

**IN THE MATTER OF
STAFF'S RECOMMENDATION TO SUSPEND THE REGISTRATION OF
GENESIS WEALTH MANAGEMENT CORPORATION**

**OPPORTUNITY TO BE HEARD BY THE DIRECTOR
UNDER SECTION 31 OF THE SECURITIES ACT (ONTARIO)**

Decision

1. Genesis Wealth Management Corporation (**GWMC** or the **firm**) is registered under the *Securities Act* (Ontario) (the **Act**) as a dealer in the category of exempt market dealer.
2. For the reasons outlined below, my decision is to suspend the registration of GWMC.

Background

3. GWMC was initially registered in British Columbia on April 2, 2019, in Alberta on March 2, 2021 and in Ontario on September 20, 2021.
4. GWMC's head office is in Richmond, British Columbia and the British Columbia Securities Commission (**BCSC**) is the firm's principal regulator. The Ontario Securities Commission (**OSC**) is a non-principal regulator of GWMC.
5. On February 12, 2024, the BCSC imposed terms and conditions on GWMC's registration. The terms and conditions were imposed to address significant deficiencies identified in a 2022 BCSC compliance examination as well as several repeat deficiencies previously identified in a 2019 BCSC compliance examination.
6. On May 9, 2024, staff of the OSC's Registration, Inspections and Examinations Division (**RIE**) issued a letter of brief reasons to the firm, outlining staff's recommendation that GWMC's registration in Ontario be subject to the same terms and conditions imposed by the BCSC.
7. On May 27, 2024, the Director accepted staff's recommendation to impose terms and conditions on the firm's registration in Ontario after GWMC failed to respond by the deadline to request an opportunity to be heard (**OTBH**) before the Director.
8. The BCSC Executive Director suspended the firm's registration effective July 23, 2024, stating in the written reasons for the decision that GWMC had become unsuitable for registration and its registration had become objectionable. The reasons for the decision of the BCSC Executive Director included GWMC's apparent breach of the terms and conditions that had been imposed to address the deficiencies previously identified in compliance examinations by the BCSC.
9. On July 29, 2024, staff issued a letter of brief reasons recommending that the Director suspend GWMC's registration on the basis that it would be otherwise objectionable for the firm to continue to be registered under the Act after the suspension by the principal regulator.

Law and Reasons

10. Section 28 of the Act provides that the Director may revoke or suspend the registration of a person or company if it appears to the Director that the person or company is not suitable for registration under the Act, or that the registration is otherwise objectionable.
11. Section 1.1 of the Act sets out the purposes of the Act as: to provide protection to investors from unfair, improper or fraudulent practices; to foster fair, efficient and competitive capital markets and confidence in capital markets; to foster capital formation; and to contribute to the stability of the financial system and the reduction of systemic risk.

12. Section 2.1 of the Act provides that in pursuing the purposes of the Act, the OSC shall have regard to certain fundamental principles, including: “5. The integration of capital markets is supported and promoted by the sound and responsible harmonization and co-ordination of securities regulation regimes.”
13. Pursuant to section 31 of the Act, GWMC was afforded the opportunity to make submissions in writing as part of this OTBH. Anastasija Sumakova, Legal Counsel, OSC, made submissions on behalf of staff, and Yuanhong (Nancy) Wei made submissions on behalf of the firm as its Ultimate Designated Person and Chief Compliance Officer.
14. Instead of responding to staff’s recommendation that it would be objectionable for the firm to remain registered in Ontario after the firm’s principal regulator suspended its registration, GWMC’s submissions attempted to relitigate the merits of the decision of the BCSC Executive Director by disputing the evidence collected by the BCSC in its 2022 compliance examination, arguing that the BCSC either did not investigate or failed to confirm the information and complaints received from GWMC’s clients, and further questioning the BCSC Executive Director’s reliance on that evidence to suspend the firm’s registration.
15. Staff submits that, to the extent that GWMC seeks a review of the findings of the BCSC compliance examination and the decision of the BCSC Executive Director, this OTBH is not the appropriate forum. Further, staff submits that it would not promote confidence in Ontario’s capital markets if a firm whose registration was suspended by its principal regulator was permitted to maintain its registration in Ontario. There are precedents for these positions.
16. In *Re Jory Capital Inc.* (2012), 35 OSCB 11217 at paragraph 6, the Director observed that he was “concerned that it would be inconsistent with the OSC’s mandate to provide investor protection and to foster fair and efficient capital markets and confidence in capital markets to permit [a firm suspended by its principal regulator] to remain registered in Ontario.”
17. In *Wells Asset Management System Inc.* (2019), 42 OSCB 4299 at paragraph 18, the Director held that an OTBH respecting a registrant’s registration in Ontario (its non-principal regulator’s jurisdiction) “is not the appropriate forum to review the assessment made by [the BCSC] and, ultimately, the actions taken by the [r]egistrant’s principal regulator.”
18. The purpose of an OTBH is to provide a registrant or applicant a process to present their position on the registration action being recommended by staff. In my opinion, this is not the appropriate forum to review the assessment made by the BCSC or the decision of the BCSC Executive Director.
19. In my view, allowing GWMC to continue to be registered in Ontario while its registration is suspended in British Columbia and all other Canadian jurisdictions in which it was registered, would be objectionable and inconsistent with the OSC’s mandate.

Decision

20. Therefore, my decision is that the ongoing registration of GWMC in Ontario is objectionable. I accept staff’s recommendation to suspend GWMC, effective immediately.

“*Felicia Tedesco*”

Deputy Director
Registration, Inspections and Examinations Division
Ontario Securities Commission
Date: November 12, 2024