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: Bemelekot W. Tewahade

Heard: May 27, 2016 in Toronto, Ontario
Decision and Reasons (Penalty): June 16, 2016.

DECISION AND REASONS
(Penalty)

Hearing Panel of the Central Regional Council:

W.A. Derry Millar	Chair
David W. Kerr	Industry Representative
Colleen Waring	Industry Representative

Appearances:

Maria Abate	)	Counsel for the Mutual Fund Dealers Association of Canada
Bemelekot W. Tewahade	)	In attendance by teleconference; not represented by counsel

I. INTRODUCTION

1. In our Decision and Reasons (Misconduct) ("Decision") on the merits of this matter dated January 13, 2016, we found that Bemelekot W. Tewahade ("Respondent") violated the By-laws, Rules or Policies of the Mutual Fund Dealers Association of Canada ("MFDA") as set out below:

> **Allegation #1**: Between May 6, 2005 and June 18, 2012, the Respondent had and continued in another gainful occupation that was not disclosed to and approved by the Member by carrying on business as a registered representative of two FINRA[1] Member firms in succession, contrary to MFDA Rules 1.2.1(c) and 2.1.1.
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> **Allegation #2:** Between May 6, 2005 and June 18, 2012, the Respondent failed to comply with the policies and procedures of the Member by:
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> (a) failing to provide his correct permanent residential address to the Member; and
> (b) engaging in outside business activities which were not disclosed to and approved by the Member,
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> thereby interfering with the ability of the Member to supervise the Respondent, contrary to MFDA Rules 1.1.2 and 2.5.1 and MFDA Rule 2.1.1.

2. We have received written and oral submissions from Staff and the Respondent as to the appropriate penalty for the violations found by us in our Decision.

II. STAFF SUBMISSIONS

3. Staff proposed the following penalty be imposed by the Hearing Panel:

[1] The Financial Industry Regulatory Authority or "FINRA" is the American self-regulatory organization responsible for the regulation and oversight of securities firms and their registered representatives in the United States.

(a) pursuant to section 24.1.1(e) of MFDA By-law No. 1, a suspension in the range of one (1) to three (3) years 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;

(b) pursuant to section 24.1.1(b) of MFDA By-law No. 1, a fine in the range of $20,000 to $25,000;

(c) pursuant to section 24.1.1(1) of MFDA By-law No. 1, a requirement that the Respondent write or rewrite the Conduct and Practices Handbook course (the "CPH") offered by the Canadian Securities Institute; and

(d) pursuant to section 24.2 of MFDA By-law No. 1, costs attributable to conducting the investigation and prosecution of this matter in the amount of $7,500 to $10,000.

4. Staff provided us with the relevant extracts from the MFDA Penalty Guidelines and submitted that:

(a) the penalty types and ranges recommended for Standard of Conduct violations by a dealing representative in the Penalty Guidelines are: a minimum fine of $5,000, write or rewrite an appropriate industry course, a suspension or a permanent prohibition in egregious cases;

(b) the penalty types and ranges recommended for Outside Business Activity violation in the Penalty Guidelines are: a minimum fine of $10,000, write or rewrite an appropriate industry course, a period of increased supervision, a suspension or a permanent prohibition in egregious cases; and

(c) the penalty types and ranges recommended for Policies and Procedures violations in the Penalty Guidelines are: a minimum fine of $5,000, write or rewrite an

appropriate industry course, a period of increased supervision, a suspension or termination in egregious cases.

5. The Penalty Guidelines are simply guidelines and are not mandatory. As stated in the Guidelines:

> Depending on the facts and circumstances of the case the, MFDA Staff and Hearing Panels may determine that no purpose is served by imposing a penalty within the range stated in the Guidelines; i.e., that a penalty below the stated range, or no penalty at all, is appropriate. Conversely, MFDA Staff and Hearing Panels may determine that egregious misconduct, the need for increased deterrence the, or certain policy considerations require the imposition of penalties above or otherwise outside of a stated range. Lastly, the facts and circumstances of the particular case may warrant that penalties of a different type than those stated in the Guidelines are appropriate.
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> MFDA Staff and Hearing Panels must always exercise judgment and discretion and consider appropriate aggravating and mitigating factors in determining appropriate penalties in every case. MFDA Staff and Hearing Panels must identify the basis for the penalties imposed.

