



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: IOCT Financial Inc. and Michelle Anne Bolhuis

Heard: November 27, 2009 in Toronto, Ontario
Reasons for Decision: December 9, 2009

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

The Hon. John B. Webber, Q.C.
Jeanne Beverly
Petra Sandori

Chair
Industry Representative
Industry Representative

Appearances:

Francis Roy) For the Mutual Fund Dealers Association of Canada
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Michael A. Donsky) For the Respondents
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1. The panel originally ordered a hearing in this matter for October 7 and 8, 2009. A request for an adjournment to November 25 and 27, 2009 was granted. The Panel then received a Notice of Settlement Hearing dated November 19, 2009. The Hearing was set for November 27, 2009 at 10:00 a.m.

2. The Hearing then proceeded as a Settlement Hearing. The Panel was required to consider whether, pursuant to sections 20 and 24.1.1 of MFDA By-law No. 1, the Panel should accept this Settlement Agreement entered into by Staff of the MFDA and the Respondents through their counsel Michael Donsky. At the outset of the proceedings we considered a joint motion by Staff and counsel for the Respondents to move the proceedings “in camera”. We granted that motion. We then considered in detail the provisions of the Settlement Agreement itself. We heard submissions as to the applicable law that should guide this Panel in determining whether to accept or reject the Settlement Agreement. We next heard submissions as to why this particular Settlement Agreement met the appropriate criteria. We then retired to consider both the Settlement Agreement and the applicable legal principles. After deliberation we unanimously concluded that it was appropriate to accept the Settlement Agreement.

3. As a Panel we are obviously concerned with the type of conduct which is reflected in the Settlement Agreement, particularly when the Corporate Respondent was subject to an early warning designation as set forth in paragraphs 16 to 18 of the Settlement Agreement. When the early warning designation existed a payment of \$102,000 as dividends was entirely inappropriate without the consent of the MFDA. In addition, the increase of non-allowable assets in the amount of \$9,923 was also inappropriate. The named principal of the Corporate Respondent, Michelle Bolhuis, failed to respond to requests for interviews on a number of occasions.

4. We believe that the Settlement Agreement fairly addresses the concerns that we have, including the public interest, reasonableness, specific and general deterrence and prevention of future conduct. We also have considered and have concluded that the Settlement Agreement will foster confidence in the regulatory process of the Canadian capital markets and the integrity of the MFDA.

5. We believe that each and every one of these factors is dealt with in an appropriate fashion by the Settlement Agreement. In addition, we have carefully reviewed the MFDA penalty guidelines and the effect of these guidelines on the type of conduct in this matter. Notwithstanding the fact that the suggested penalty is below the normal guidelines, under all of the circumstances of this case we deem those figures to be appropriate. We note that the Personal Respondent has no previous disciplinary history; no client suffered any loss; the assets and operations of the Corporate Respondent have been turned over to an Investment Industry Regulatory Organization of Canada (IIROC) registered entity, BMO Nesbitt Burns; and, the Corporate Respondent will no longer be a Member of the MFDA.

6. We have finally considered that this was a Settlement Agreement that was reached by the parties after significant discussion and negotiation. The Settlement Agreement represents what they feel with their knowledge and their experience is an appropriate resolution. It is our view that the Settlement Agreement is reasonable and in the public interest. For all of these reasons we accepted the Settlement Agreement and signed the appropriate Order as presented at the Hearing, subject to certain amendments made by counsel prior to the signing of the same. We indicated to counsel that these reasons would follow upon the signing of the Order.

DATED at Toronto, this 9th day of December, 2009.

“John B. Webber”

The Hon. John B. Webber, Q.C., Chair

“Jeanne Beverly”

Jeanne Beverly, Industry Representative

“Petra Sandori”

Petra Sandori, Industry Representative