; and

(c) finds that the person's or company's contravention or failure caused the financial loss in whole or in part.

13. Very recently, a panel of the FCAA in *In the Matter of Gaetan Blouin – Financial Compensation*, (December 16, 2021) FCAA [unreported] [*G Blouin*] discussed the law regarding financial compensation. Citing to recent authority of the Court of Appeal, the panel in *Gaetan Blouin* wrote:

13. Recently in *C2 Ventures Inc. v Saskatchewan (Financial and Consumer Affairs Authority)*, 2019 SKCA 53 (CanLii) [*C2 Ventures*], the Saskatchewan Court of Appeal analyzed subsection 135.6(4) and three preconditions to ordering financial compensation, including the “lynchpin” precondition of causation. Before financial compensation can be ordered, it is critical that there is evidence that the contravention at issue caused, either in whole or in part, the claimant's loss. The Court of Appeal wrote:

[39] It is important to understand that *causation* is the last of three preconditions to the making of a compensation order but also that it is the lynchpin of s. 135.6(4). The first two preconditions are (i) a finding of contravention or failure to comply with *The Securities Act, 1988* and (ii) quantification of the claimant's financial loss. The third, that the “contravention or failure caused the financial loss in whole or in part”, must obviously follow from the first two because it links them together, thereby triggering a panel's authority to order the person who committed the contravention to pay compensation to the claimant. The requirement of proof of a causal connection between a contravention (s. 135.6(4)(a)) and a loss (s. 135.6(4)(b)) is necessary because civil liability is generally imposed by the state only in accordance with the principle that individuals who cause harm to others must take responsibility for their actions. ...

14. In respect to causation, the panel in *Gaetan Blouin* further noted that our Court of Appeal stressed at paragraphs 49-50 of *C2 Ventures* that the *specific* contravention at issue must cause the loss (at para 18). The panel stated:

18. ...As such, evidence must exist creating a causal link between a specific contravention found by the Panel and the financial loss claimed. With this in mind, it is important for us to consider the specific contraventions in this case and whether there is

evidence demonstrating that those specific contraventions caused [the claimant's] financial loss.

15. Further to this point, the panel in *Gaetan Blouin* cited to *C2 Ventures* and cautioned that general causative statements made by claimant's may not be sufficient to establish causation and so claimants should clearly explain in their evidence how the specific contravention(s) caused their loss:

20. ...[C]laimants for financial compensation would do well to clearly explain in their evidence how *specific* contraventions found by a panel have caused their financial loss either in whole or in part. While general causative statements pertaining to a respondent's non-compliance with securities laws may provide some evidence of causation, on the law in *C2 Ventures* it also may not on its own be sufficient to make out a claim for financial compensation under subsection 135.6(4) of the *Act*. ...

16. In *Gaetan Blouin*, the panel found that there was sufficient evidence demonstrating specific contraventions caused the claimants financial loss and ordered that the loss be paid by the respondent in the case.

17. Turning to the present case, in the merits decision, we found F Blouin contravened three different securities laws. Therefore, the first precondition for financial compensation is met.

18. In respect to the second precondition, the evidence, including ██████'s testimony and affidavit along with the supporting documents, shows that ██████ invested \$50,000 in Olive Equity securities through F Blouin and that he lost this entire investment.

19. As to the third precondition of causation, ██████ trusted F Blouin as an advisor. He believed F Blouin was properly registered to sell Olive Equity securities and was not aware that F Blouin was selling off-book when he was not supposed to be doing so. ██████ further testified that if he had known F Blouin was not in compliance with the *Act*, he would have never invested his \$50,000 through F Blouin in Olive Equity securities. The same evidence is provided in his affidavit. ██████ presented as a credible witness and the panel accepts his evidence.

20. As noted above, F Blouin did not appear at the financial compensation hearing. He did not cross-examine ██████ or submit his own evidence. ██████'s evidence, therefore, stands uncontradicted.

21. Similar to the situation in *Gaetan Blouin*, ██████'s above-noted testimony and affidavit is helpful general evidence of causation; however, it may not provide sufficient evidence regarding how F Blouin's *specific* contraventions caused ██████'s financial loss. We therefore must consider whether there is sufficient evidence that F Blouin's specific contraventions actually caused ██████'s loss.

22. In the Panel's respectful view, and again similar to the *Gaetan Blouin* matter, there is sufficient evidence that at least two of F Blouin's contraventions caused ██████'s financial loss. First, F Blouin was

not registered to sell Olive Equity securities. In spite of this, he sold \$50,000 worth of Olive Equity securities to [REDACTED], which resulted in F Blouin acting as a dealer and advisor while not being registered to do so, resulting in F Blouin contravening subsection 27(2) of the *Act*. Had F Blouin been in compliance with the *Act* by not selling the Olive Equity securities, [REDACTED] would not have had the opportunity to purchase those securities through F Blouin. Added to this, on [REDACTED]'s uncontradicted evidence, had he known that F Blouin was not in compliance with the *Act*, which includes not being registered to sell Olive Equity securities, he never would have purchased the securities. In the Panel's view, this evidence taken as a whole is sufficient to prove that F Blouin's contravention of subsection 27(2) of the *Act* was a cause of [REDACTED]'s financial loss.

23. Second, F Blouin contravened subsection 33.1(1) of the *Act* by failing to conduct a suitability analysis in respect to [REDACTED] and failing to deal with [REDACTED] fairly, honestly, and in good faith. This also was a cause of [REDACTED]'s financial loss. F Blouin did not provide proper information to [REDACTED] regarding the Olive Equity securities. Consequently, [REDACTED] was not able to understand what the investment entailed. In the end, [REDACTED] trusted F Blouin and relied on the insufficient and incomplete information F Blouin provided to him regarding the Olive Equity investment at the time he invested. In our respectful view, this is also sufficient evidence that F Blouin's contravention of subsection 33.1(1) of the *Act* was a cause of [REDACTED]'s financial loss.

## V. CONCLUSION

24. Having found that F Blouin contravened securities laws, that [REDACTED] suffered financial loss in the amount of \$50,000, and that at least two of F Blouin's contraventions caused [REDACTED]'s loss, the statutory preconditions in subsection 135.6(4) of the *Act* have been met. The Panel therefore orders that F Blouin pay [REDACTED] \$50,000 in financial compensation.

Dated at Regina, Saskatchewan this 17<sup>th</sup> day of January, 2022

[REDACTED]  
Howard Crofts, Chairperson

[REDACTED]  
Norman Halldorson, Panel Member

[REDACTED]  
Honourable Eugene Scheibel