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: Ramnarine Ramgolam

Heard: March 11, 2021 and May 6, 2021 by electronic hearing in Toronto, Ontario
Decision (Penalty) and Reasons: June 28, 2021

DECISION (PENALTY) AND REASONS

Hearing Panel of the Central Regional Council:

Joan Smart	Chair
Rob Christianson	Industry Representative
Robert White	Industry Representative

Appearances:

Maria L. Abate	)	Enforcement Counsel for the Mutual Fund Dealers Association of Canada
Ramnarine Ramgolam	)	Respondent

I. INTRODUCTION

1. By Notice of Hearing, dated August 20, 2020, the Mutual Fund Dealers Association of Canada (the "MFDA") commenced a disciplinary proceeding against Ramnarine Ramgolam (the "Respondent") pursuant to sections 20 and 24 of MFDA By-law No. 1.

2. The Notice of Hearing set out the following allegations:

> **Allegation #1:** Between June 21, 2017 and June 28, 2018, the Respondent misappropriated approximately $116,084 from one client and 12 other individuals, contrary to MFDA Rule 2.1.1.
>
> **Allegation #2:** Commencing on September 27, 2017, the Respondent borrowed $50,000 from a client, contrary to the policies and procedures of the Member and MFDA Rules 2.1.4, 1.1.2, 2.5.1, and 2.1.1.

3. The Respondent and Staff entered into an Agreed Statement of Facts in which the Respondent admitted that the facts set out therein constitute misconduct for which he may be penalized on the exercise of the discretion of the Hearing Panel pursuant to section 24.1 of MFDA By-law No. 1.

4. Staff and the Respondent jointly requested that the Hearing Panel determine, on the basis of the Agreed Statement of Facts, the appropriate penalty to impose on the Respondent.

5. Staff requested that the Hearing Panel impose on the Respondent:

a) a permanent prohibition on his authority to conduct securities related business while in the employ of or affiliated with a Member, pursuant to section 24.1(e) of MFDA By-law No. 1;
b) a global fine of at least $130,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1; and
c) costs as set out in the Bill of Costs, amounting to $24,650, pursuant to section 24.2 of MFDA By-law No. 1.

6. The Respondent did not object to a permanent prohibition being imposed but submitted that a fine of no more than $20,000 would be appropriate.

7. The hearing commenced on March 11, 2021, at which time the Agreed Statement of Facts was submitted and Staff presented their submissions as to penalty. The Respondent also made

some submissions as to penalty. However, the Hearing Panel decided it would be appropriate to provide the Respondent with additional time to consider his submissions on penalty, including whether he could substantiate his claim relating to impecuniosity, given that he was self-represented and had only been informed of the amount Staff was seeking as a penalty on the evening before the hearing. The hearing was set to continue on March 25, 2021, but, upon the request of the Respondent for additional time, the continuation of the hearing was rescheduled to May 6, 2021, at which time it was concluded.

II. AGREED FACTS

Registration History

8. From February 2, 2015 to July 6, 2018, the Respondent was registered in Ontario as a dealing representative (formerly known as a mutual fund salesperson) with CIBC Securities Inc. (the "Member"), a Member of the MFDA. As such, he was an Approved Person.

9. At all material times, the Respondent conducted business at a branch of the Member (the "Branch"). He was also an employee of the Canadian Imperial Bank of Commerce (the "Bank") which is affiliated with the Member and operated a Bank branch at the same premises as the Branch.

10. On July 6, 2018, the Respondent was terminated by the Member as a result of the conduct described herein, and he is no longer registered in the securities industry in any capacity.