6. Staff submit that the following principles should govern the Hearing Panel's exercise of its discretion:

(a) The primary goal of securities regulation is the protection of the investor.[2]

(b) The role of an MFDA Hearing Panel is similar to that of a provincial securities commission in so far as it protects the public interest by removing, permanently or for a period of time, from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets.[3]

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[2] P*ezim v. British Columbia (Superintendent of Brokers)* [1994], S.C.J. 58, Iacobucci, J. at paragraphs 59 and 68.

[3] *In The Matter of Robert Roy Parkinson* [2005], MFDA File No. 200501, decision dated April 29, 2005 *("Parkinson"),* citing with approval *Committee for the Equal Treatment of Asbestos Minority Shareholders v.*

(c) Sanctions imposed in the securities regulatory context should be protective and preventative, intended to be exercised to prevent likely future harm to the capital markets.[4]

(d) General deterrence is an appropriate consideration in making orders that are both protective and preventative. A penalty must re-affirm public confidence in the regulatory system and ensure that the misconduct is not repeated by others in the industry.[5]

(e) In exercising its discretion to impose a penalty, the Hearing Panel should take into account the following considerations:

i. the protection of the investing public;
ii. the integrity of the capital markets;
iii. specific and general deterrence;
iv. the protection of the MFDA's membership; and
v. the protection of the integrity of the MFDA's enforcement processes.[6]

(f) Other factors that Hearing Panels frequently consider when determining an appropriate penalty include the following:

i. the seriousness of the allegations proved against the Respondent;
ii. the Respondent's past conduct, including prior sanctions;
iii. the Respondent's experience in capital markets;
iv. the level of the Respondent's activity in the capital markets;

Ontario (Securities Commission), [2001] S.C.J. 38, *("Asbestos Minority Shareholders")* per lacobucci, J. at paragraphs 42 and 43.

[4] *Re: Arnold Tonnies,* [2005], MFDA File No. 200503, *decision dated June 27, 2005, at p. 21 - 22,* citing with approval *Asbestos Minority Shareholders* at paragraph 43, *supra*.

[5] *Tonnies, supra at p. 22* citing *Re Cartaway Resources Corp.,* [2004] 1 S.C.R. 672 *at paragraph 61*

[6] *Tonnies, supra* at p. 22.

v. whether the Respondent recognizes the seriousness of the improper activity;

vi. the harm suffered by investors as a result of the Respondent's activities;

vii. the benefits received by the Respondent as a result of the improper activity; and

viii. previous decisions made in similar circumstances.

7. Staff submit the following aggravating factors for the Hearing Panel's consideration:

(a) the Respondent had been registered as a dealing representative in Ontario for a period of at least 9 (nine) years from 2003 to 2012;

(b) the Respondent serviced approximately 850 FINRA Member firm clients and 40 (forty) clients of Investia Financial Services Inc. ("Investia") while carrying on his undisclosed and unapproved business activities;

(c) while the investigation focused on approximately a 6 (six) year window in which the Respondent was working with Investia, it appears that the Respondent carried on the entirety of his Canadian career from 2001 to 2012 without disclosing his registration in various American jurisdictions to any Canadian dealership or regulatory authority; and

(d) it appears the Respondent deliberately withheld his primary occupation and residence from the Member and from Staff during the investigation.

8. Staff submit that the above aggravating factors must be weighed against the following mitigating factors:

(a) the Respondent has no disciplinary history in Canada;

(b) there were no client complaints concerning the Respondent's activities at Investia nor any evidence of complaints in relation to his activities at his FINRA member firms in the United States of America; and

(c) it does not appear that the Respondent intends to re-register or continue as a dealing representative in Canada.

9. In the Staff's submission, these mitigating factors should be given little, if any weight when one considers the period of time in which the misconduct continued, the potential fallout which could have arisen for the Member and the public if the Respondent's dual occupation was not discovered, the highly contested nature of the hearing and the Respondent's continued unwillingness to accept responsibility for his actions or omissions.

10. Staff submit that the appropriate penalty for outside business activities, failure to abide by the policies and procedures of the Member and failing to uphold the requisite standard of conduct required from a dealing representative must be such as to communicate to both the public and the industry that serious consequences will befall those who frustrate the MFDA in performing its regulatory mandate.

11. Staff advised us that they had only been able to locate one prior case decided by a securities regulator where a dealing representative had been engaging in undisclosed outside business activities in the United States. The case was *Puri (Re)*[7], a decision of the Investment Industry Regulatory Organization of Canada ("IIROC"). In *Puri*, the Respondent was registered with three (3) FINRA firms from September 2008 to January 2012. The Respondent failed to disclose his registration with the FIRA firms to his Canadian dealer. The Respondent also faced a second allegation regarding lack of due diligence on a client transaction.

