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Citation: *Wolfe (Re)*, 2023 ONCMT 11
Date: 2023-02-22
File No. 2023-5

**IN THE MATTER OF
AARON WOLFE**

**ORAL REASONS FOR APPROVAL OF A SETTLEMENT
(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5)**

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

Hearing: By videoconference, February 22, 2023

Appearances: Hanchu Chen For Staff of the Ontario Securities
Commission

Nadia Campion For Aaron Wolfe

ORAL REASONS FOR APPROVAL OF A SETTLEMENT

The following reasons have been prepared for publication, based on the reasons delivered orally at the hearing, as edited and approved by the panel, to provide a public record of the oral reasons.

- [1] Staff of the Ontario Securities Commission has alleged Aaron Wolfe engaged in illegal insider trading, contrary to s 76(1) of the *Securities Act* (the **Act**).
- [2] Staff and Wolfe seek approval of a settlement agreement they have entered into regarding this allegation. We conclude that it would be in the public interest to approve the settlement for the following reasons.
- [3] We begin with the factual background, which is set out in detail in the settlement agreement. We summarize the most important facts here.
- [4] Wolfe, a non-registrant, obtained material non-public information from a third party who was in a special relationship with Tahoe Resources Inc. (**Tahoe**) about a proposed acquisition of Tahoe before the transaction was generally disclosed. At the time Tahoe was a reporting issuer in Ontario and was publicly listed on the Toronto Stock Exchange. The proposed acquisition was material to Tahoe. After the acquisition was announced, Tahoe's share price rose 49% relative to the closing price the previous day.
- [5] With knowledge of the material non-public information, Wolfe purchased 100,000 shares in Tahoe valued at approximately \$302,935 and sold all the shares five days later for a profit of \$125,064. Wolfe has admitted that this profitable trade was the result of illegal insider trading and a breach of Ontario securities law and that his conduct was contrary to the public interest.
- [6] There is one mitigating factor in Wolfe's favour. He co-operated with Staff by agreeing to the terms of the settlement and making every effort to resolve this matter without a contested hearing.
- [7] Wolfe asked, and Staff did not object, that we consider additional factors to Wolfe's credit. Those factors are detailed in the Settlement Agreement. They include that Wolfe is remorseful, acknowledges and accepts full responsibility for

his conduct, has never been a registrant, and has never been the subject of any enforcement action by a securities or other regulatory body.

- [8] That brings us to the sanctions and other measures to which the parties have agreed.
- [9] Staff and Wolfe have agreed that Wolfe will pay an administrative penalty of \$200,000, disgorge his profit of \$125,064 and pay costs of \$15,000. These financial terms are subject to a payment plan, which is detailed in the draft order attached to the Settlement Agreement. The parties have also agreed that Wolfe shall be subject to a 5-year market access ban, with specific carve-outs to permit Wolfe to receive securities as payment for professional services rendered by him, meet financial commitments and continue to contribute to registered accounts.
- [10] We have reviewed the settlement agreement in detail, and we have had the benefit of a confidential settlement conference with counsel for both parties.
- [11] Our role at this settlement hearing is to determine whether the negotiated results fall within a range of reasonable outcomes, and whether it would be in the public interest to approve the settlement. This Tribunal respects the negotiation process and accords significant deference to the resolutions the parties have reached.
- [12] The settlement underscores the fact that illegal insider trading is unfair to investors, erodes confidence in capital markets, and constitutes a significant breach of Ontario securities law. Wolfe's misconduct here is serious. His agreement to co-operate and resolve this matter is an important mitigating factor.
- [13] The agreed upon sanctions will achieve both specific and general deterrence, and they properly reflect the serious nature of the misconduct. They are within the range of reasonable outcomes.

[14] It is in the public interest for us to approve the settlement, and we will therefore issue an order substantially in the form of the draft attached to the settlement agreement.

Dated at Toronto this 22nd day of February, 2023

"M. Cecilia Williams"

M. Cecilia Williams

"Geoffrey D. Creighton"

Geoffrey D. Creighton