11. The Respondent has not previously been the subject of disciplinary proceedings.

Allegation #1- Misappropriation of Monies

12. Between June 21, 2017 and June 28, 2018, the Respondent misappropriated approximately $116,084.63 from one client of the Member and 12 other individuals, as described in the chart below:

Transaction Date	Individual	Mutual Fund Client	Amount
June 21, 2017	GC	No	$1,505.57
August 3, 2017	MS and MS	No	$11,540.23
August 21, 2017	QY	No	$34,081.69

Transaction Date	Individual	Mutual Fund Client	Amount
September 18, 2017	AB	No	$7,500.00
September 26, 2017	IY and NY	No	$5,000.00
May 1, 2018	VD and CD	No	$4,245.47
May 10, 2018	DP	No	$35,487.85
May, 10, 2018	DP	No	$4.76
May 17, 2018	VD and CD	No	$5,300.00
May 25, 2018	MT and BM	Yes (MT)	$7,819.16
June 28, 2018	KA	No	$3,600.00
			$116,084.73

13. The Respondent opened two bank accounts in the name of the Respondent's cousin, YB (the "Fake Accounts") at the Bank without the knowledge or authorization of YB. The Respondent had sole control of the Fake Accounts.

14. On May 25, 2018, without the knowledge or authorization of client MT and BM, the Respondent advanced to himself $7,819.16 from the line of credit of client MT and BM as described in the chart above at paragraph 12, and purchased a bank draft in the same amount payable to YB. The Respondent then deposited the bank draft into one of the Fake Accounts, and subsequently withdrew monies from the Fake Accounts for his personal use and benefit.

15. In addition, the Respondent misappropriated the amounts listed in the chart at paragraph 12 from GC, MS and MS, QY, AB, IY and NY, VD and CD, DP and KA, without their knowledge or authorization by withdrawing monies from their Bank accounts, making advances from their personal lines of credit or home equity lines of credit and then proceeding to deposit the funds directly into the Fake Accounts or to purchase drafts or money orders payable to YB for deposit into the Fake Accounts. The Respondent subsequently withdrew the monies for his personal use and benefit.

16. In the case of QY, as set out in the chart at paragraph 12, on August 21, 2017, the Respondent withdrew $34,081.69 from the account of QY that QY had asked the Respondent to apply towards his mortgage. The Respondent did not apply the $34,081.69 towards QY's mortgage as requested. Instead, without the knowledge or authorization of QY, the Respondent used the money obtained from QY's account to purchase a bank draft in the amount of $34,081.69 which he deposited into one of the Fake Accounts for his own personal use and benefit.

17. On May 10, 2018, as set out in the chart at paragraph 12, the Respondent obtained $35,487.85 from the account of DP without the knowledge or authorization of DP. The Respondent applied a portion of the money obtained from DP to purchase a bank draft in the amount of $34,081.69 payable to "CIBC Mortgages" and added QY's mortgage account number and identified QY as the remitter (the "CIBC Mortgage Bank Draft"). On the same date, the Respondent used the balance of the amount obtained from DP to purchase a second bank draft in the amount of $1,410.92 and deposited the second bank draft into the Fake Accounts for his own personal use and benefit.

18. On May 18, 2018, the Respondent applied the CIBC Mortgage Bank Draft in the amount of $34,081.60 towards QY's mortgage, thereby reimbursing the $34,081.60 that the Respondent had previously misappropriated from QY. The Respondent did not compensate QY for the interest incurred on the $34,081.60 between August 21, 2017 and May 18, 2018.

19. As a result of the contribution that the Respondent made to QY's mortgage account using money taken from DP, as described in paragraphs 16 to 18, the total amount outstanding to one client and 12 individuals from which the Respondent misappropriated money is $82,003.04.

20. On or about July 3, 2018, the Bank identified transactions processed by the Respondent in the accounts and credit facilities of the individuals and the client referenced above, and notified the Member. The Bank commenced an investigation that revealed the Respondent's conduct described herein.

21. The Bank compensated the individuals from whom money was misappropriated by reimbursing the amounts that were obtained from their accounts by the Respondent and which he did not repay.

Allegation #2 – Personal Financial Dealings with a Client

22. At all material times, the Member's policies and procedures prohibited employees from borrowing monies from clients.

23. In or about September 2017, the Respondent requested a loan in the amount of $50,000 from BA, a client of the Member whose accounts were serviced by the Respondent.

24. Client BA agreed to loan the Respondent the monies requested, and on September 27, 2017, the Respondent withdrew $50,000 from client BA's personal line of credit at the Bank.

