

FP Canada Standards Council™
and
Gordon Malic, CFP®

STATEMENT OF ALLEGATIONS

THE CFP® PROFESSIONAL

1. Gordon Malic (“Mr. Malic” or the “Respondent”) was certified by the Financial Planning Standards Council®, now FP Canada™, as a CERTIFIED FINANCIAL PLANNER® professional in 1999. Mr. Malic has consistently renewed his certification and, as of the date of this Statement of Allegations, is a CFP professional in good standing. Mr. Malic does not have a prior discipline history with the FP Canada Standards Council™ (the “Standards Council”).
2. Mr. Malic ran Malic Money Management Inc. from 1993 to 2002. In 2002, he created Charter Wealth Management Inc. and, as of the date of this Statement of Allegations, he continues to offer financial planning and insurance services through this company.
3. In addition, in 2000, Mr. Malic became a shareholder in a company known then as Sanders and Beckingham which subsequently became Sanders Wealth Management Group Ltd. (collectively, “Sanders Wealth”). Mr. Malic served as an Investment Dealer and Compliance Officer at Sanders Wealth from approximately 2000 to 2009. In 2009, Sanders Wealth was taken over by Mackie Research Capital Corporation, and is now known as Research Capital Corporation (“RCC”). Mr. Malic resigned from RCC in June 2021.
4. Mr. Malic currently resides in Morinville, Alberta.

HISTORY OF THE PROCEEDINGS

5. This matter came to the attention of the Standards Council when Mr. Malic reported, on his 2019/2020 and 2020/2021 CFP® Renewal Application form, that he was amongst other things, the subject of an investigation by the Investment Industry Regulatory Organization of Canada (“IIROC”), which was initiated based on a client complaint, and that he was also involved in civil litigation.

6. The complaint involved a failed residential development project in Redwater, Alberta. Mr. Malic was a director and President of Alluvium Developments Inc. (“Alluvium Developments”) from its inception in 2013 to 2015. Alluvium Developments acted as a holding company for Alluvium Projects Inc. (“Alluvium Projects”) (collectively, with Alluvium Developments, the “Alluvium Companies”). Mr. Malic was not a director of Alluvium Projects. Mr. Malic also owned one third of the shares of Alluvium Developments¹.
7. Two of Mr. Malic’s clients at RCC, H.W. and M.Y., invested, loaned or pledged, through their personal companies, a total of approximately \$3.7 million into the Alluvium Companies and lost their entire investments. H.W. commenced civil litigation which is ongoing as of the date of this Statement of Allegations.
8. The IIROC investigation and resulting proceeding concluded with a Settlement Agreement dated May 5, 2021, which was accepted by an IIROC Hearing Panel on May 18, 2021. Reasons for Acceptance of the Settlement were released by IIROC on June 1, 2021.² In the Settlement Agreement, Mr. Malic admitted that between May 2013 and August 2017, he failed to: report and address an existing or potential material conflict of interest with clients; and inform his dealer of, and misled his dealer about, an outside business activity, contrary to IIROC Dealer Member Rules 42 and 18.14 and Consolidated Rule 1400. Mr. Malic was suspended for 6 months (commencing in May 2021), subject to a period of close supervision for 6 months thereafter³, and subject to a fine of \$75,000 and costs of \$5,000.
9. The Standards Council initiated an independent investigation into Mr. Malic’s conduct on September 25, 2020.
10. On June 21, 2022, the Conduct Review Panel (“CRP”) convened and referred the allegations set out herein to a Hearing Panel.

NOTICE

11. Further to the direction of the CRP, and in accordance with Article 5.1 of the *FP Canada Standards Council Disciplinary Rules and Procedures* (DRP), I hereby give notice of the Standards Council’s request that a hearing date be set with respect to the matter identified as: *FP Canada Standards Council™ and Gordon Malic, CFP®*.
12. The Standards Council requests that the hearing be held in writing.

¹ Mr. Malic held these shares through Malic Ventures Inc. of which he was a 51% shareholder.

² [The Rules of the Investment Industry Regulatory Organization of Canada and Gordon Albert Malic \(iiroc.ca\)](https://www.iiroc.ca)

³ As Mr. Malic resigned from RCC and as of the date of this Statement of Allegations, he is not registered with IIROC; he has therefore not been subject to close supervision.

APPLICABLE STANDARDS

The underlying conduct occurred between February 2014 and February 2016 and IIROC released its Reasons for Acceptance of the Settlement on June 1, 2021. Accordingly, Mr. Malic's conduct is governed by the *Standards of Professional Responsibility* in effect between November 2011 and October 2014, between June 2015 and February 2016 and between January 2020 to June 2021. The applicable Principles and Rules of the *Standards of Professional Responsibility* are attached as **Appendix "A"**.

