



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A DISCIPLINARY HEARING
PURSUANT TO SECTIONS 20 AND 24 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Ioana Beckford

Heard: January 27, 2015, in Toronto, Ontario
Reasons for Decision: February 18, 2015

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Frederick H. Webber	Chair
Greg Juby	Industry Representative
Guenther W.K. Kleberg	Industry Representative

Appearances:

Charles A. Toth)	For the Mutual Fund Dealers Association of
)	Canada
)	
Ioana Beckford)	Not in attendance nor represented by Counsel
)	
)	

1. This matter was commenced by a Notice of Hearing dated June 23, 2014 filed as Exhibit 1 to the hearing, a copy of which is attached hereto as Schedule 'A' (the "NoH"). In accordance with the NoH, a first appearance took place on August 20, 2014 to set a date for the hearing on the merits. The Respondent did not appear although properly served as appears from the affidavit of service of Norman Ng, filed as Exhibit 2 to the hearing. At the first appearance, the Panel ordered that the hearing on the merits would take place on January 27, 2015. The Respondent did not appear at the hearing on January 27, 2015. In addition, the Respondent failed to deliver a reply to the NoH as required by the MFDA *Rules of Procedure*. In these circumstances, MFDA Rules of Procedure 8.4(1) and 7.3 authorize the Hearing Panel to proceed with the hearing without further notice to, and in the absence of, the Respondent and to accept the facts alleged and conclusions drawn by the Staff of the MFDA ("Staff") in the NoH.

2. Accordingly, the Panel ordered that the hearing proceed in the absence of the Respondent. At the commencement of the hearing on January 27, 2015, Staff filed as Exhibit 3 to the hearing, an affidavit of Karen Mills dated January 23, 2015, together with a transcript of an MFDA interview with the complainant PR held on March 20, 2013, and a transcript of the MFDA interview of the Respondent held on May 15, 2013. Although, under the aforesaid Rules 8.4(1) and 7.3 the Panel was entitled to accept the facts alleged and conclusions drawn by Staff in the NoH, Staff reviewed the said affidavit and transcripts with the Hearing Panel. These substantiated the facts alleged and conclusions drawn in the NoH.

The Allegations

3. The allegations against the Respondent set out in the NoH were:

Allegation #1: Between December 17, 2009 and April 2010, the Respondent accepted and held a power of attorney for property and personal care from client PR, and was appointed as the executrix of client PR's estate in her will, contrary to MFDA Rules 2.3.1, 2.1.4 and 2.1.1.

Allegation #2: Commencing December 2009, the Respondent engaged in personal financial dealings with client PR by engaging in the following conduct:

- a) accepting designation as the sole beneficiary of client PR's estate in her will;
- b) becoming a joint owner of client PR's condominium;
- c) borrowing approximately \$120,000 through a Home Equity Line of Credit ("HELOC") which was secured against client PR's condominium; and
- d) transferring the \$120,000 borrowed from client PR through the HELOC into the Respondent's personal bank account;

thereby giving rise to conflicts or potential conflicts of interest between the Respondent and client PR which the Respondent failed to address by the exercise of responsible business judgment influenced only by the best interests of client PR, contrary to MFDA Rules 2.1.4 and 2.1.1.

Allegation #3: Between August 2009 and April 2013, the Respondent had and continued in three gainful occupations which were not disclosed to and approved by the Member, contrary to MFDA Rules 1.2.1(c) and 2.1.1.

Allegation #4: Commencing in May 2013, the Respondent failed to provide information and documentation requested by the MFDA during the course of an investigation, contrary to s. 22.1 of MFDA By-law No. 1.

Facts and Decision on Liability

4. The facts giving rise to the allegations are set out in detail in the NoH and the affidavit of Karen Mills filed as exhibits in this proceeding and need not be repeated herein. In addition, Staff provided the Hearing Panel with both written and oral submissions on liability which were reviewed carefully by the Panel. Based on the MFDA Rules of Procedure 8.4(1) and 7.3, the affidavit of Karen Mills and aforementioned transcripts and the submissions of Staff, it is the

Hearing Panel's decision that the allegations against the Respondent set out in the NoH have been proven by Staff.

