



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*
R.S.O. 1990, c. S.5 AS AMENDED**

- and -

**IN THE MATTER OF THE GATEKEEPERS OF WEALTH INC. and
JOSEPH BOCHNER**

- and -

**IN THE MATTER OF A
SETTLEMENT AGREEMENT BETWEEN STAFF
OF THE ONTARIO SECURITIES COMMISSION AND
THE GATEKEEPERS OF WEALTH INC. and
JOSEPH BOCHNER**

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the “Act”), it is in the public interest for the Commission to make certain orders in respect of The Gatekeepers of Wealth Inc. (“Gatekeepers”), and Joseph Bochner (“Bochner”) (collectively, the “Respondents”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding commenced by Notice of Hearing dated September 3, 2014 (the “Proceeding”) against the Respondents according to the terms and conditions set out in Part VI of this Settlement Agreement. The Respondents agree to the making of an order in the form attached as Schedule “A”, based on the facts set out below.
3. For the purposes of this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondents agree with the facts as set out in Part III and the conclusion in Part IV of this Settlement Agreement. The Respondents expressly deny that this Settlement Agreement is intended to be an admission of civil liability to any person, and the Respondents expressly deny such liability.

PART III – AGREED FACTS

A. OVERVIEW

4. Between September 21, 2006 and May 30, 2013, (the “Relevant Period”), the Respondents (1) traded and advised in securities without being registered, and (2) committed securities fraud. As a result, during the Relevant Period, the Respondents received in excess of \$160,000 in advisory fees, and at least nine investors were defrauded of over \$220,000.
5. Bochner also misled Staff during Staff’s investigation of this matter.

B. BACKGROUND

6. Gatekeepers is an Ontario corporation that has its registered office in Toronto, Ontario.

7. Bochner is a resident of Toronto, Ontario. Bochner is the directing mind of Gatekeepers. Bochner is the Secretary and President and a Director of Gatekeepers.

C. UNREGISTERED TRADING AND ADVISING

8. During the Relevant Period, none of the Respondents were registered in any capacity with the Commission.
9. During the Relevant Period, the Respondents held themselves out as engaging in the business of advising with respect to investing or buying securities without registration. Among other things, from or in Ontario the Respondents spoke to or met with individual investors and provided advice to them including the Respondents' opinion on the wisdom or the desirability of investing in the individual investor's specific investments. The Respondents also emailed advice to these individual investors. The Respondents also spoke with and advised investment representatives managing the portfolios of some of these investors. Some of these investors were charged by the Respondents a fee for this investment advice of approximately \$2,000 to \$2,600 per year, and, in at least one instance, \$10,000 per year. These fees added to in excess of \$160,000 during the Relevant Period.
10. During the Relevant Period, the Respondents participated in acts, solicitations, conduct, or negotiations, directly or indirectly, in furtherance of the sale or disposition of securities for valuable consideration, in circumstances where there were no exemptions available to the Respondents under the Act. Among other things, the Respondents from Ontario advised and solicited a number of individuals to provide their money to Gatekeepers on the promise that the money would be used to purchase securities on their behalf. As a result, the Respondents received in excess of \$220,000 of investor funds.

D. FRAUDULENT CONDUCT

11. During the Relevant Period, in or from Ontario, the Respondents advised and solicited a number of individuals with respect to securities; and, in doing so, the Respondents provided information to them that was false, inaccurate and/or misleading with respect to, but not limited to, the following matters:
 - a. their money would be used to purchase securities on their behalf;
 - b. the securities they purchased would be held in trust for them by Gatekeepers; and
 - c. their investments were redeemable and safe.
12. As a result, at least nine investors invested over \$220,000 with the Respondents in this manner.
13. Once in possession of these investor funds, the Respondents caused the funds raised to be utilized for purposes other than as intended and disclosed to the investors. Once the investor funds were received into the Gatekeeper bank account in Toronto, Ontario, they were transferred in a short period of time to the bank account of Bochner's wife. These funds were then used to pay Bochner's day-to-day expenses; for example, they were used to pay Bochner's groceries, rent, and credit card payments. None of the investor funds were invested in securities. The Gatekeepers bank account was closed on May 30, 2013.

E. MISLEADING STATEMENTS

14. During Bochner's compelled examination during Staff's investigation, he made numerous statements that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading.

15. In particular, Bochner misled Staff by:
- a. advising Staff that the investor funds had been used to purchase securities;
 - b. advising Staff that the investor funds had not been used to pay his day-to-day expenses;
 - c. advising Staff that Gatekeepers had another bank account in Calgary, Alberta; and
 - d. advising Staff that the investor's securities were in a trading account in New York State.
16. These statements were materially misleading and were not corrected by Bochner until he was confronted with evidence to the contrary by Staff. These statements concealed the truth, which was that, shortly after they were received, Bochner had transferred the investor funds from the Gatekeepers' bank account to his wife's bank account and then used the funds to pay his day-to-day expenses. The bank account in Calgary does not exist and the investor's securities were not in a trading account in New York State.

F. LIABILITY OF DIRECTOR AND OFFICER

17. During the Relevant Period, Bochner as a director and officer of Gatekeepers authorized, permitted or acquiesced in Gatekeepers' non-compliance with Ontario securities law.