12. In *Puri*, after a finding of misconduct, the Hearing Panel imposed a fine in the amount of $18,000, a 6 (six) month suspension, a requirement that the Respondent write or re-write (and pass) the CPH course offered by the Canadian Securities Institute and a 12 (twelve) month period of strict supervision by his Member from the date of being re-engaged as a dealing

[7] 2014 IIROC 6.

representative subject to the authority of IIROC. The Hearing Panel also imposed costs in the amount of $10,000.

13. Staff submits that the penalty proposed by Staff is appropriate for the following reasons:

(a) a period of suspension between one (1) to three (3) years and the proposed fines reflect the seriousness of the Respondent's misconduct. The Respondent's failure to disclose and obtain approval for his dual occupation in the United States was longstanding and was found to have commenced, at minimum, from 2003 to its discovery by the Member in 2011. This is far longer than the period of undisclosed and unapproved activity in *Puri* and therefore a longer period of time whereby the Member could not fulfill its own regulatory obligations. For these reasons, Staff submits that the misconduct in this matter merits an increased fine in the range of $20,000 to $25,000;

(b) the requirement that the Respondent write or rewrite the CPH course offered by the Canadian Securities Institute prior to seeking re-registration will also assist the Respondent to better understand and clarify his regulatory requirements should he seek to resume the role of a dealing representative in Canada sometime in the future; and

(c) the proposed penalties are appropriate in that they will prevent future misconduct by the Respondent and deter others from engaging in similar misconduct. They are in keeping with the purpose of the MFDA to enhance investor protection and strengthen public confidence in the Canadian mutual fund industry by ensuring high standards of conduct by Members and dealing representatives.

14. Staff also requests that an order for costs be made against the Respondent in the range of $7,500 to $10,000 as Staff submits that this amount will permit the MFDA to recover from the

Respondent a portion of the costs attributable to conducting the investigation and prosecution of this matter.

III. RESPONDENT'S SUBMISSIONS

15. As the Respondent has previously surrendered his securities license and does not intend to apply for another Securities License in Canada, the Respondent does not object to any suspension and/or requirement to write or rewrite the Canadian Securities Institute CPH Course prior to seeking re-registration.

16. The Respondent submits that any fine should be minimal based on the following mitigating factors:

(a) The Respondent has no disciplinary history in Canada and other than the FINRA Proceedings arising out of the failure of Respondent to disclose his Canadian business activities, the Respondent has no disciplinary history in the United States.

(b) There were neither client complaints concerning the Respondent's activities at Investia nor any evidence of complaints in relation to his activities at his FINRA member firms in the United States of America.

(c) The Respondent does not intend to re-register or continue as a dealing representative in Canada; and

(d) Other than the failure to disclose outside business activities, there has been no misconduct by Respondent during the period of time that he had outside unapproved business activities in the United States.

17. As further mitigation, the Respondent submits that at all relevant times during which he conducted business both in Canada and the United States:

(a) He dealt fairly, honestly, and in good faith with all of his clients and in this regard, there is absolutely no evidence that any actions undertaken by him with respect to his clients, constitute a conflict of interest. In fact, he never has and never will involve any of his clients in his private business transactions. It should also be noted that he never solicited any Canadian Clients to open accounts with him as a part of his United States Business Activities. Likewise, he never solicited American Clients to open accounts with him as a part of his Canadian Business Activities.

(b) He always observed high standards of ethics and conduct in his clients' transactions, both in Canada and the United States, and there is no evidence to support any finding that his United States Business Activities in any way compromised any ethical concerns of his Canadian Clients.

(c) None of his business activities can be considered unbecoming or detrimental to the public interest.

(d) His conduct has always been of such character and business repute and of such experience as is consistent with the standards described in MFDA Rule 2.1.1.

(e) There is no evidence to support any finding that his absence from Canada was in any way detrimental to the best interests of his Canadian clients. In addition to spending approximately (1) one week a month in Canada, He was constantly working on such clients' accounts while in the United States. The evidence in this case also fails to disclose the existence of any complaints from his Canadian clients regarding the level of service he provided them.

(f) During the time he worked in Canada, the Respondent was the top salesperson for a number of years in Canada with MetLife Insurance. Furthermore, since starting his financial services business in Colorado, he received for several years the

"Million Dollar Round Table—Top of the Table" Award for being one of the top insurance representatives in the industry. He has delivered in excess of $55,000,000 in life insurance death benefits alone. Furthermore, he has never lost money for any client in the United States or Canada.