25. The Respondent prepared and provided to client BA a document entitled "Agreement to Borrow Funds", in which the Respondent confirmed receipt of the $50,000 loan, and agreed to repay the loan to client BA prior to October 27, 2017.

26. The Respondent did not offer or pay any interest to client BA in respect of amounts that he borrowed from client BA during the period when he held client BA's funds.

27. Contrary to the terms of the written "Agreement to Borrow Funds" entered into between the Respondent and client BA, the Respondent failed to repay the outstanding loan amount to client BA by October 27, 2017.

28. Between November 2, 2017 and May 18, 2018, the Respondent made three payments to client BA, totaling $49,900, as follows:

Date	Amount
November 2, 2017	$40,000
January 18, 2018	$5,800
May 18, 2018	$4,100
	Total $49,900

29. The Respondent obtained the money that he required to make the three overdue payments he owed to client BA by borrowing the money from other individuals.

30. The Respondent did not disclose to the Member that he had borrowed monies from client BA or that he made any payments to client BA, as described above.

Misconduct Admitted

31. By engaging in the conduct described above, the Respondent admitted that he:

a) misappropriated approximately $116,084.73 from one client and 12 individuals, contrary to MFDA Rule 2.1.1; and

b) engaged in personal financial dealings with client BA that gave rise to a conflict or potential conflict of interest, which he failed to disclose to the Member or address by the exercise of responsible business judgment influenced only by the best interests of the client, contrary to the Member's policies and procedures and MFDA Rules 2.1.4, 1.1.2, 2.5.1, and 2.1.1.

III. CONSIDERATIONS AND ANALYSIS

A. Misconduct

Misappropriation of Monies

32. MFDA Rule 2.1.1 requires that each Approved Person deal fairly, honestly and in good faith with clients; observe high standards of ethics and conduct in the transaction of business; and refrain from engaging in any business conduct or practice which is unbecoming or detrimental to the public interest.

33. As was noted in paragraph 12 above, the Respondent misappropriated $7,819.16 from a client of the Member and the remaining amounts from clients of the Bank. We found, as admitted by the Respondent, that he breached MFDA Rule 2.1.1 when he misappropriated monies from a client of the Member.

34. The Hearing Panel also considered whether the Respondent breached Rule 2.1.1 when he misappropriated funds from Bank clients, and found, as admitted by the Respondent, that he did. We reached this conclusion on the basis that the Respondent was dually employed by the Member and the Bank in the branch, where he was the "face" of the related organizations to their clients. In his dual role he had access to both bank accounts and mutual fund accounts of clients of the related organizations. The Respondent acted in a highly unethical manner that was unbecoming and detrimental to the public interest in misappropriating financial assets of individuals in the course of his employment in financial services. We were also of the view that when the Respondent

misappropriated funds from Bank clients within the branch it had the potential to negatively impact the reputation of the Member and the securities industry as a whole.

35. We noted that several previous MFDA Hearing Panels found that respondents had breached MFDA Rule 2.1.1 in circumstances involving misappropriation from both member and bank clients, including those referred to below.

> *Hothi (Re),* MFDA File No. 202012, Hearing Panel of the Prairie Regional Council, Decision dated September 29, 2020
>
> *Aksomitis (Re),* MFDA File No. 201531, Hearing Panel of the Atlantic Regional Council, Decision and Reasons dated May 24, 2016
>
> *Vendermey (Re),* MFDA File No. 201702, Hearing Panel of the Central Regional Council, Decision dated October 2, 2017
>
> *Ng (Re),* MFDA File No. 201539, Hearing Panel of the Central Regional Council, Decision dated July 8, 2016
>
> *Cox (Re),* MFDA File No. 201515, Hearing Panel of the Prairie Regional Council, Decision dated April 8, 2016

36. The Respondent's misconduct was egregious in that, over the course of a year, he deliberately and repeatedly misappropriated funds totaling $116,084.00 from clients of the Member and the Bank. While he repaid the sum of $34,081.69 to one client from monies misappropriated from another client, he retained $82,003.04 for his own personal benefit.