Penalties and Costs

5. Since the Respondent did not file a Reply in this matter, nor did she participate in any of the proceedings, under Section 20.4 of MFDA By-law No. 1, the Hearing Panel may impose any of the penalties described in Section 24.1 of MFDA By-law No. 1.

6. MFDA requested that the Panel impose the following penalties and costs on the Respondent:

- a) a permanent prohibition on the Respondent's authority to conduct securities related business while in the employ of or associated with any MFDA Member, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
- b) a fine in the amount of \$100,000 pursuant to s. 24.1.1(b) of MFDA By-law No. 1; and
- c) costs in the amount of \$10,000 pursuant to s. 24.2 of MFDA By-law No. 1.

7. As set forth in the MFDA submissions, factors that Hearing Panels frequently consider when determining whether a penalty is appropriate include the following:

- a) the seriousness of the allegations proved against the Respondent;
- b) the Respondent's past conduct, including prior sanctions;
- c) the Respondent's experience and level of activity in the capital markets;
- d) whether the Respondent recognizes the seriousness of the improper activity;
- e) the harm suffered by investors as a result of the Respondent's activities;
- f) the benefits received by the Respondent as a result of the improper activity;
- g) the risk to investors and the capital markets in the jurisdiction, were the Respondent to continue to operate in capital markets in the jurisdiction;
- h) the damage caused to the integrity of the capital markets in the jurisdiction by the Respondent's improper activities;

- i) the need to deter not only those involved in the case being considered, but also any others who participate in the capital markets, from engaging in similar activities;
- j) the need to alert others to the consequences of inappropriate activities to those who are permitted to participate in the capital markets; and
- k) previous decisions made in similar circumstances.

8. The MFDA submissions also point out that the MFDA Penalty Guidelines are an additional source of factors to be taken into account with regards to penalty. The MFDA Penalty Guidelines are not mandatory but are intended to assist Hearing Panels, MFDA Staff and Respondents in considering the appropriate penalties in MFDA disciplinary proceedings.

9. The MFDA Penalty Guidelines recommend the following:

- a) Personal Financial Dealings: Minimum fine of \$10,000; rewrite an appropriate industry course; increased supervision; suspension; permanent prohibition in egregious cases;
- b) Conflicts of Interest: Minimum fine of \$5,000; rewrite an appropriate industry course; suspension; permanent prohibition in egregious cases;
- c) Outside Business Activities: Minimum fine of \$10,000; rewrite an appropriate industry course; increased supervision; suspension; permanent prohibition in egregious cases;
- d) Standard of Conduct: Minimum fine of \$5,000; rewrite an appropriate industry course; suspension; permanent prohibition in egregious cases; and
- e) Failure to Cooperate: Minimum fine of \$50,000; permanent prohibition.

Considerations in this Case

10. The following factors were relied on by the MFDA in its submissions and considered by the Panel:

Nature of the Misconduct

11. The Panel agrees with the MFDA position that the Respondent's misconduct with respect to client PR was egregious. Client PR was an elderly and vulnerable client. Notwithstanding that it represented an obvious breach of MFDA Rules and the Member's policies and procedures, the Respondent accepted and held an appointment as client PR's power of attorney, accepted a designation as executrix and sole beneficiary of client PR's estate and became a joint owner of the condominium with client PR. It is particularly problematic that the Respondent arranged for her own lawyer to perform the transfer of ownership of the condominium after she became aware that client PR's lawyer had advised client PR against the transaction and refused to complete it. The Respondent then borrowed \$120,000 against the condominium (which client PR would have been obligated to repay if the Respondent failed to do so) and deposited the proceeds into her personal bank account. The Respondent represented to client PR that the monies would be invested on her behalf in order to generate a monthly income, but the evidence suggests that the Respondent used at least \$100,000 of it to obtain a 3-for-1 loan in favour of the Respondent.

12. In addition, failure to cooperate is amongst the most serious forms of misconduct. It prevents the MFDA from fulfilling its regulatory mandate to protect the investing public and damages the integrity of the self-regulatory regime. The Respondent's failure to cooperate is aggravated in the present case because it frustrated MFDA Staff's ability to investigate her conduct with respect to an elderly and vulnerable client.

13. While less serious than the Respondent's conduct with respect to client PR or her failure to cooperate with MFDA Staff's investigation, MFDA Hearing Panels have held that engaging in an undisclosed and unapproved dual occupation is always serious misconduct. (see Hoard (Re), 2011 LNCMFDA 41, Vitch (Re), [2011] MFDA Central Regional Council, MFDA File No. 201103).

