



File No. 200608

**MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**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: Donald Kenneth Coatsworth**

**DISCIPLINARY HEARING**

Heard: January 31, 2007

**DECISION AND REASONS**

Hearing Panel of the Central Regional Council:

The Hon. John B. Webber, Q.C., Chair  
Cheryl Hamilton, Panel Member  
Christopher C. Marrese, Panel Member

Appearances:

Robert J. DelFrate	)	For the Mutual Fund Dealers Association of Canada
Donald Kenneth Coatsworth	)	The Respondent did not attend and no one appeared on his behalf.

## **DECISION**

As set out in the Notice of Hearing, the Respondent Donald Kenneth Coatsworth was charged as follows:

**Allegation #1:** Commencing in or around 2003, the Respondent engaged in gainful occupation outside the business of the Member without so advising the Member and obtaining the approval of the Member, contrary to MFDA Rule 1.2.1(d)(iii).

**Allegation #2:** Commencing on or about November 7, 2005, the Respondent failed to attend and give information relevant to the matters being investigated and failed to produce for inspection and provide copies of books, records and accounts respecting such matters, contrary to s. 22.1(b) and s. 22.1(c) of MFDA By-Law No. 1.

Enforcement counsel demonstrated, to the satisfaction of the panel, that the two violations alleged did, in fact, occur based on the affidavit of Lorraine Bate Boerop, an investigator in the Enforcement Department of the MFDA. This affidavit established the panel's jurisdiction and with the attached exhibits established the two violations.

The violations having been proven, Enforcement counsel was invited to move to the penalty phase. He proposed that the panel order a permanent prohibition on the authority of the Respondent to conduct securities related business while in the employ of, or associated with, any MFDA member, and a total fine of \$60,000.00, consisting of \$10,000 in respect of Allegation #1 and \$50,000 in respect of Allegation #2, and costs in the amount of \$7,500.00, as is provided in the by-laws of the MFDA.

In reaching the decision to impose the penalty suggested by MFDA counsel, we have considered that the primary goal of securities legislation is the protection of the investing public. We have considered this protection and the integrity of the securities market. We believe the penalty reflects specific and general deterrence and leads to the protection of the MFDA's membership. In addition, we have considered the submissions found in the staff brief and, in

particular, those factors found at paragraph 27 on page 10, and feel that the penalties imposed are consistent with these factors and are comparable to the penalties imposed in other cases with similar allegations.

We also appreciate that the respondent has never been previously sanctioned and, therefore, we believe that the penalty should not be any higher than that suggested by counsel for the MFDA. We do observe, however, that the contravention was clearly intentional and there was complete non-compliance with the rules and regulations of the MFDA.

For these reasons, we impose the penalty which is reflected in the order, which was signed by the panel dated the 2<sup>nd</sup> of February 2007. We had advised counsel that the order could proceed to be followed by our reasons which we now issue.

Dated at Toronto, this 7<sup>th</sup> day of March 2007.

“John B. Webber”  
The Honourable John B. Webber, Q.C., Chair

“Cheryl Hamilton”  
Cheryl Hamilton, CFP, Member

“Christopher C. Marrese”  
Christopher C. Marrese, LL.B., MBA, Member