*Unofficial English Translation*

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| Autorité des marchés financiers c. Alteon Senat | | | 2022 QCTMF 10 |
| FINANCIAL MARKETS ADMINISTRATIVE TRIBUNAL | | | |
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| CANADA | | | |
| PROVINCE OF QUÉBEC | | | |
| MONTRÉAL | | | |
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| FILE NO.: | 2020-033 | | |
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| DECISION NO.: | 2020-033-005 | | |
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| DATE: | March 3, 2022 | | |
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| BEFORE: | | Mtre. JEAN-PIERRE CRISTEL | | |
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| AUTORITÉ DES MARCHÉS FINANCIERS | | | |
| Applicant | | | |
| v. | | | |
| **SANDLY ALTEON SENAT** | | | |
| and | | | |
| **ALTEON FINANCIAL SERVICES INC.** | | | |
| and | | | |
| **VASAN & SAVYAN ASSET MANAGEMENT INC.** | | | |
| Respondents | | | |
| and | | | |
| **SCOTIA BANK** (Branches at 3070 Boulevard de la Gare in Vaudreuil-Dorion and 1002 Sherbrooke Street West in Montréal) | | | |
| and | | | |
| **ROYAL BANK OF CANADA** (Branch at 30-585 Avenue Saint-Charles in Vaudreuil-Dorion) | | | |
| and | | | |
| **BANK OF MONTREAL** (Branch at 6500 Trans-Canada Highway in Pointe-Claire) | | | |
| and | | | |
| **DESJARDINS FINANCIAL SECURITY INVESTMENTS INC.** | | | |
| Impleaded parties | | | |
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| DECISION  Extension of freeze orders | | | |
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| **OVERVIEW** | | | |

1. On December 18, 2020,[[1]](#footnote-1) the Financial Markets Administrative Tribunal (“Tribunal”) issued, as a matter of urgency and *ex parte*,freeze orders aimed at the respondents’ funds, securities and other assets, and those held for them by the impleaded financial institutions.
2. The initial freeze orders were issued in the context of an investigation conducted by the Autorité des marchés financiers (“Autorité”) against the respondents. That investigation relates to serious alleged breaches by the respondents of sections 11, 148, 160 and 160.1 of the *Securities Act,[[2]](#footnote-2)* sections 16, 84, 85 and 86 of the *Act respecting the distribution of financial products and services,[[3]](#footnote-3)* and section 18 of the *Code of ethics of the Chambre de la sécurité financière.*[[4]](#footnote-4) These alleged breaches concern, in particular, the public distribution without a prospectus of forms of investment to which the *Securities Act* applies and to the exercise of the activity of securities dealer without the registrations required by the Authorité.
3. Following a notice of contestation filed by the respondents to the aforementioned decision, the Tribunal concluded on June 2, 2021,[[5]](#footnote-5) that it was justified, in the public interest, to maintain all orders of a protective, preventive and conservatory nature that it issued in its decision of December 18, 2020.
4. On November 10, 2021, the Autorité filed a request to extend the freeze orders currently in force in this case for a period of twelve (12) months.
5. At the *pro forma* hearing on December 2, 2021, respondent Sandly Alteon Senat informed the Tribunal of her intention to contest this request to extend the freeze orders, indicating that she needed time to find counsel.
6. In order to give respondent Sandly Alteon Senat time to retain the services of counsel to represent her in this case, the Tribunal - in agreement with the parties - decided to schedule the hearing for March 1, 2022, which would allow it to hear, on its merits, the above-mentioned request for an extension.
7. Furthermore, given that the freeze orders in force in this case were to expire on December 18, 2021, the Tribunal decided, in order to continue protecting the public interest, to temporarily extend those freeze orders until March 17, 2022.[[6]](#footnote-6)
8. At the hearing of March 1, 2022, the respondents were absent and not represented by counsel. However, the Tribunal was informed that the respondents had retained the services of counsel and that the latter had informed counsel for the Autorité by email that her clients had decided to no longer contest the Autorité’s request to extend the freeze orders currently in force in this case.
9. Furthermore, at this hearing, counsel for the Autorité informed the Tribunal that the Autorité’s investigation into the respondents is continuing. He also argued that the reasons that justified the initial freeze orders in this case still exist. Counsel for the Autorité asked the Tribunal to extend the freeze orders until December 17, 2022.
10. The Tribunal must therefore determine whether, in the public interest, it will extend these freeze orders and, if so, it must determine the duration of the extension.
11. After hearing the arguments adduced at the March 1, 2022 hearing and taking into account that the respondents were no longer contesting the request, the Tribunal decided, in the public interest, to extend the freeze orders currently in force in this case until December 17, 2022.