ALLEGATIONS

The Standards Council makes the following allegations against the Respondent:

1. Between February and October 2014, the Respondent was a shareholder, director and President of Alluvium Developments when two of his clients, H.W. and M.Y., invested or pledged a total of \$2.6 million in the Alluvium Companies, without disclosing to the clients, in writing, the potential conflict of interest that this created, and thereby failed to place his clients' interests first and failed to act with objectivity and fairness, contrary to Principles 1, 3 and 5 and Rules 8, 9 and 10 of the *Standards of Professional Responsibility* in force between November 2011 and October 2014.
2. In or about February 2016, the Respondent was a shareholder of Alluvium Developments when his client, H.W., loaned \$1.1 million to Alluvium Developments, without disclosing to the client, in writing, the potential conflict of interest that this created, and thereby failed to place his client's interests first and failed to act with objectivity and fairness, contrary to Principles 1, 3 and 5 and Rules 8, 8.1, 9 and 10 of the *Standards of Professional Responsibility* in force between June 2015 and February 2016.
3. Between June and October 2014, the Respondent made misleading statements to his employer, RCC, regarding his role in Alluvium Developments and regarding his clients' investments in the Alluvium Companies, and thereby failed to act with integrity, contrary to Principle 2 and Rules 1 and 2 of the *Standards of Professional Responsibility* in force between March and October 2014.
4. By engaging in conduct that contravened IIROC Dealer Member Rules 42 and 18.14 and Consolidated Rule 1400, as found by IIROC in its Reasons for Acceptance of the Settlement dated June 1, 2021, the Respondent failed to provide professional services in accordance with applicable laws, regulations, rules or established policies of governmental agencies or other applicable authorities, contrary to Rule 24 of the *Standards of Professional Responsibility* in force between January 2020 and June 2021.

Dated: August 2, 2022



Tamara Center
Director, Professional Conduct and Enforcement
Counsel to FP Canada Standards Council™

Appendix A

Applicable Principles and Rules of the *Standards of Professional Responsibility for CFP® Professionals and FPSC® Registered Candidates* – November 2011 to February 2014

Principle 2: Client First

A CFP professional shall always place the client's interests first.

Placing the client's interests first requires the CFP professional to act honestly and to place the client's interests ahead of his own and ahead of all other interests.

Principle 3: Objectivity

A CFP professional shall be objective when providing advice and/or services to clients.

Objectivity requires intellectual honesty and impartiality and the exercise of sound judgment, regardless of the services delivered or the capacity in which a CFP professional functions.

Rule 8: When services include financial planning or material elements of the financial planning process, a CFP professional shall disclose the following information in writing to the client:

- a. An accurate and understandable description of the compensation arrangements being offered. This description must include information related to costs to the client and the form and source of compensation to the CFP professional and/or the CFP professional's employer, including any contingency or referral fees. Further, the description must include the terms under which the CFP professional and/or the CFP professional's employer may receive any other source of compensation and, if so, what the sources of these payments are and what they are based on;
- b. A general summary of likely conflicts of interest between the client and the CFP professional, the CFP professional's employer, or any affiliates or third parties, including but not limited to, information about any familial, contractual or agency relationship of the CFP professional, or the CFP professional's employer that has a potential to materially affect the relationship with the client;
- c. Any information about the CFP professional or the CFP professional's employer that could reasonably be expected to materially affect the client's decision to engage the CFP professional;
- d. Any information that the client might reasonably want to know in establishing the scope and nature of the relationship, including, but not limited to, information about the CFP professional's area of expertise; and

Applicable Principles and Rules of the *Standards of Professional Responsibility for CFP® Professionals and FPSC® Registered Candidates* – November 2011 to February 2014

- e. Contact information for the CFP professional and, if applicable, the CFP professional's employer.

Rule 9: On an ongoing basis, the CFP professional shall make timely disclosure to the client of any material change to the above information, in accordance with the provisions of Rule 10.

Rule 10: A CFP shall take all reasonable steps to ensure that the client is informed of material changes in circumstances that arise subsequent to the original engagement that may have an impact on the professional relationship or services to be rendered. Such changes may include, but are not limited to:

- a. conflicts of interest;
- b. the CFP professional's business affiliation;
- c. compensation structures affecting the professional services to be rendered;
- d. and new or changed agency relationships.

Applicable Principles and Rules of the *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificants in Financial Planning* – March 2014 to September 2014

Principle 1: Client First

A CFP professional shall always place the client's interests first.