Client Harm

14. The Respondent's misconduct caused (and continues to cause) considerable harm to client PR. Although client PR was repaid the \$120,000 borrowed against the condominium through the HELOC, the client PR had to engage legal services to protect her interests with regard to the Respondent's conduct and the Respondent continues to hold an ownership interest in the condominium entitling the Respondent to one-half of the property.

The Benefits Received by the Respondent

15. The Respondent benefitted from her misconduct. First, the Respondent continues to hold an ownership interest in client PR's condominium. Second, the Respondent did not repay the full amount of the monies borrowed from the HELOC. WFG, the Respondent's Member, repaid client PR approximately \$31,000. Third, the Respondent was unable to advise what she did with the \$120,000 borrowed through the HELOC and MFDA Staff was unable to investigate the full extent of the potential benefits received by the Respondent as a result of her failure to cooperate with MFDA Staff's investigation. The evidence suggests that the Respondent used \$100,000 of the monies borrowed from the HELOC to borrow an additional \$300,000.

Risk to Investors

16. By failing to cooperate with the MFDA's investigation, the Respondent has demonstrated that she is ungovernable and would thereby pose a risk to investors and the capital markets were she to continue to operate in capital markets.

Deterrence

17. The proposed penalties and costs will achieve specific deterrence in regard to the Respondent. A permanent prohibition is the most serious penalty that a Hearing Panel can impose upon an Approved Person, and will remove her from the industry. The fine of \$100,000 proposed by Staff is substantial in regard to the Respondent and might reasonably be viewed as more than a "license fee" or "cost of doing business". However, that is a low threshold and it is

the Panel's view that the proposed fine will not send a clear enough message to the Respondent and, in particular to others in the capital markets with regards to the serious nature of the Respondent's misconduct particularly as it was directed at a senior citizen in a vulnerable position. Therefore, it is the Panel's decision that the fine should be \$200,000.

The Respondent's Recognition of the Seriousness of her Misconduct

18. The Respondent has not demonstrated that she recognizes the serious nature of her misconduct. She ceased cooperating with MFDA Staff, evaded service of the NoH, did not file a Reply to the NoH, and did not participate in any way in this proceeding.

Penalty Guidelines

19. The proposed penalties are generally consistent with the Penalty Guidelines, but do not give sufficient weight to the objective of general deterrence. Consequently, the Panel decided that the proposed fine should be increased to \$200,000.

The Respondent's Past Conduct including Prior Sanctions

20. The Respondent has not been the subject of previous MFDA disciplinary proceedings.

Previous Decisions Made in Similar Circumstances

21. Staff submissions referred the Hearing Panel to previous cases involving circumstances similar to this case. While each case is specific to its own facts, the Panel found that these cases were instructive as to the appropriate penalties to impose in this case, except for the issue of general deterrence which the Panel decided to emphasize in this case.

Penalties

22. It is the order of this Hearing Panel that the following penalties and costs are imposed upon the Respondent:

- a permanent prohibition on the authority of the Respondent to conduct securities related business in any capacity while in the employ of or associated with any MFDA Member, pursuant to section 24.1.1(e) of MFDA By-law No. 1;
- a fine in the amount of \$200,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1; and
- costs in the amount of \$10,000, pursuant to section 24.2 of MFDA By-law No. 1.

23. It is also ordered that, if at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, then the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents to the non-party without first redacting from them any and all intimate financial or personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this 18th day of February, 2015.

“Frederick H. Webber”

Frederick H. Webber
Chair

“Guenther W.K. Kleberg”

Guenther W.K. Kleberg
Industry Representative

“Greg Juby”

Greg Juby
Industry Representative



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A DISCIPLINARY HEARING
PURSUANT TO SECTIONS 20 AND 24 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Ioana Beckford

NOTICE OF HEARING

NOTICE is hereby given that a first appearance will take place by teleconference before a hearing panel of the Central Regional Council (the "Hearing Panel") of the Mutual Fund Dealers Association of Canada (the "MFDA") in the hearing room located at 121 King Street West, Suite 1000, Toronto, Ontario on August 20, 2014 at 10:00 a.m. (Eastern), or as soon thereafter as the appearance can be held, concerning a disciplinary proceeding commenced by the MFDA against Ioana Beckford (the "Respondent"). The Hearing on the Merits will take place in Toronto, Ontario.

