

IN THE MATTER OF AARON WOLFE

SETTLEMENT AGREEMENT

BETWEEN THE ONTARIO SECURITIES COMMISSION AND AARON WOLFE

PART I – INTRODUCTION

1. Insider trading is unfair to investors, erodes public confidence in Ontario’s capital markets, and is a significant breach of Ontario securities law.
2. Aaron Wolfe (“Wolfe” or the “Respondent”), a resident of Ontario, engaged in illegal insider trading in November 2018 in the shares of Tahoe Resources Inc. (“Tahoe”), which at the time was a reporting issuer in Ontario and publicly listed on the Toronto Stock Exchange.
3. Wolfe obtained material non-public information from a third party to a proposed acquisition of Tahoe before the proposed acquisition was generally disclosed. With knowledge of this information, Wolfe purchased shares of Tahoe on November 9, 2018 and sold all of these shares five days later for a profit of \$125,064. His profitable trade was a result of illegal insider trading and a breach of Ontario securities law.
4. The parties will jointly file a request that the Ontario Capital Markets Tribunal (the “Tribunal”) issue a Notice of Hearing (the “Notice of Hearing”) to announce that it will hold a hearing (the “Settlement Hearing”) to consider whether, pursuant to sections 127 and 127.1 of the Ontario *Securities Act*, R.S.O 1990, c. S.5, as amended (the “*Act*”), it is in the public interest for the Tribunal to approve this settlement agreement (the “Settlement Agreement”) and to make certain orders against Wolfe.

PART II – JOINT SETTLEMENT RECOMMENDATION

5. The Commission recommends settlement of the proceeding (the “Proceeding”) against the Respondent commenced by the Notice of Hearing in accordance with the terms and conditions set out in Part VI of the Settlement Agreement. The Respondent consents to the making of an order

(the “Order”) substantially in the form attached as **Schedule “A”** to this Settlement Agreement based on the facts set out herein.

6. For the purposes of the Proceeding and any other regulatory proceeding commenced by a securities regulatory authority, the Respondent agrees with the facts in Part III and the conclusion in Part IV of the Settlement Agreement.

7. The Commission acknowledges that the Respondent was cooperative during the investigation of this matter and during the process of reaching settlement.

Part III – AGREED FACTS

Background

8. The Respondent, Aaron Wolfe, is a resident of Ontario. The Respondent has never been registered with the Commission.

Tahoe Resources Inc.

9. Tahoe was a reporting issuer in Ontario with its securities publicly traded on the Toronto Stock Exchange under the symbol THO.

10. On November 14, 2018, Tahoe and Pan American Silver Corp. made a joint announcement (the “Announcement”) that the two companies had entered into a definitive agreement for Pan American to acquire Tahoe (the “Transaction”). The agreement and preceding negotiations had not been publicly disclosed prior to the Announcement.

11. The Announcement was material in respect of Tahoe. After the Announcement, the closing price of Tahoe shares rose by 49% relative to the closing price of the previous day. Tahoe filed a material change report on November 26, 2018.

Insider Trading of Tahoe Shares

12. On or prior to November 9, 2018, the Respondent received material, non-public information from a third party to the Transaction who was in a special relationship with Tahoe (the

“Third Party”). The Respondent knew or reasonably ought to have known that the Third Party was in a special relationship with Tahoe.

13. On November 9, 2018, the Respondent, with knowledge of the material, non-public information received from the Third Party, purchased 100,000 of shares in Tahoe valued at approximately \$302,935, as follows:

- a. 50,000 shares in the cash account of Asset Strategy Corp., his investment corporation; and
- b. 50,000 shares in his spouse’s margin account.

14. The Respondent had never purchased Tahoe shares prior to November 9, 2018.

15. At the time of his purchase, the Respondent did not have sufficient cash in his accounts to settle the trades. On November 13, 2018, the Respondent wired \$100,000 to his broker. Half of these funds came from a close personal friend on November 8, 2018 on a partial repayment of a loan. The other half came from Asset Strategy’s line of credit. The Respondent took no further substantive steps to settle the remainder prior to the Announcement.

16. The Respondent sold his position in Tahoe on the morning of November 14, 2018. He realized profits of \$125,064 from his sale of Tahoe shares.

