

# Re Suppal

IN THE MATTER OF:

**The By-Laws of the Investment Dealers Association of Canada (IDA)**

**and**

**The Dealer Member Rules of the  
Investment Industry Regulatory Organization of Canada (IIROC)**

**and**

**Ravindra Kumar Suppal**

2014 IIROC 08

Investment Industry Regulatory Organization of Canada  
Hearing Panel (Manitoba District)

Heard: October 9- 12, 2012 in Winnipeg, Manitoba  
Written Submissions Completed: November 15, 2012  
Decision and Reason: June 10, 2013  
Penalty Heard: December 5, 2013  
Penalty Decision: February 10, 2014

**Hearing Panel:**

Thomas J. D. Kormylo (Chair), William Welton, Claude Tétrault

**Appearances:**

Tayen Godfrey and Gil Gauthier, for IIROC  
Ravindra Kumar Suppal, Respondent

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## PENALTY DECISION

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### INTRODUCTION & SUMMARY

¶ 1 In its Decision and Reasons issued on June 10, 2013, this Panel found that all three contraventions alleged in the Notice of Hearing issued by IIROC on June 26, 2012 were proven to the required standard.

¶ 2 The contraventions proven were as follows:

**Count 1**

From June of 2005 until April of 2010, the Respondent failed to use due diligence to learn and remain informed of the essential facts relative to an account (the "Account") established for the Chemawawin First Nation Development Trust (the "Trust") contrary to IIROC Rule 1300.1(a) IDA Regulation 1300.1(a) prior to June 1, 2008).

**Count 2**

From May 2007 until April 2010, the Respondent made unsuitable trades in the Account of the Trust contrary to IIROC Rule 1300.1(q) (IDA Regulation 1300.1(q) prior to June 1, 2008).

**Count 3**

From September 2009 until April 2010, the Respondent made unauthorized trades in the Account of the Trust contrary to IIROC Rule 29.1.

¶ 3 In this Panel's earlier decision of June 10, 2013, it reviewed the allegations in IIROC's Notice of Hearing statement of particulars and considered the circumstances surrounding the actions of the Respondent which led to the contraventions, which can be briefly summarized as follows:

Three individual First Nation Trustees of a Trust formed by a First Nation for the purpose of supporting the future development of the First Nation and the First Nation members, approached the Respondent for investment advice in connection with the investment of funds of the Trust. The Trust Indenture governing the operation of the Trust contained certain guiding principles which required that the initial settlement amount be preserved in perpetuity and that the Trust's investment policy be dedicated to safety of the capital of the Trust in perpetuity. The Trust Indenture required that in making decisions for the Trust, the Trustees act by a majority of the four Trustees, with the Corporate Trustee being one of the majority. The Respondent proceeded to open an investment account for the Trust naming only the First Nation Trustees as persons authorized to give investment instructions on behalf of the Trust. The Respondent ultimately invested substantially all the funds of the Trust in the Account in 123 mutual funds.

¶ 4 Following the hearing held on October 9-12, 2012 and our decision dated June 10, 2013, a further hearing was held on December 5, 2013 to receive evidence and submissions concerning the appropriate penalties to be levied upon the Respondent as a result of the contraventions found by the Panel to have been committed by the Respondent. Mr. Suppal appeared on his own behalf and provided the Panel, at the hearing, with a lengthy Respondent's brief containing 17 cases the Respondent intended to reply upon, a book of documents containing 14 tabs, an additional lengthy binder of documents (most of which had been filed at the October 9-12, 2012 hearing), and a binder containing the Respondent's "Penalty Hearing Submission" and subsequently filed two additional cases as exhibits (collectively, the "Respondent's Documents"), none of which had been provided to IIROC Counsel or to the Panel prior to the commencement of the hearing. Mr. Godfrey on behalf of IIROC, prior to the hearing, had provided the Panel with a hearing book including IIROC Counsel's penalty submission and cases upon which IIROC was relying.

¶ 5 Oral submission was heard from Mr. Gauthier and Mr. Godfrey on behalf of IIROC, and from the Respondent on his own behalf.

### **ORDER**

¶ 6 IIROC Counsel suggested the following penalty:

- (a) A global fine in the amount of \$150,000;
- (b) A three year suspension;
- (c) A successful re-write of the Conduct and Practices Examination before returning to the industry;
- (d) A 12 month period of close supervision upon return to the industry; and
- (e) Costs in the amount of \$20,000.

¶ 7 IIROC Counsel, through Mr. Gauthier, introduced a report showing that IIROC had incurred costs in excess of \$170,000 and Mr. Gauthier advised the Panel that significant costs were not included in the report. IIROC Counsel confirmed that IIROC was only requesting \$20,000 for costs.

¶ 8 After reviewing the Respondent's Documents and the material submitted by IIROC Counsel, and after hearing submissions from the Respondent and IIROC's Counsel, the Panel orders the following sanctions against the Respondent:

- (a) A global fine of \$150,000 in respect of all charges, inclusive of disgorgement of commissions earned in the amount of \$137,000, payable upon such terms as IIROC may permit;
- (b) A one year suspension from registration with IIROC, provided that the Respondent shall not

thereafter be registered until successfully re-writing Conduct and Practices Examination;

- (c) A three year period of close supervision upon becoming registered and returning to the industry following the expiration of the period of suspension, and during such three year period, the Respondent shall not hold the position of branch manager or compliance manager with any Member Firm; and
- (d) The Respondent shall pay costs in the amount of \$20,000 to IIROC upon such terms as IIROC may permit.

¶ 9 The implementation of paragraphs 8(a) - (d) hereof is stayed for a period of 30 days from the date of release of this decision, to allow the Respondent to appeal the decision of the Panel, should he so choose.

¶ 10 Reasons for this decision shall follow.

DATED at Winnipeg, Manitoba this 10th day of February, 2014.

This Decision may be signed in counterpart.

Thomas J. D. Kormylo, Chair

William Welton

Claude Tétrault

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