Personal Financial Dealings

37. MFDA Rule 2.1.4 requires that where an Approved Person becomes aware of a conflict or potential conflict between the interests of the Approved Person and a client, the Approved Person must disclose the conflict or potential conflict to the Member. The Member and the Approved Person are then to ensure that it is addressed through the exercise of responsible business judgement influenced only by the best interests of the client in compliance with MFDA Rules 2.1.4(c) and (d).

38. MFDA Staff Notice MSN-0047, dated October 3, 2005, on Personal Financial Dealings with Clients, noted that:

> Borrowing from a client by…the Approved Person raises a significant and direct conflict that in almost all cases will be impossible to resolve in favour of the client. While such activity is not specifically prohibited under MFDA Rules, MFDA Staff are unaware of any circumstances where…Approved Persons proposing to enter into any such arrangements would be able to demonstrate that the conflict has been properly dealt with.

39. MFDA Hearing Panels have found in a number of previous cases that borrowing funds from clients gives rise to a conflict of interest under MFDA Rule 2.1.4, including in cases where the Approved Person had repaid the monies to the client. Those cases are described in paragraph 64 below.

40. In this case, the Respondent did not disclose to the Member that he had borrowed $50,000 from a client or made payments to a client. Furthermore, he did not address the conflict of interest by the exercise of reasonable business judgement influenced only by the best interest of the client. He failed to repay the loan by October 27, 2017 as agreed, but rather paid most of it back in installments, less $100, between November 2017 and May 2018. The Respondent failed to pay any interest to the client, notwithstanding that the amount borrowed was drawn from the client's line of credit so that the client would have been responsible for interest payments on the funds borrowed.

41. We found, as admitted by the Respondent, that he breached MFDA Rules 2.1.1 and 2.1.4 when he engaged in financial dealings with a client as described above.

42. MFDA Rule 2.5.1 requires Members to ensure the handling of their business is in compliance with the By-laws, Rules and Policies of the MFDA and applicable securities legislation, and Approved Persons have a corresponding obligation to comply with those policies and procedures pursuant to Rule 1.1.2. As admitted by the Respondent, we found that he, in contravening his Member's policies and procedure which prohibited its Approved Persons from borrowing monies from clients, also therefore breached MFDA Rule 1.1.2, as it relates to Rule 2.5.1.

B. Penalty

43. In exercising our discretion to impose an appropriate penalty, we considered primarily the factors set out below.

a) <u>The seriousness of the misconduct</u>

44. The sanction imposed should be proportionate to the misconduct in issue.

45. Misappropriation of funds is among the most egregious types of misconduct encountered by securities regulators as it: involves a serious breach of trust; shows disregard of, and causes direct harm to, the individuals affected; and significantly undermines the reputation of, and investor confidence in, the securities industry. We also note that the misappropriations by the

Respondent involved a relatively large amount of money and were intentional, deceptive and repeated a number of times over the period of a year.

46. In addition, the Respondent's financial dealings with his client also constituted a serious conflict between the interests of the Respondent and his client.

b) Whether the Respondent recognized the seriousness of his misconduct

47. The Respondent admitted to the misconduct in the Agreed Statement of Facts and thereby accepted responsibility for his behavior and demonstrated some recognition of its seriousness. In doing so, he saved the MFDA the time and expense of a fully contested hearing.

48. In addition, at the hearing the Respondent indicated that he was cognizant and ashamed of his misconduct.

c) Benefits received by the Respondent and client loss

49. According to section 24.1.1(b) of MFDA By-law No. 1, the Hearing Panel has the power to impose a fine of up to three times the profit obtained by the Respondent as a result of his violations.

50. With respect to the misappropriation of monies, the total financial loss suffered by the 13 victims of the Respondent's misconduct was approximately $82,003. Although the Bank reimbursed the clients, the Respondent has not repaid the Bank. Accordingly, he has retained the benefit of the sum of $82,003, plus accrued interest on that amount since dates of the misappropriations.

51. With respect to the loan, the Respondent obtained the benefit of the loan from the client without providing any security and without paying any interest, notwithstanding that the client would have had to pay interest on the amount drawn from his line of credit to fund the loan to the Respondent. The Respondent also failed to make timely and full repayment of the loan.