DATED this 23rd day of June, 2014.

"Bernadette Devine"

Bernadette Devine
Assistant Corporate Secretary

Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, Ontario
M5H 3T9
Telephone: 416-943-7436
Facsimile: 416-361-9781
Email: corporatesecretary@mfd.ca

NOTICE is further given that the MFDA alleges the following violation of the By-laws, Rules or Policies of the MFDA:

Allegation #1: Between December 17, 2009 and April 2010, the Respondent accepted and held a power of attorney for property and personal care from client PR, and was appointed as the executrix of client PR's estate in her will, contrary to MFDA Rules 2.3.1, 2.1.4 and 2.1.1.

Allegation #2: Commencing December 2009, the Respondent engaged in personal financial dealings with client PR by engaging in the following conduct:

- (a) accepting designation as the sole beneficiary of client PR's estate in her will;
- (b) becoming a joint owner of client PR's condominium;
- (c) borrowing approximately \$120,000 through a Home Equity Line of Credit ("HELOC") which was secured against client PR's condominium; and
- (d) transferring the \$120,000 borrowed from client PR through the HELOC into the Respondent's personal bank account;

thereby giving rise to conflicts or potential conflicts of interest between the Respondent and client PR which the Respondent failed to address by the exercise of responsible business judgment influenced only by the best interests of client PR, contrary to MFDA Rules 2.1.4 and 2.1.1.

Allegation #3: Between August 2009 and April 2013, the Respondent had and continued in three gainful occupations which were not disclosed to and approved by the Member, contrary to MFDA Rules 1.2.1(c)¹ and 2.1.1.

Allegation #4: Commencing in May 2013, the Respondent failed to provide information and documentation requested by the MFDA during the course of an investigation, contrary to s. 22.1 of MFDA By-law No. 1.

¹ Formerly MFDA Rule 1.2.1(d).

PARTICULARS

NOTICE is further given that the following is a summary of the facts alleged and intended to be relied upon by the MFDA at the hearing:

Registration History

1. From August 17, 2009 to April 16, 2012, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a “dealing representative”) with WFG Securities of Canada Inc. (“WFG”), now known as Transamerica Securities Inc., a Member of the MFDA. WFG terminated the Respondent after it became aware of the events described below.
2. The Respondent is not currently registered in the securities industry in any capacity.
3. At all material times, the Respondent conducted business in Toronto, Ontario.

Background

4. At all material times, WFG’s policies and procedures expressly prohibited its Approved Persons from holding a power of attorney in respect of a client account.
5. In addition, WFG’s policies and procedures regarding personal financial dealings, borrowing from clients, and conflicts of interest stated as follows:

Representatives should not have personal financial dealings with clients. This would include (but is not limited to) borrowing or lending money (securities) to/from clients, covering client’s trading losses, loan payments, being a participant in an investment club or any other type of arrangement in which a common interest or obligation is created.

...

WFG APs are prohibited from borrowing (or lending) money and/or securities from (to) other WFG APs, a World Financial Group Associate, a prospect or a client, unless that individual is an immediate family member.

...

WFG Securities and its representatives shall be aware of the possibility of conflicts of interest arising between the interests of the Company or its representatives and the interests of the client. In the event that such a conflict of interest arises, WFG Securities, its employees, licensed representatives, officers and directors shall ensure that they exercise responsible business judgment influenced only by the best interest of the client. [Emphasis added.]

6. In about September or October 2007, the Respondent met PR through the Respondent's business, Quantum Wellness Centre. According to the Respondent, Quantum Wellness Centre offers stress reduction and skin rejuvenation products and services.

7. As stated above, on August 17, 2009, the Respondent became registered as a mutual fund salesperson with WFG.

8. The Respondent and PR had occasional contact through the Quantum Wellness Centre until about October 2009 when PR began experiencing difficulties with her health. At that time, PR was 80 years old (the Respondent was 51 years old) and lived alone. The Respondent began providing assistance to PR and a friendship developed between the two of them.