Mitigating Factors

17. The Respondent has been granted credit for cooperation for agreeing to the terms set out below and making every effort to resolve these matters without a contested hearing.

PART IV - NON-COMPLIANCE WITH ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

18. By engaging in the conduct described above, the Respondent acknowledges and admits that he contravened subsection 76(1) of the *Act* and that his conduct was contrary to the public interest.

PART V – THE RESPONDENT’S POSITION

19. The Respondent requests, and the Commission does not object, that the Settlement Hearing panel consider the following mitigating circumstances:

- a. The Respondent is remorseful for his conduct;
- b. The Respondent acknowledges and accepts full responsibility for his conduct and now understands that his purchase and sale of Tahoe shares breached subsection 76(1) of the *Act*;
- c. The Respondent has never been the subject of any prior securities enforcement proceedings or orders, or those of any other regulatory bodies. In fact, the Respondent has never had any prior interactions or run-ins with the law;
- d. Even though the Respondent had received material, non-public information from the Third Party, the Respondent, prior to purchasing the Tahoe shares, had also conducted his own research and developed an investment thesis on Tahoe, using publicly available information; and
- e. The Respondent did not inform the Third Party of his purchase and sale of Tahoe shares.

PART V – TERMS OF SETTLEMENT

20. The Respondent agrees to the terms of settlement set forth below.

21. The Respondent consents to the Order substantially in the form attached as **Schedule “A”**, pursuant to which it is ordered that:

- a. this Settlement Agreement is approved;
- b. pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities or derivatives by the Respondent shall cease for a period of five (5) years commencing on the date of the Order;

- c. pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, acquisition of any securities by the Respondent shall be prohibited for a period of five (5) years commencing on the date of the Order;
- d. pursuant to paragraph 3 of subsection 127(1) of the *Act*, any exemptions contained in Ontario securities law shall not apply to the Respondent for a period of five (5) years commencing on the date of the Order;
- e. Notwithstanding sub-paragraphs (b), (c) and (d), the Respondent shall be permitted to receive securities as payment for professional services rendered by him, whether in his personal capacity or through a corporate entity controlled by him, provided that, during the five-year period referred to in sub-paragraphs (b), (c) and (d), he may not sell those securities except in accordance with sub-paragraphs (f)(i) and (f)(ii) below;
- f. Notwithstanding sub-paragraphs (b), (c) and (d), the Respondent shall be permitted to:
 - i. dispose of securities that he already holds in his personal and corporate controlled investment portfolios, within a 60-day period commencing on the date of the Order;
 - ii. for liquidity to financially support his family and to pay taxes, dispose of securities that he holds in his personal or corporate controlled investment portfolios during the first 14 days following each anniversary of the date of the Order;
 - iii. trade in or acquire securities in his personal registered retirement savings plan (“RRSP”) accounts, and/or tax-free savings accounts (“TFSA”) and/or for any registered education savings plan (“RESP”) accounts for which he is a sponsor; and

- iv. exercise any warrants or options or rights that he already holds in his personal and corporate controlled investment portfolios or that he receives pursuant to sub-paragraph (e);
- g. Until the entirety of the amounts set out below in sub-paragraphs (n), (o) and (p) (the “Monetary Orders”) is paid in full, the provisions of sub-paragraphs (b), (c) and (d) shall continue in force without any limitation as to time;
- h. pursuant to paragraph 6 of subsection 127(1) of the *Act*, the Respondent is reprimanded;
- i. pursuant to paragraph 7 of subsection 127(1) of the *Act*, the Respondent immediately resign any position that he holds as a director or officer of a reporting issuer;
- j. pursuant to paragraph 8 of subsection 127(1) of the *Act*, the Respondent be prohibited from becoming or acting as a director or officer of any reporting issuer for a period of five (5) years commencing on the date of the Order;
- k. pursuant to paragraph 8.1 of subsection 127(1) of the *Act*, the Respondent immediately resign any position that he holds as a director or officer of a registrant;
- l. pursuant to paragraph 8.2 of subsection 127(1) of the *Act*, the Respondent be prohibited from becoming or acting as a director or officer of any registrant for a period of five (5) years commencing on the date of the Order;
- m. pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, the Respondent be prohibited from becoming or acting as a registrant or a promoter for a period of five (5) years commencing on the date of the Order;
- n. pursuant to paragraph 9 of subsection 127(1) of the *Act*, the Respondent shall pay an administrative penalty in the amount of \$200,000 to the Commission;