Placing the client's interests first requires the CFP professional to act honestly and to place the client's interests ahead of his own and ahead of all other interests.

Principle 2: Integrity

A Certificant shall always act with integrity.

Integrity means rigorous adherence to the moral rules and duties imposed by honesty and justice. Integrity requires the Certificant to observe both the letter and the spirit of the Code.

Principle 3: Objectivity

A CFP professional shall be objective when providing advice and/or services to clients.

Objectivity requires intellectual honesty and impartiality and the exercise of sound judgment, regardless of the services delivered or the capacity in which a CFP professional functions.

Principle 5: Fairness

A CFP professional shall be fair and open in all professional relationships.

Fairness requires providing clients with what they should reasonably expect from a professional relationship, and includes honesty and disclosure of all relevant facts including conflicts of interest.

Rule 1: A CFP professional shall not engage in or associate with conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly make a false or misleading statement to clients or any other parties.

Rule 2: A CFP professional shall not engage in any conduct that reflects adversely on his or her integrity or fitness as a CFP professional, the CFP marks or the profession.

Rule 8: When the services include financial planning or material elements of the financial planning process, a CFP professional shall disclose the following information in writing to the client:

- a. An accurate and understandable description of the compensation arrangements being offered. This description must include information related to costs to the client and the form and source of compensation to the CFP professional and/or the CFP professional's employer, including any contingency or referral fees. Further, the description must include the terms under which the CFP professional and/or the CFP professional's employer may receive any other source of compensation and, if so, what the sources of these payments are and what they are based on;
- b. A general summary of likely conflicts of interest between the client and the CFP professional, the CFP professional's employer, or any affiliates or third parties, including but not limited to, information about any familial, contractual or agency relationship of the CFP professional, or the CFP professional's employer that has a potential to materially affect the relationship with the client;
- c. Any information about the CFP professional or the CFP professional's employer that could reasonably be expected to materially affect the client's decision to engage the CFP professional;
- d. Any information that the client might reasonably want to know in establishing the scope and nature of the relationship, including, but not limited to, information about the CFP professional's areas of expertise; and
- e. Contact information for the CFP professional and, if applicable, the CFP professional's employer.

Applicable Principles and Rules of the *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificants in Financial Planning* – March 2014 to September 2014

Rule 9: On an ongoing basis, the CFP professional shall make timely disclosure to the client of any material changes to the above information, in accordance with the provisions of Rule 10.

Rule 10: A CFP professional shall take all reasonable steps to ensure that the client is informed of material changes in circumstances that arise subsequent to the original engagement that may have an impact on the professional relationship or services to be rendered. Such changes may include, but are not limited to:

- a. conflicts of interest;
- b. the CFP professional's business affiliation;
- c. compensation structures affecting the professional services to be rendered; and new or changed agency relationships.

Applicable Principles and Rules of the *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificants in Financial Planning* – October 2014

Principle 1: Client First

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Placing the client's interests first requires the CFP professional to act honestly and to place the client's interests ahead of his own and ahead of all other interests.

Principle 2: Integrity

A Certificant shall always act with integrity.

Integrity means rigorous adherence to the moral rules and duties imposed by honesty and justice. Integrity requires the Certificant to observe both the letter and the spirit of the Code.

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Rule 2: A CFP professional shall not engage in any conduct that reflects adversely on his or her integrity or fitness as a CFP professional, the CFP marks or the profession.

Rule 8: When the services include financial planning or material elements of the financial planning process, a CFP professional shall disclose the following information in writing to the client:

- a. An accurate and understandable description of the compensation arrangements being offered. This description must include information related to costs to the client and the form and source of compensation to the CFP professional and/or the CFP professional's employer, including any contingency or referral fees. Further, the description must include the terms under which the CFP professional and/or the CFP professional's employer may receive any other source of compensation and, if so, what the sources of these payments are and what they are based on;
- b. A general summary of likely conflicts of interest between the client and the CFP professional, the CFP professional's employer, or any affiliates or third parties, including but not limited to, information about any familial, contractual or agency relationship of the CFP professional, or the CFP professional's employer that has a potential to materially affect the relationship with the client;
- c. Any information about the CFP professional or the CFP professional's employer that could reasonably be expected to materially affect the client's decision to engage the CFP professional;
- d. Any information that the client might reasonably want to know in establishing the scope and nature of the relationship, including, but not limited to, information about the CFP professional's areas of expertise; and
- e. Contact information for the CFP professional and, if applicable, the CFP professional's employer

Rule 9: On an ongoing basis, the CFP professional shall make timely disclosure to the client of any material changes to the above information, in accordance with the provisions of Rule 10.