**ANALYSIS**

1. For the Tribunal to extend a freeze order, it must determine whether:

(1) the investigation by the Autorité into the respondent is still ongoing;[[7]](#footnote-7)

(2) the reasons for the initial freeze orders still exist.[[8]](#footnote-8)

1. As for the length of the freeze order, the legislation provides for a 12-month period, unless the Tribunal decides otherwise.[[9]](#footnote-9)
2. At the hearing on March 1, 2022, during which the Tribunal heard, on its merits, the Autorité’s request to extend the freeze orders currently in force in this case, the respondents and the impleaded parties were absent and not represented. However, the respondents had indicated, through an email from their counsel to counsel for the Autorité, their decision not to contest the above-mentioned request for an extension. Consequently, the respondents and the impleaded parties did not establish that the reasons for the Tribunal issuing the initial freeze orders in this case have ceased to exist.
3. Furthermore, at the hearing, counsel for the Autorité argued that the reasons that led the Tribunal to issue, in the public interest, freeze orders against the respondents and with regard to the impleaded parties are still present.
4. He also informed the Tribunal that the Autorité’s investigation, in its broad sense, of the respondents is ongoing. In this regard, the Autorité’s lead investigator in this case has indicated to the Tribunal that he should be able to submit an investigation report to the Autorité’s Litigation Branch in approximately one month. He mentioned that the latter will then analyse this document and make recommendations to the Autorité’s management regarding any further legal action in this case.
5. In view of (i) the time elapsed since the filing of the Autorité’s request for an extension, (ii) the interim extension decision issued by the Tribunal on December 2, 2021, and (iii) the time that will likely be needed for subsequent legal action in this case, counsel for the Autorité has requested the Tribunal to extend until December 17, 2022, the freeze orders currently in force in this case.
6. In light of this information and these arguments, the Tribunal is of the opinion that the Autorité’s investigation of the respondents is still ongoing and that the reasons that justified the Tribunal issuing the initial freeze orders in this case still exist.
7. Furthermore, in the circumstances, the Tribunal considers it reasonable to extend, in the public interest, the above-mentioned freeze orders until December 17, 2022.
8. Consequently, given that the investigation by the Autorité is ongoing and that the reasons that justified issuing the initial freeze orders still exist, the Tribunal is prepared to extend, in the public interest, the freeze orders currently in force in this case until December 17, 2022.

**FOR THESE REASONS,** the Financial Markets Administrative Tribunal, in the public interest and pursuant to sections 93 and 97, ss. 2 (7) of the *Act respecting the regulation of the financial sector,*[[10]](#footnote-10) section 115.3 of the *Act respecting the distribution of financial products and services*, and sections 249 and 250 of the *Securities Act*:

**GRANTS** the request for an extension of the freeze orders submitted by the Autorité des marchés financiers;

**EXTENDS** the freeze orders issued by the Tribunal on December 18, 2020,[[11]](#footnote-11) as renewed since then, until **December 17, 2022,** as follows, except as they are amended or revoked prior to the expiry of this period:

**ORDERS** respondents, Sandly Alteon Senat, Alteon Financial Services Inc. / Services financiers Alteon inc. and Vasan & Savyan Asset Management Inc. / Vasan & Savyan Gestion d’actifs inc. not to dispose of any funds, securities or other assets in their possession or entrusted to them, and not to withdraw or appropriate any funds, securities or other assets from any other person holding them on deposit, or having custody and control of them on their behalf, including the contents of safety deposit boxes;

**ORDERS** Scotiabank, at the branch located at 3070 Boulevard de la Gare, Vaudreuil-Dorion, Québec, J7V 0H1, not to dispose of the funds, securities or other assets it has on deposit, under control or in safekeeping in any account opened in the name of Sandly Alteon Senat, Alteon Financial Services Inc. / Services financiers Alteon inc. and Vasan & Savyan Asset Management Inc. / Vasan & Savyan Gestion d’actifs inc., including, but not limited to, account numbers [...] (to which savings account [...] is linked), [...], [...] and [...], or in any safety deposit box in the name of Sandly Alteon Senat, Alteon Financial Services Inc. / Services financiers Alteon inc. and Vasan & Savyan Asset Management Inc. / Vasan & Savyan Gestion d’actifs inc.;