9. On December 7, 2009, PR, who by then relied on the Respondent for assistance and companionship from time to time and trusted her, decided to:

- (a) appoint the Respondent as her power of attorney for property and personal care; and
- (b) appoint the Respondent as the executrix and sole beneficiary of PR's estate in her will.

10. The Respondent brought PR to PR's lawyer to enable the necessary paperwork for the appointments to be completed. The Respondent received copies of the completed powers of attorney.

11. On or about December 17, 2009, the Respondent arranged for PR to open an account with WFG (hereinafter, PR is referred to as "client PR".) At all material times, the Respondent was the mutual fund salesperson responsible for servicing client PR's account. By virtue of her

age and health issues, as well as her dependence on and trust in the Respondent, client PR was a vulnerable client.

12. At the time client PR opened her account with WFG, the Respondent held the power of attorney for client PR's property, which included client PR's account with WFG, and had been appointed as the executrix and sole beneficiary of her estate. The Respondent did not disclose these appointments to WFG on the account opening documents or otherwise. The Respondent did not take any steps to have the powers of attorney revoked or the conflict or potential conflict of interest arising from her appointment as the sole beneficiary and executrix of client PR's estate addressed.

13. On or about January 19, 2010, client PR, then the sole owner and occupant of a condominium located on Prudential Drive in Scarborough, Ontario (the "Condominium"), transferred ownership of the Condominium to the Respondent and herself as joint tenants.²

14. Client PR had initially approached her own lawyer to arrange for the change in ownership of the Condominium but he advised her against completing the transaction and refused to act on her behalf. Client PR's lawyer had acted on her behalf for many years and was familiar with her affairs, including having just arranged for the appointment of the Respondent as client PR's power of attorney, executrix and sole beneficiary in December 2009, as described above.

15. Notwithstanding the fact that client PR had been advised by her own lawyer not to complete the change in ownership of the Condominium, the Respondent brought client PR to the Respondent's own lawyer, who prepared the necessary paperwork and arranged for client PR to complete the transaction.

16. The Respondent did not advise WFG that she had become a joint owner of the Condominium as a joint tenant with client PR.

17. On or about February 1, 2010, the Respondent set up a \$120,000 HELOC³ through TD Bank, which was secured against the Condominium. The HELOC named client PR and the

² In a joint tenancy, when one joint tenant dies, the entire property belongs to the remaining, surviving joint tenant(s). Whoever is the last joint tenant to die owns the property.

Respondent as joint borrowers and it was obtained with the assistance of the Respondent's lawyer.

18. Although client PR was aware that the Respondent was setting up the HELOC, client PR did not appreciate that the HELOC would result in security being registered on title to the Condominium (which was then unencumbered with any mortgages or charges) until she received an invoice from the Respondent's lawyer which referred to a "mortgage" from TD Bank. At this time, client PR first began to have misgivings about the Respondent but kept her concerns to herself.

19. When the Respondent had approached client PR about setting up the HELOC, the Respondent had represented to client PR that she would invest the \$120,000 on client PR's behalf, which would provide client PR with a net return of approximately \$400 per month to fund client PR's living expenses.

20. On or about February 8, 2010, the Respondent withdrew approximately \$100,000 from the HELOC. The Respondent transferred these monies to her personal bank account. The Respondent did not invest these monies on behalf of client PR.

21. On or about February 12, 2010, the Respondent applied for a 3-for-1 investment loan from TD Bank in the amount of \$300,000 whereby the Respondent could borrow \$300,000 for investment purposes provided she contributed \$100,000 to the investment account.⁴ On or about March 8, 2010, TD Bank approved the Respondent's application for a \$300,000 investment loan and the monies from TD Bank, together with the Respondent's \$100,000 contribution, were deposited into an investment account in the Respondent's name.

22. On or about March 31, 2010, the Respondent withdrew approximately a further \$20,000 from the HELOC. The Respondent transferred these monies to her personal bank account. The Respondent did not invest these monies on behalf of client PR.

³ "Home Equity Line of Credit" – a credit facility secured against an individual's home.

⁴ During Staff's investigation of this matter, the Respondent was questioned as to whether the \$100,000 she drew down on the HELOC on February 8, 2010 had been used by her when she applied for the 3-for-1 investment loan on February 12, 2010. The Respondent declined to answer the question at the interview but undertook to review the matter and provide an answer following the interview. As described in Allegation #4, the Respondent has failed or refused to provide answers to any of the undertakings she gave during the course of her interview with Staff.

