

BETWEEN:

ONTARIO SECURITIES COMMISSION

(Applicant)

– and –

RON CARTER HEW

(Respondent)

APPLICATION FOR ENFORCEMENT PROCEEDING

(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990 c S.5).

A. OVERVIEW

1. Ron Carter Hew failed to comply with a trading ban imposed against him by an order of the Ontario Securities Commission dated July 6, 2005 (the **Order**). The Order prohibited Hew from trading securities for 15 years, except for trading in registered retirement savings plans in which he had sole beneficial interest. Despite the Order, Hew opened and traded in accounts in his name which were not registered retirement savings plans while the Order was still in force.
2. This is a serious and unacceptable breach of Ontario securities law. When respondents flout the restrictions imposed on them by orders of the Capital Markets Tribunal (the **Tribunal**), these persons seriously undermine investor confidence and the fairness and efficiency of the capital markets.

B. GROUNDS

The Ontario Securities Commission (the **Commission**) makes the following allegations of fact:

3. Hew is a resident of North York, Ontario.
4. On July 6, 2005, an adjudicative panel of the Commission (the **Panel**) approved a settlement agreement whereby Hew admitted to acting as an advisor without registration contrary to what was then s. 25(1)(c) of the *Securities Act*, RSO 1990, c

S.5 (the **Act**). Hew admitted to obtaining the passwords for online trading accounts for 17 individuals and accessing their accounts to trade US tech stocks and options, incurring losses. Hew received commissions for the trading.

5. The Panel ordered that Hew cease trading securities for 15 years, effective the date of the Order, except for trading in registered retirement savings plans in which Hew has sole beneficial interest. The trading ban was in effect from July 6, 2005, to July 5, 2020.
6. Hew opened an Individual Margin account (**Hew Margin Account**) on January 12, 2012, and a Tax-Free Savings Account (**Hew TFSA**) on January 14, 2020, and traded securities in these accounts while the Order was still in force. Neither of these accounts are registered retirement savings plans, and they are not exempt from the Order.
7. While the Order was in force, Hew traded securities:
 - a. in the Hew Margin Account until February 2020; and
 - b. in the Hew TFSA from February 2020 to the expiration of the Order.

C. BREACH

The Commission alleges the following breach of Ontario securities law:

8. by trading in securities in the Hew Margin Account and the Hew TFSA while the Order was in force, Hew breached the Order in contravention of s. 122(1)(c) of the Act.

D. ORDER SOUGHT

9. The Commission requests that the Tribunal make the following order(s) against Hew:
 - (i) that he cease trading in any securities or derivatives permanently or for such period as is specified by the Tribunal under paragraph 2 of subsection 127(1) of the Act;
 - (ii) that he be prohibited from acquiring any securities permanently or for such period as is specified by the Tribunal under paragraph 2.1 of subsection 127(1) of the Act;

- (iii) that any exemptions contained in Ontario securities law do not apply to him permanently or for such period as is specified by the Tribunal under paragraph 3 of subsection 127(1) of the Act;
- (iv) that he resign any position that he may hold as a director or officer of any issuer under paragraph 7 of subsection 127(1) of the Act;
- (v) that he be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as is specified by the Tribunal under paragraph 8 of subsection 127(1) of the Act;
- (vi) that he resign any position he may hold as a director or officer of any registrant permanently or for such period as is specified by the Tribunal under paragraph 8.1 of subsection 127(1) of the Act;
- (vii) that he be prohibited from becoming or acting as a director or officer of a registrant permanently or for such a period as is specified by the Tribunal under paragraph 8.2 of subsection 127(1) of the Act;
- (viii) that he be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Tribunal under paragraph 8.5 of subsection 127(1) of the Act;
- (ix) that he pay an administrative penalty of not more than \$5 million for failure to comply with Ontario securities law under paragraph 9 of subsection 127(1) of the Act;
- (x) that he disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law under paragraph 10 of subsection 127(1) of the Act;
- (xi) that he pay costs of the Commission's investigation and the hearing under section 127.1 of the Act; and

(xii) such other orders as the Tribunal considers appropriate in the public interest.

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ONTARIO SECURITIES COMMISSION

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