52. In our view, the Respondent ought not be permitted to retain the ill-gotten gains from his misconduct.

d) The Respondent's experience in the securities industry

53. While the Respondent had only been registered in the securities industry for two years when the misconduct commenced, he ought to have been aware of the rules applicable to his

activities and obviously would have been aware of the seriousness of his actions in misappropriating money from 13 individuals.

e) The Respondent's past conduct, including sanctions

54. Although the Respondent had no prior disciplinary history with the MFDA, we gave this factor very little weight given the seriousness of the contraventions and the fact that he was only registered for a short period of time before the misconduct occurred.

f) Damage to the integrity of the capital markets from the Respondent's conduct

55. When an Approved Person engages in the kind of misconduct involved in this case which showed a complete lack of integrity, caused significant financial losses to clients and contravened regulatory and Member obligations, it is bound to cause damage to the reputation of the securities industry and its participants.

g) Action by the Member

56. The Member terminated the employment of the Respondent as a result of the subject misconduct, which has materially impacted his employment prospects.

h) The need for specific and general deterrence

57. In our view, there would be a risk to investors if the Respondent were allowed to continue to operate in the mutual fund business and, accordingly, the penalty should prevent the Respondent from ever engaging in securities related business with a Member in the future.

58. Also, the sanction must discourage others from engaging in similar conduct, thereby protecting investors and furthering confidence in the securities industry. To achieve general deterrence, in addition to a permanent prohibition, a substantial fine is necessary to send a clear message to others in the mutual fund industry that this kind of serious misconduct will not be tolerated. In our view, that requires that the fine reflect the benefit the Respondent obtained from his misconduct plus a significant premium on that amount.

i) Inability to pay

59. According to the MFDA's Sanction Guidelines, an inability to pay may be a consideration in determining the appropriate monetary sanction to impose. However, it is to be weighed against

other factors, including the need for deterrence and the need to ensure confidence in the disciplinary process.

60. In order for a hearing panel to consider this factor, a respondent must provide evidence of a bona fide inability to pay a fine. In this case, the Respondent provided evidence of his indebtedness, but provided very limited information with respect to his income or assets, generally submitting orally that he did not have any. Staff noted that the Respondent is registered as joint owner on title to a home, although he submitted that was for the purpose of facilitating the other joint owner in obtaining a mortgage on the property. He did not provide any Notices of Assessment from the Canada Revenue Agency.

61. In the circumstances of this case, we have given very little weight to the Respondent's claim of impecuniosity. We did not receive adequate evidence from the Respondent to substantiate his claim. In addition, this case demands that a significant sanction be imposed that is commensurate with the seriousness of the misconduct for the important purpose of deterrence, as well as protection of investors and the integrity of the regulatory system. Furthermore, the Respondent should not be permitted to profit from his misconduct.

j) The Respondent's agreement to reimburse the Bank

62. As of the date of the hearing, the Respondent had not reimbursed the Bank in any amount. As of April 27, 2021, the Respondent signed a Consent to Judgment in favour of the Bank in the amount of $100,403.15, less any monies received pursuant to a settlement. Under the settlement, the Respondent is to make monthly payments to the Bank, with the balance to be paid no later than May 5, 2022. However, as of the hearing, a representative of the Bank had not yet signed to confirm the agreement.

k) Previous MFDA decisions

63. Staff presented to us a number of previous misappropriation cases in which the respondent had not reimbursed clients. In each of those cases, a permanent prohibition was ordered. In addition, in most cases fines were imposed that generally ranged from reflecting the amount of the misappropriation to triple the amount.