23. At no time did the Respondent disclose to WFG that she had borrowed approximately \$120,000 from a credit facility she had established in the name of her and client PR and which was secured by the Condominium.

24. In about April 2010, client PR questioned the Respondent about the status of the \$120,000 HELOC monies which client PR believed had been invested on her behalf by the Respondent. When the Respondent was unable to satisfy client PR as to the status of these monies, the relationship between the Respondent and client PR broke down. At that time, client PR:

- (a) removed the Respondent as client PR's power of attorney for property and personal care;
- (b) removed the Respondent as the Executrix and beneficiary of her estate in her will;
- (c) requested that the Respondent pay back the \$120,000 HELOC; and
- (d) requested that the Respondent transfer her ownership interest in the Condominium back to client PR.

25. The Respondent did not comply with client PR's requests that the Respondent pay back the \$120,000 HELOC or transfer her ownership interest in the Condominium back to client PR. As a result, in or about January 2011, client PR retained a lawyer to represent her.

26. In about February 2011, the Respondent repaid \$60,000 of the \$120,000 HELOC. The Respondent did not pay the remaining balance of the HELOC or transfer ownership of the Condominium to client PR.

27. On or about November 22, 2012, client PR submitted a complaint to WFG with respect to the events described above. WFG immediately suspended the Respondent and commenced an investigation into her conduct.

28. Following discussions with WFG, the Respondent repaid a further \$29,000 on account of the outstanding balance of the HELOC. In about May 2013, WFG repaid client PR the remaining balance of the HELOC.

29. To date, the Respondent has not transferred ownership of the Condominium back to client PR.

Allegation #1: Powers of Attorney

30. At all material times, MFDA Rule 2.3.1 prohibited an Approved Person from accepting or acting upon a general power of attorney or similar authorization from a client in favour of an Approved Person.

31. As described above, between December 17, 2009 and April 2010, the Respondent accepted and held appointments as power of attorney for client PR's property and affairs and as executrix for client PR's estate. These appointments created a conflict or potential conflict of interest between the Respondent and client PR.

32. By engaging in the conduct described above, the Respondent accepted and held a general power of attorney or similar authorization from a client in favour of the Respondent, contrary to MFDA Rules 2.3.1, 2.1.4 and 2.1.1.

Allegation #2: Personal Financial Dealings

33. As described above, the Respondent accepted the designation as the sole beneficiary of client PR's estate in client PR's will, became a joint owner of the Condominium, and borrowed approximately \$120,000 from a HELOC secured against the Condominium, thereby giving rise to a conflict or potential conflict of interest between the Respondent and client PR which the Respondent failed to address by the exercise of responsible business judgment influenced only by the best interests of client, contrary to MFDA Rules 2.1.4 and 2.1.1.

Allegation #3: Outside Business Activities

34. At all material times, WFG's policies and procedures with respect to outside business activities stated that, an Approved Person may have and continue in another gainful occupation provided that WFG was aware and approved of the Approved Person engaging in such other gainful occupation.

35. On or about October 16, 2009 (approximately one month after she became registered with WFG), the Respondent submitted an Outside Business Activities Disclosure Form (“OBA Form”) to WFG. The Respondent advised WFG that she did not engage in any outside business activities.

36. The Respondent did not submit an OBA Form or other similar form to WFG in 2010.

37. On or about October 28, 2011, the Respondent submitted a Compliance Certification Questionnaire form to WFG. The Respondent advised WFG that she sold stress reduction and skin rejuvenation products through the Quantum Wellness Centre. The Respondent did not disclose to WFG that she owned and operated this company.

38. On or about September 17, 2012, the Respondent submitted an OBA Form to WFG. The Respondent advised WFG that she did not engage in any outside business activities.

39. In 2012, the Respondent submitted a Compliance Certification Questionnaire form to WFG. The Respondent advised WFG that she did not engage in any outside business activities.

40. The Respondent failed to disclose to WFG, and obtain WFG’s approval, in respect of the following:

- (a) her activities as the owner and operator of Quantum Wellness Centre;
- (b) her employment as the Office Manager of C&B Dental Laboratories Inc. (“C&B Dental”), a dental laboratory business; and
- (c) her employment as the Office Manager of SM Development Inc. (“SM Development”), a construction company.