G. BOCHNER PREVIOUSLY FINED FOR SECURITIES RELATED OFFENCES

18. In 1987, Bochner was fined \$15,000 by the Toronto Stock Exchange ("TSX") for activities that occurred between 1981 and 1983 while he was employed with Nesbitt Thomson Bongard Inc. The TSX notice states that Bochner

misrepresented the value of accounts to two clients. The TSX notice also states that Bochner conducted himself improperly when he indicated to a client that he had insider information that a company was bankrupt and as such the share price would decrease substantially when the information became public.

H. MITIGATING FACTORS

19. Prior to Staff's investigation, some investors were repaid in full or in part. With respect to the approximately \$220,000 taken in from investors during the Relevant Period, \$75,824 remained owing to investors.
20. Bochner provided his clients a newsletter akin to a clipping service. Some of the amounts described as advisory fees may have been attributable to this service.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

21. By engaging in the conduct described above, the Respondents admit and acknowledge that they have breached Ontario securities law by contravening sections 25 and 126.1 of the Act, and Bochner admits and acknowledges that he has also breached Ontario securities law by contravening subsection 122(1) and section 129.2 of the Act, and the Respondents acknowledge that they have acted contrary to the public interest in that:
 - a. The Respondents (1) traded in securities without being registered to trade in securities and (2) held themselves out as engaging in the business of advising with respect to investing or buying securities without being registered to advise in securities contrary to section 25 of the Act as that section existed at the time the conduct at issue commenced in September 2006, contrary to section 25 of the Act, as subsequently amended on September 28, 2009;

- b. The Respondents directly or indirectly engaged or participated in an act, practice or course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on persons purchasing securities, contrary to clause 126.1(b) of the Act;
- c. Bochner's conduct in making misleading statements to Staff was a breach of subsection 122(1) of the Act;
- d. Bochner as a director and officer of Gatekeepers authorized, permitted or acquiesced in Gatekeepers' non-compliance with Ontario securities law, and accordingly, failed to comply with Ontario securities law contrary to section 129.2 of the Act; and
- e. By reason of the foregoing, the Respondents engaged in conduct contrary to the public interest.

PART V – RESPONDENT'S POSITION

22. The Respondents request that the settlement hearing panel consider the following mitigating circumstances:
- a. Bochner is 80 years old and is in poor health.
 - b. Bochner confessed to Staff to the above wrongdoing after the majority of a day-long compelled interview with Staff and thereafter cooperated with Staff.
 - c. Prior to Staff's investigation, some investors were repaid in full or in part. \$75,824 remains owing to investors.
 - d. Bochner will bring a certified cheque for \$10,000 payable to the Commission to the Settlement Approval Hearing and provide it to Staff.

This will be in partial satisfaction of the payments provided for in paragraph 23. Bochner has undertaken to pay the remainder by December 31, 2015.

PART VI – TERMS OF SETTLEMENT

23. The Respondents agree to the terms of settlement listed below and to the Order attached hereto, made pursuant to section 127(1) and section 127.1 of the Act that:

- (a) the settlement agreement is approved;
- (b) trading in any securities or derivatives by the Respondents cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;
- (c) acquisition of any securities by the Respondents is prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
- (d) any exemptions contained in Ontario securities law do not apply to the Respondents permanently, pursuant to paragraph 3 of subsection 127(1) of the Act;
- (e) the Respondents be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
- (f) Bochner resign all positions that he holds as a director or officer of an issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;
- (g) Bochner resign all positions that he holds as a director or officer of a registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;
- (h) Bochner resign all positions that he holds as a director or officer of an investment fund manager, pursuant to paragraph 8.3 of subsection 127(1) of the Act

- (i) Bochner is prohibited from becoming or acting as a director or officer of any issuer permanently, pursuant to paragraph 8 of subsection 127(1) of the Act
- (j) Bochner is prohibited from becoming or acting as a director or officer of any registrant permanently, pursuant to paragraph 8.2 of subsection 127(1) of the Act;
- (k) Bochner is prohibited from becoming or acting as a director or officer of any investment fund manager permanently, pursuant to paragraph 8.4 of subsection 127(1) of the Act;
- (l) the Respondents are prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter permanently, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
- (m) the Respondents pay an administrative penalty on a joint and several basis in the amount of \$50,000, which shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act, pursuant to paragraph 9 of subsection 127(1) of the Act;
- (n) the Respondents disgorge to the Commission the amount of \$75,824 on a joint and several basis, which shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act, pursuant to paragraph 10 of subsection 127(1) of the Act;
- (o) the Respondents shall pay costs on a joint and several basis in the amount of \$10,000, pursuant to section 127.1 of the Act; and
- (p) Bochner's right to (i) call at any residence for the purpose of trading in securities, or (ii) telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in securities, is cancelled, pursuant to subsection 37(1) of the Act.