MISAPPROPRIATION CASES	RELEVANT FACTS	PENALTIES
Ogalino (Re),, MFDA File 201248, Hearing Panel of the Central Regional Council, Decision and Reasons dated January 31, 2014	• The Respondent misappropriated $52,278 from at least 8 clients and failed to cooperate with the investigation into her activities.	• Uncontested Hearing • Permanent prohibition • Fine of $60,000 • Costs of $7,500
Ng (Re), Supra at Para. 35	• **The Respondent was an Approved Person and a senior bank employee.** • The Respondent misappropriated $55,129 from four mutual fund clients and one bank client. • The Respondent also opened four mutual fund accounts and 10 bank accounts using falsified documents to conceal his misappropriations.	• Uncontested Hearing • Permanent prohibition • Fine of $150,000 • Costs of $10,000 • No distinction between mutual fund clients and bank clients made by hearing panel
Dew (Re), MFDA File 201738, Hearing Panel of the Atlantic Regional Council, Decision and Reasons dated July 23, 2018	• The Respondent misappropriated $37,000 from two clients and failed to co-operate with an investigation into his activities. • The Respondent was also part of a larger fraud which resulted in the theft of $2.9 million from insurance clients.	• Uncontested Hearing • Permanent prohibition • Fine of $124,000 • Costs of $5,000
Vandermey (Re), Supra at Para. 35	• The Respondent misappropriated approximately $48,018 from two clients and a bank account used to conduct charitable activities. • The Respondent repaid $2,000 to the charity bank account.	• Uncontested Hearing • Permanent prohibition • Fine of $200,000 • Costs of $10,000
Hothi (Re), Supra at Para. 35	• **The Respondent was an Approved Person and a bank employee.** • The Respondent misappropriated approximately $3,000 from mutual fund clients and approximately $22,000 from bank clients.	• Uncontested Hearing • Permanent prohibition • Fine of $40,000 • Costs of $6,500 •
Aksomitis (Re), Supra at Para. 35	• **The Respondent was an Approved Person and a bank employee.** • The Respondent misappropriated approximately $19,360 from two clients and approximately $97,337 from 27 individuals who held bank accounts at the related bank. • The total amount misappropriated from Member and non-Member clients was $116,697.	• Uncontested Hearing • Permanent prohibition • Total fine of $67,000 - $57,000 re: mutual fund clients and $10,000 re: bank clients • Costs of $7,500
St. John, 2016 LNCMFDA 144	• **The Respondent was an Approved Person and a bank employee.** • The Respondent persuaded an elderly client to redeem a $100,000 mutual fund investment and re-invest the proceeds. • The Respondent deposited the $100,000 into the client's bank	• Agreed Statement of Fact • Permanent prohibition • $50,000 fine • $7,500 costs

	account, then moved the amount to a fictitious account in another name and from there to his own account. • The Respondent failed to cooperate in the investigation. • The bank later recovered the $100,000 from the Respondent and reimbursed the client.	
Re: Omar Enrique Rojas Diaz, MFDA File No. 202002, Hearing Panel of the Central Regional Council, Decision and Reasons (Penalty) dated January 29, 2021 ***(Currently Under Review)***	• **The Respondent was an Approved Person and a bank employee.** • The Respondent misappropriated approximately $39,270 from one client. • The Respondent convinced the client to accept a line of credit from the bank and then made 30 withdrawals from the line of credit which he kept for his own benefit. • The Respondent paid the interest on the line of credit to avoid detection. • The Respondent was impecunious and had entered into a consumer proposal to pay 13% of his outstanding debts to creditors, that the bank accepted. • The bank compensated the client.	• Agreed Statement of Fact • Permanent prohibition • No fine or costs • The Hearing Panel concluded that the loss was of the bank and not the client because the misappropriated amounts were taken from a line of credit, not an investment. • In light of the Respondent's impecuniosity, the Panel concluded that to impose a financial penalty would amount to a punishment.
Vanlandschoot, MFDA File No. 202024, Hearing Panel of the Central Regional Council, Decision and Reasons dated January 29, 2021 ***(Currently Under Review)***	• **The Respondent was an Approved Person and a bank employee.** • The Respondent misappropriated $5,489 from the bank accounts of two clients. • The Respondent also failed to cooperate in the MFDA's investigation into her activities.	• Uncontested Hearing • Permanent prohibition • Fine of $80,000 • Costs of $7,500 •

64. Staff also presented to us a number of cases involving clients borrowing funds from clients and subsequently repaying the clients.