41. The Respondent engaged in the activities described above during the time she was registered with WFG.

42. The Respondent earned monies in respect of the activities described above. The Respondent earned annual salaries of approximately \$150,000 from C&B Dental and approximately \$100,000 from SM Development. The Respondent confirmed that she earned

monies in respect of her activities involving Quantum Wellness but states that she does not know how much she earned.

43. By engaging in the conduct described above, the Respondent had and continued in other gainful occupations which were not disclosed to and approved by the Member, contrary to MFDA Rules 1.2.1(c) and 2.1.1.

Allegation #4: Failure to Cooperate

44. On May 15, 2013, MFDA Staff interviewed the Respondent with respect to the events described in Allegations #1, #2 and #3 above. During the interview, the Respondent gave a number of undertakings to provide certain information and documentation requested by MFDA Staff.

45. Commencing at the end of May 2013, MFDA Staff made repeated requests for the Respondent to answer her undertakings.

46. Despite MFDA Staff's repeated requests, the Respondent has not answered her undertakings.

47. The Respondent's failure to answer her undertakings, which includes information and documentation pertaining to the Respondent's use of the HELOC monies, has prevented MFDA Staff from determining the full nature and extent of the Respondent's misconduct as described in Allegations #1, #2 and #3 above.

48. By engaging in the conduct described above, the Respondent failed to cooperate with an investigation conducted by MFDA Staff, contrary to s. 22.1 of MFDA By-law No. 1.

NOTICE is further given that the Respondent shall be entitled to appear and be heard and be represented by counsel or agent at the hearing and to make submissions, present evidence and call, examine and cross-examine witnesses.

NOTICE is further given that MFDA By-laws provide that if, in the opinion of the Hearing Panel, the Respondent:

- has failed to carry out any agreement with the MFDA;
- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Member or of any regulation or policy made pursuant thereto;
- has failed to comply with the provisions of any By-law, Rule or Policy of the MFDA;
- has engaged in any business conduct or practice which such Regional Council in its discretion considers unbecoming or not in the public interest; or
- is otherwise not qualified whether by integrity, solvency, training or experience,

the Hearing Panel has the power to impose any one or more of the following penalties:

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
 - (i) \$5,000,000.00 per offence; and
 - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- (c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- (d) revocation of the authority of such person to conduct securities related business;
- (e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time;

- (f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel;

NOTICE is further given that the Hearing Panel may, in its discretion, require that the Respondent pay the whole or any portion of the costs of the proceedings before the Hearing Panel and any investigation relating thereto.

NOTICE is further given that the Respondent must **serve a Reply** on Enforcement Counsel and **file a Reply** with the Corporate Secretary within twenty (20) days from the date of service of this Notice of Hearing.

A **Reply** shall be **served** upon Enforcement Counsel at:

Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, Ontario
M5H 3T9
Attention: Charles A. Toth
Fax: 416-361-9073
Email: ctoth@mfd.ca

A **Reply** shall be **filed** by:

- (a) providing 4 copies of the **Reply** to the Corporate Secretary by personal delivery, mail or courier to:

The Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, Ontario
M5H 3T9
Attention: Office of the Corporate Secretary; or

- (b) transmitting 1 copy of the **Reply** to the Corporate Secretary by fax to fax number 416-361-9781, provided that the Reply does not exceed 16 pages, inclusive of the covering page, unless the Corporate Secretary permits otherwise; or
- (c) transmitting 1 electronic copy of the **Reply** to the Corporate Secretary by e-mail at CorporateSecretary@mfd.ca.

A **Reply** may either:

- (i) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing; or
- (ii) admit the facts alleged and conclusions drawn by the MFDA in the Notice of Hearing and plead circumstances in mitigation of any penalty to be assessed.

NOTICE is further given that the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by the MFDA in the Notice of Hearing that are not specifically denied in the **Reply**.

NOTICE is further given that if the Respondent fails:

- (a) to **serve and file a Reply**; or
- (b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a **Reply** may have been served,

the Hearing Panel may proceed with the hearing of the matter on the date and the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without any further notice to and in the absence of the Respondent, and the Hearing Panel may accept the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing as having been proven and may impose any of the penalties described in the By-laws.

END.

DM 413445 v2