**ORDERS** Scotiabank, at the branch located at 1002 Sherbrooke Street West, 4th floor, Montréal, Québec, H3A 3M3, not to dispose of the funds, securities or other assets it has on deposit, under control or in safekeeping in any account opened in the name of Sandly Alteon Senat, Alteon Financial Services Inc. / Services financiers Alteon inc. and Vasan & Savyan Asset Management Inc. / Vasan & Savyan Gestion d’actifs inc., including, but not limited to, account numbers [...] (to which savings account [...] is linked), [...] and [...], or in any safety deposit box in the name of Sandly Alteon Senat, Alteon Financial Services Inc. / Services financiers Alteon inc. and Vasan & Savyan Asset Management Inc. / Vasan & Savyan Gestion d’actifs inc.;

**ORDERS** the Royal Bank of Canada, at the branch located at 585 Saint-Charles Avenue, Local 30, Vaudreuil-Dorion, Québec, J7V 8P9, not to dispose of the funds, securities or other assets it has on deposit, under control or in safekeeping in any account opened in the name of Sandly Alteon Senat, Alteon Financial Services Inc. / Services financiers Alteon inc. and Vasan & Savyan Asset Management Inc. / Vasan & Savyan Gestion d’actifs inc., and specifically, account numbers [...] and [...], or in any safety deposit box in the name of Sandly Alteon Senat, Alteon Financial Services Inc. / Services financiers Alteon inc. and Vasan & Savyan Asset Management Inc. / Vasan & Savyan Gestion d’actifs inc.;

**ORDERS** the Bank of Montreal, at the branch located at 6500 Trans-Canada Highway, Pointe-Claire, Québec, H9R 0A5, not to dispose of the funds, securities or other assets it has on deposit, under control or in safekeeping in any account opened in the name of Sandly Alteon Senat, Alteon Financial Services Inc. / Services financiers Alteon inc. and Vasan & Savyan Asset Management Inc. / Vasan & Savyan Gestion d’actifs inc., and specifically, account numbers [...] and [...], or in any safety deposit box in the name of Sandly Alteon Senat, Alteon Financial Services Inc. / Services financiers Alteon inc. and Vasan & Savyan Asset Management Inc. / Vasan & Savyan Gestion d’actifs inc.;

**ORDERS** Desjardins Financial Security Investments Inc. (SFL Investments) not to dispose of the funds, securities or other assets or products it has on deposit, under control or in safekeeping in the name of Sandly Alteon Senat, Alteon Financial Services Inc. / Services financiers Alteon inc. and Vasan & Savyan Asset Management Inc. / Vasan & Savyan Gestion d’actifs inc., and specifically, in account numbers [...] and [...];

**ORDERS** the Autorité des marchés financiers to notify the parties of this decision.

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|  | | **Mtre. Jean-Pierre Cristel**  **Administrative Judge** |
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| Mtre. François St-Pierre | | | | | |
| (Legal Services, Autorité des marchés financiers) | | | | | |
| Counsel for the Autorité des marchés financiers | | | | | |
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| Hearing date: | | March 1, 2022 | | | |

1. *Autorité des marchés financiers* c. *Alteon Senat,* 2020 QCTMF 58. [↑](#footnote-ref-1)
2. CQLR, c. V-1.1. [↑](#footnote-ref-2)
3. CQLR, c. D-9.2. [↑](#footnote-ref-3)
4. CQLR, c. D-9.2, r. 3. [↑](#footnote-ref-4)
5. *Autorité des marchés financiers* c. *Alteon Senat*, 2021 QCTMF 31. [↑](#footnote-ref-5)
6. *Autorité des marchés financiers* c. *Alteon Senat,* 2021 QCTMF 69. [↑](#footnote-ref-6)
7. S. 249, *Securities Act* and s. 115.3, ss. 1, *Act respecting the distribution of financial products*. [↑](#footnote-ref-7)
8. S. 250, ss. 2, *Securities Act* and s. 115.3, ss. 3, *Act respecting the distribution of financial products*. [↑](#footnote-ref-8)
9. S. 250, ss. 1, *Securities Act* and s. 115.3, ss. 2, *Act respecting the distribution of financial products*. [↑](#footnote-ref-9)
10. CQLR, c. E-6.1. [↑](#footnote-ref-10)
11. Supra, note 1. [↑](#footnote-ref-11)