24. With respect to the payments to be ordered in paragraph 23(m) to (o) above, Bochner agrees to personally make payments as follows:
- (a) \$10,000 by certified cheque or bank draft when the Commission approves this Settlement Agreement;
 - (b) a further \$75,824 by August 31, 2015; and
 - (c) the remaining \$50,000 by December 31, 2015.
25. The Respondents undertake to consent 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 23(b) to (l) and 23(p) above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.
26. The Respondents agree to attend in person at the hearing before the Commission to consider the proposed settlement.

PART VII – STAFF COMMITMENT

27. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 28 below.
28. If the Commission approves this Settlement Agreement and the Respondents fail to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondents. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement. In addition, if this Settlement Agreement is approved by the Commission, and the Respondents fail to comply with the terms of the Settlement Agreement, the

Commission is entitled to bring any proceedings necessary to recover the amounts set out in subparagraphs 23(m) to (o) above.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

29. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for [a date to be set by the Secretary's Office], or on another date agreed to by Staff and the Respondents, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Procedure.
30. Staff and the Respondents agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondents' conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.
31. If the Commission approves this Settlement Agreement, the Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.
32. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.
33. Whether or not the Commission approves this Settlement Agreement, the Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

34. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule “A” to this Settlement Agreement:
- i. this Settlement Agreement and all discussions and negotiations between Staff and the Respondents before the settlement hearing takes place will be without prejudice to Staff and the Respondents; and
 - ii. Staff and the Respondents will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.
35. The parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. Any obligations of confidentiality shall terminate upon the commencement of the public settlement hearing. If, for whatever reason, the Commission does not approve the Settlement Agreement, the terms of the Settlement Agreement remain confidential indefinitely, unless Staff and the Respondent otherwise agree or if required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

36. This agreement may be signed in one or more counterparts which, together, constitute a binding agreement.
37. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

Dated at Toronto this 26th day of June, 2015.

“Joseph Bochner”

THE GATEKEEPERS OF WEALTH INC.

Per: Joseph Bochner

I am authorized to bind the corporation.

“Eden Kaill”

Eden Kaill [print]

Witness

Dated at Toronto this 26th day of June, 2015.

“Joseph Bochner”

JOSEPH BOCHNER

“Eden Kaill”

Eden Kaill [print]

Witness

Dated at Toronto this 28th day of July, 2015.

“Tom Atkinson”

TOM ATKINSON

Director, Enforcement Branch

Schedule “A”



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ORDER

(Subsections 127(1) and 127.1)

WHEREAS on September 3, 2014, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to subsections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) to consider whether it is in the public interest to make orders, as specified therein, against and in respect of The Gatekeepers of Wealth Inc. (“Gatekeepers”), and Joseph Bochner (“Bochner”) (collectively, the “Respondents”). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission (“Staff”) dated September 3, 2014;

AND WHEREAS the Respondents entered into a Settlement Agreement with Staff dated [date] (the “Settlement Agreement”) in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated September 3, 2014, subject to the approval of the Commission;

AND WHEREAS on [date], the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Respondents;

AND UPON reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff, and upon hearing submissions from counsel for the Respondents and from Staff;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT:

1. the Settlement Agreement is approved;
2. trading in any securities or derivatives by the Respondents cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;
3. acquisition of any securities by the Respondents is prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
4. any exemptions contained in Ontario securities law do not apply to the Respondents permanently, pursuant to paragraph 3 of subsection 127(1) of the Act;

5. the Respondents be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
6. Bochner resign all positions that he holds as a director or officer of an issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;
7. Bochner resign all positions that he holds as a director or officer of a registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;
8. Bochner resign all positions that he holds as a director or officer of an investment fund manager, pursuant to paragraph 8.3 of subsection 127(1) of the Act
9. Bochner is prohibited from becoming or acting as a director or officer of any issuer permanently, pursuant to paragraph 8 of subsection 127(1) of the Act
10. Bochner is prohibited from becoming or acting as a director or officer of any registrant permanently, pursuant to paragraph 8.2 of subsection 127(1) of the Act;
11. Bochner is prohibited from becoming or acting as a director or officer of any investment fund manager permanently, pursuant to paragraph 8.4 of subsection 127(1) of the Act;
12. the Respondents are prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter permanently, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
13. the Respondents pay an administrative penalty on a joint and several basis in the amount of \$50,000, which shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act, pursuant to paragraph 9 of subsection 127(1) of the Act;
14. the Respondents disgorge to the Commission the amount of \$75,824 on a joint and several basis, which shall be designated for allocation or for use by the Commission

in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act, pursuant to paragraph 10 of subsection 127(1) of the Act;

15. the Respondents shall pay costs on a joint and several basis in the amount of \$10,000, pursuant to section 127.1 of the Act;

16. Bochner's right to (i) call at any residence for the purpose of trading in securities, or (ii) telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in securities, is cancelled, pursuant to subsection 37(1) of the Act;

17. In regards of the payments ordered above in paragraphs 13, 14, and 15, Bochner shall personally make payments as follows:

- a. \$10,000 by certified cheque or bank draft when the Commission approves this Settlement Agreement;
- b. a further \$75,824 by August 31, 2015; and
- c. the remaining \$50,000 by December 31, 2015.

DATED at Toronto, this [day] day of [month], 2015.