- o. pursuant to paragraph 10 of subsection 127(1) of the *Act*, the Respondent shall disgorge to the Commission the sum of \$125,064 representing the profit made on the sale of the Tahoe shares;
- p. pursuant to section 127.1 of the *Act*, the Respondent shall pay costs of the Commission's investigation in the amount of \$15,000;
- q. the Respondent agrees to pay the Monetary Orders to the Commission in the following manner:
 - i. \$140,064 by wire transfer before the commencement of the Settlement Hearing on account of disgorgement and costs; and
 - ii. four (4) payments of \$50,000 each by wire transfer on March 1, 2024, March 1, 2025, March 1, 2026 and March 1, 2027;
- r. In the event the Respondent fails to make any of the payments required by sub-paragraph (q), the remaining unpaid balance shall become due and payable immediately and sub-paragraphs (e) and (f) shall be null and void for the duration of the five-year period of the ban referred to in sub-paragraphs (b), (c) and (d).

22. The Respondent consents to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 21(b), (c) and (d), above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

23. The Respondent acknowledges that this Settlement Agreement and the Order may form the basis for orders of parallel effect in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondent. The Respondent should contact the securities regulator of any other jurisdiction in which the Respondent intends to engage in any securities- or derivatives-related activities prior to undertaking such activities.

PART VI – FURTHER PROCEEDINGS

24. If the Tribunal approves this Settlement Agreement, the Commission will not commence or continue any proceeding against the Respondent under Ontario securities law based on the misconduct described in Part III of this Settlement Agreement, unless the Respondent fails to comply with any term in this Settlement Agreement, in which case the Commission may bring proceedings under Ontario securities law against the Respondent that may be based on, among other things, the facts set out in Part III of the Settlement Agreement as well as the breach of the Settlement Agreement.

25. The Respondent acknowledges that, if the Tribunal approves the Settlement Agreement and the Respondent fails to comply with any term in it, the Commission is entitled to bring any proceedings necessary to, among other things, recover the amounts set out in sub-paragraphs 21(n), (o) and (p).

26. The Respondent waives any defences to a proceeding referenced in paragraph 24 based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

27. The parties will seek approval of the Settlement Agreement at the Settlement Hearing before the Tribunal, which shall be held on a date determined by the Secretary to the Tribunal in accordance with this Settlement Agreement and the Tribunal's *Rules of Procedure and Forms* and *Practice Guideline*.

28. The Respondent will attend the Settlement Hearing.

29. The parties confirm that the Settlement Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

30. If the Tribunal approves the Settlement Agreement:

- a. the Respondent irrevocably waives all rights to a full hearing, judicial review or appeal of this matter under the Act; and
- b. the parties will not make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

31. Whether or not the Tribunal approves the Settlement Agreement, the Respondent will not use, in any proceeding, the Settlement Agreement or the negotiation or process of approval of the Settlement Agreement as the basis for any attack on the Tribunal's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

32. If the Tribunal does not make the Order:

- a. the Settlement Agreement and all discussions and negotiations between the parties before the Settlement Hearing will be without prejudice to the parties; and
- b. the parties will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing. Any such proceedings, remedies and challenges will not be affected by the Settlement Agreement, or by any discussions or negotiations relating to the Settlement Agreement.

33. The parties will keep the terms of the Settlement Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

34. This Settlement Agreement may be signed in one or more counterparts which together constitute a binding agreement.

35. A facsimile or other electronic copy of any signature will be as effective as an original signature.

DATED at Toronto, Ontario this 17th day of February, 2023.

“Nadia Champion”

“Aaron Wolfe”

Witness:

Aaron Wolfe

DATED at Toronto, Ontario, this 17th day of February, 2023.