CASES WITH REPAYMENT OF LOANS	RELEVANT FACTS	PENALTIES
Smiechowski (Re), MFDA File No. 201007, Hearing Panel of the Pacific Regional Council, Decision dated December 31, 2010	• The Respondent borrowed $25,000 from a client. • The Respondent also failed to comply with the Policies and Procedures of the Member. • The Respondent repaid the client after a lengthy delay and lawsuit.	• Settlement Hearing • Fine of $10,000 • Costs of $5,000 • 6 month suspension
Huang (Re), MFDA File No.201538, Hearing Panel of the Central Regional Council, Decision dated October 21, 2016	• **The Respondent was an Approved Person and a bank employee.** • The Respondent borrowed $455,000 from a client.	• Uncontested Hearing • 10 year prohibition • Fine of $50,000 • Costs of $7,500

	• The Respondent also failed to fully cooperate with the investigation. • No client loss as client was repaid in full at the agreed upon dates.	
Rosicki, MFDA File 201826, Hearing Panel of the Central Regional Council, Decision and Reasons dated June 25, 2019	• **The Respondent was an Approved Person and a bank employee.** • The Respondent borrowed $40,000 (interest-free) from a client, which he failed to repay until one day prior to the hearing. • The Respondent invested the loan proceeds in marijuana stocks and realized a personal gain of $25,000 on his investment.	• Contested Hearing • Permanent prohibition • Initial fine of $65,000 (minus the loan repayment, thereby reducing the fine to $25,000) • Costs of $7,000
Sarang (Re), MFDA File No.201535, Hearing Panel of the Pacific Regional Council, Decision dated March 21, 2016	• The Respondent borrowed $29,015 from a client. • The Respondent was a Branch Manager at the relevant time • The loan was repaid after a demand by the client.	• Settlement Hearing • Fine of $7,500 • Costs of $2,500

65. In addition, Staff directed us to several MFDA cases in which Hearing Panels made orders which provided respondents with time to pay and allowed the fine to be reduced by the amount the respondents repaid to their victims.

> *Brauns (Re),* MFDA File No. 201203, Hearing Panel of the Central Regional Council, Decision and Reasons (Penalty) February 4, 2014
>
> *Visneskie (Re),* MFDA File No. 201553, Hearing Panel of the Central Regional Council, Decision and Reasons (Penalty) June 21, 2015

IV. CONCLUSION

66. We have decided to impose on the Respondent a permanent prohibition on his authority to conduct securities related business in any capacity while in the employ of, or associated with, a Member.

67. Staff requested that the Hearing Panel impose a global fine of at least $130,000. In balancing all of the factors outlined in section III. B. above, we have decided it is appropriate to impose on the Respondent a global fine in the amount of $140,000. That amount reflects approximately 1.5 times the financial benefit obtained by the Respondent from his misappropriation of funds, including interest, plus an amount in respect of his personal financial dealings with a client.

68. However, we do not want the financial penalty imposed in this case to impede the Respondent in reimbursing the Bank in accordance with his agreement to do so. Accordingly, we

have decided to defer the requirement for the Respondent to pay the fine imposed herein to June 1, 2022. We have also decided that at that time the fine is to be reduced by the amount that the Respondent has paid to the Bank.

69. We are of the view that the permanent prohibition, together with the substantial fine, will serve as a specific and general deterrent and thereby protect the investing public in the future. It should also serve to protect the MFDA's membership, as well as the integrity of the securities market and the MFDA's regulatory and enforcement processes.

70. Finally, we have decided to make an order for costs in the amount of $10,000. Staff submitted a Bill of Costs in the amount of $24,650 which we appreciate reflected the considerable amount of time they had spent on this matter and did not include the time related to the continuation of the hearing. However, we were of the view that it was appropriate to impose a lesser amount for costs, which was more in line with precedent cases and took into account the fact that the Respondent had entered into the Agreed Statement of Facts.

DATED this 28th day of June, 2021.

"Joan Smart"
Joan Smart
Chair

"Rob Christianson"
Rob Christianson
Industry Representative

"Robert White"
Robert White
Industry Representative

DM 824029