Rule 10: A CFP professional shall take all reasonable steps to ensure that the client is informed of material changes in circumstances that arise subsequent to the original engagement that may have an impact on the professional relationship or services to be rendered. Such changes may include, but are not limited to:

- a. conflicts of interest;

- b. the CFP professional's business affiliation;
- c. compensation structures affecting the professional services to be rendered; and new or changed agency relationships.

Applicable Principles and Rules of the *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificants in Financial Planning* – June 2015 to February 2016

Principle 1: Client First

A CFP professional shall always place the client's interests first.

Placing the client's interests first requires the CFP professional to act honestly and to place the client's interests ahead of his own and ahead of all other interests.

Principle 3: Objectivity

A CFP professional shall be objective when providing advice and/or services to clients.

Objectivity requires intellectual honesty, impartiality and the exercise of sound judgment, regardless of the services delivered or the capacity in which a CFP professional functions.

Principle 5: Fairness

A CFP professional shall be fair and open in all professional relationships.

Fairness requires providing clients with what they should reasonably expect from a professional relationship, and includes honesty and disclosure of all relevant facts including conflicts of interest.

Rule 8: When the services include financial planning or material elements of the financial planning process, a CFP professional shall disclose the following information in writing to the client:

- a. An accurate and understandable description of the compensation arrangements being offered. This description must include information related to costs to the client and the form and source of compensation to the CFP professional and/or the CFP professional's employer, including any contingency or referral fees. Further, the description must include the terms under which the CFP professional and/or the CFP professional's employer may receive any other source of compensation and, if so, what the sources of these payments are and what they are based on;
- b. A general summary of potential conflicts of interest between the client and the CFP professional, the CFP professional's employer, or any affiliates or third parties, including, but not limited to, information about any familial, contractual or agency relationship of the CFP professional or the CFP professional's employer that has a potential to materially affect the relationship with the client;

Applicable Principles and Rules of the *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificants in Financial Planning* – June 2015 to February 2016

- c. Any information about the CFP professional or the CFP professional's employer that could reasonably be expected to materially affect the client's decision to engage the CFP professional;
- d. Any information about the CFP professional or the CFP professional's employer that could reasonably be expected to materially affect the client's decision to engage the CFP professional;
- e. Contact information for the CFP professional and, if applicable, the CFP professional's employer.

Rule 8.1: When the services include financial planning or material elements of the financial planning process:

- a. A CFP professional shall not provide services to a client where there is an existing conflict of interest between the CFP professional and the client unless, after full written disclosure of the existing conflict of interest, the client makes the informed decision to engage the CFP professional notwithstanding the conflict. The CFP professional must obtain the client's written consent before providing services to the client. Such written consent must include a description of the conflict of interest and confirmation of the client's decision to proceed.
- b. Where a conflict of interest arises during the course of an ongoing relationship with a client either between the client and the CFP professional or between the CFP professional's clients in the case of a joint engagement, a CFP professional shall, immediately upon discovery of the conflict of interest, advise the client, in writing, of the conflict of interest. In such circumstances a CFP shall cease providing services (acting in accordance with the provisions of Rule 11) unless and until the client makes the informed decision to continue with the engagement. A CFP must obtain the client's written consent to continue. Such written consent must include a description of the conflict of interest and confirmation of the client's decision to proceed.

Rule 9: On an ongoing basis, the CFP professional shall make timely disclosure to the client of any material changes to the above information, in accordance with the provisions of Rule 10.

Rule 10: A CFP professional shall take all reasonable steps to ensure that the client is informed of material changes in circumstances that arise subsequent to the original engagement that may have an impact on the professional relationship or the services to be rendered. Such changes may include, but are not limited to:

- a. conflicts of interest;
- b. the CFP professional's business affiliation;

Applicable Principles and Rules of the *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificants in Financial Planning* – June 2015 to February 2016

- c. compensation structures affecting the professional services to be rendered; and new or changed agency relationships.

Rule 24: A Certificant shall provide their professional services in accordance with applicable laws, regulations, rules or established policies of governmental agencies and other applicable authorities, including FP Canada and the FP Canada Standards Council.

Applicable Principles and Rules of the *Standards of Professional Responsibility for CFP® Professionals and QAFP™ Professionals* – January 2020 to June 2021

Rule 24: A Certificant shall provide their professional services in accordance with applicable laws, regulations, rules or established policies of governmental agencies and other applicable authorities, including FP Canada and the FP Canada Standards Council.