THE ONTARIO SECURITIES COMMISSION

“Johanna Superina”

Jeff Kehoe

Director, Enforcement Branch

By: Johanna Superina

Deputy Director, Enforcement Branch



Capital
Markets
Tribunal

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**IN THE MATTER OF
AARON WOLFE**

File No. [#]

Adjudicators: M. Cecilia Williams (chair of the panel)
Geoffrey D. Creighton

February xx, 2023

ORDER

(Sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S. 5)

WHEREAS on February xx, 2023, the Capital Markets Tribunal (the **Tribunal**) held a hearing by videoconference to consider the approval of a settlement agreement dated February xx, 2023 (the **Settlement Agreement**) between Aaron Wolfe and the Ontario Securities Commission (the **Commission**);

ON READING the Joint Application for Settlement Hearing and the Settlement Agreement, on hearing the submissions of representatives of the parties, and on being advised by the Commission that it has received payment from Wolfe in the amount of \$140,064;

IT IS ORDERED THAT:

1. The Settlement Agreement is approved;
2. Pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities by Wolfe shall cease for a period of five (5) years from the date of this Order;

3. Pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, the acquisition of any securities by Wolfe is prohibited for a period of five (5) years from the date of this Order;
4. Pursuant to paragraph 3 of subsection 127(1) of the *Act*, any exemptions contained in Ontario securities law do not apply to Wolfe for a period of five (5) years from the date of this Order;
5. Notwithstanding paragraphs (2), (3) and (4), Wolfe shall be permitted to receive securities as payment for professional services rendered by him, whether in his personal capacity or through a corporate entity controlled by him, provided that, during the five-year period referred to in paragraphs (2), (3) and (4), he may not sell those securities except in accordance with sub-paragraphs (6)(a) and (6)(b) below;
6. Notwithstanding paragraphs (2), (3) and (4) above, Wolfe shall be permitted to:
 - a. dispose of securities that he already holds in his personal and corporate controlled investment portfolios, if he so chooses, within a 60-day period calculated from the date of approval of this Order;
 - b. for liquidity to financially support his family and to pay taxes, dispose of securities that he holds in his personal or corporate controlled investment portfolios during the first 14 days following each anniversary of the date of this Order;
 - c. trade in or acquire securities in his personal registered retirement savings plan (“RRSP”) accounts, and/or tax-free savings accounts (“TFSA”) and/or for any registered education savings plan (“RESP”) accounts for which he is the or a sponsor; and
 - d. exercise any warrants or options or rights that he already holds in his personal and corporate controlled investment portfolios or that he receives pursuant to sub-paragraph (5);

7. Until the entirety of the amount set out in paragraphs (14), (15) and (16) below (the “Monetary Orders”) is paid in full, the provisions of paragraphs (2), (3) and (4) shall continue in force without any limitation as to time.
8. Pursuant to paragraph 6 of subsection 127(1) of the *Act*, Wolfe is reprimanded;
9. Pursuant to paragraph 7 of subsection 127(1) of the *Act*, Wolfe shall immediately resign any position that he holds as a director or officer of a reporting issuer;
10. Pursuant to paragraph 8 of subsection 127(1) of the *Act*, Wolfe is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of five (5) years commencing on the date of this Order;
11. pursuant to paragraph 8.1 of subsection 127(1) of the *Act*, Wolfe shall immediately resign any position that he holds as a director or officer of a registrant;
12. pursuant to paragraph 8.2 of subsection 127(1) of the *Act*, Wolfe is prohibited from becoming or acting as a director or officer of any registrant for a period of five (5) years commencing on the date of this Order;
13. pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, Wolfe is prohibited from becoming or acting as a registrant or a promoter for a period of five (5) years commencing on the date of this Order;
14. Pursuant to paragraph 9 of subsection 127(1) of the *Act*, Wolfe shall pay an administrative penalty of \$200,000 to the Commission;
15. Pursuant to paragraph 10 of subsection 127(1) of the *Act*, Wolfe shall disgorge to the Commission the profit of \$125,064;
16. Pursuant to section 127.1 of the *Act*, Wolfe shall pay costs of the Commission’s investigation in the amount of \$15,000;
17. Wolfe agrees to pay the remaining amounts of the Monetary Orders to the Commission in the following manner:

- a. four (4) payments of \$50,000 by wire transfer by March 1, 2024, March 1, 2025, March 1, 2026 and March 1, 2027, respectively;
18. In the event Wolfe fails to make any of the payments required by paragraph (17), the remaining unpaid balance shall become due and payable immediately and the exceptions in paragraphs (5) and (6) shall be null and void for the duration of the five-year period referred to in paragraphs (2), (3) and (4) above.

M. Cecilia Williams

Geoffrey D. Creighton