(g) At time he moved to the United States, the large majority of his mutual fund business in Canada was moved to another Broker (who he trusted to take care of his clients). However, a number of his long time clients insisted that he continue being their financial advisor, knowing full well that he was moving. In trying to act in his clients' best interests, he finds it ironic that allegations of misconduct were lodged against him by MFDA.

18. With respect to the aggravating factors submitted by Staff set out in paragraph 7 above, the Respondent submits as follows:

(a) The length of Respondent's registration in Ontario should not be used to enhance any penalty, particularly in the absence of any evidence of any independent wrongdoing/misconduct by Respondent. Respondent contends that there simply has been no showing of harm inflicted upon his clients and/or the investing public in general, and MFDA Staff's argument for enhanced penalties (on the basis of the length of Respondent's tenure as a registered representative) is simply not supported by logical facts.

(b) Given the fact that Respondent lived in the United States during the period in question, it only stands to reason that he would have more U.S. Clients. Arguably, there might be cause for concern if Respondent had a greater number of Canadian clients. The MFDA's implied argument that the large disparity between U.S. and Canadian clients led or might have led to Respondent not providing Canadian clients with the same degree of diligence shown to U.S. clients simply must fail given the fact that there were no client complaints concerning the

Respondent's activities at Investia nor any evidence of complaints in relation to his activities at his FINRA member firms in the United States of America.

(c) While the Respondent cannot dispute this finding made by the Hearing Panel in its earlier Decision, he submits that such omission on his part was not undertaken for the purpose of deceiving the MFDA and/or his Member firm. Furthermore, this omission did not increase the potential (or actual) harm to his clients.

19. The Respondent further submits:

(a) that the above mitigating factors should be given greater weight than the aggravating factors which MFDA Staff has presented to the Hearing Panel. Given the Respondent's exemplary record in the securities industry from 2001 to 2012, it is extremely speculative that there would be ANY fallout which could have arisen for the Member and the public if the Respondent's dual occupation was not discovered.

(b) Furthermore, despite MFDA's arguments to the contrary, the Respondent should not be penalized for submitting good faith defenses at the Hearing in this Case. Finally, MFDA Staff's contention regarding the "Respondent's continued unwillingness to accept responsibility for his actions or omissions" must fail inasmuch as Respondent now accepts responsibility for his actions or omissions in this Case.

(c) Aside from the failure to provide correct permanent address, Allegation #1 and Allegation #2 basically deal with identical misconduct, namely the Respondent's failure to disclose (and obtain approval for) outside business activities. Respondent contends that assigning separate monetary penalties for the same actions or omissions is not an equitable result. In the *Puri* case, a separate fine was assessed for each separate allegation. However, in the *Puri* Case, the first allegation dealt with the "Failure to Disclose". The second allegation (for which a separate fine was assessed), dealt with a "Failure to Undertake Due Diligence on

behalf of Clients". In the present Case, the 2 Separate Allegations against the Respondent both centered around the Failure to Disclose Outside Business Interests; Respondent takes the position that the "Failure to Provide Permanent Address" is so connected and tied to the "Failure to Disclose outside Business Interests" that if in fact there had been no finding that Respondent failed to disclose (and obtain approval for) outside business interests, the Hearing Panel would not have found a violation of the "Failure to Provide Address". Accordingly, Respondent believes that the imposition of a fine on Allegation #1 (which is presumably the more serious of the 2 violations) should also cover Allegation #2.

20. With respect to the Outside Business Activities Guidelines, the Respondent submits:

(a) While the magnitude (in size and value) of Respondent's U.S. Business Activities was considerably greater than his Canadian activities, this is a logical function of the fact that Respondent spent considerably more time in the U.S. and also (as has been previously noted), that when he moved to the U.S., the large majority of his Canadian book of business was assigned to another Canadian Broker.

(b) Only 40 Canadian clients were being provided investment services by the Respondent during the period in question. Again, these clients requested that Respondent continue to provide such services, despite the fact Respondent had moved to the U.S.

(c) No evidence has been presented that any client lost money as a result of the Outside Business Activity.

(d) The outside business activity must be deemed to be suitable, given that it was of the same character as the Investment Activities which Respondent conducted in Canada.

(e) The compensation which Respondent received for the U.S. Outside Business Activities was set by the applicable Mutual Funds and was very similar to commissions paid to him by his Canadian Member Firms.

(f) Respondent had no personal interest in any of his U.S. Outside Business Activities, as he did not have any U.S. Clients invest in his own private investment interests.

(g) The Respondent had an honest but mistaken belief that proper approval of his U.S. Activities had been obtained.

(h) All of his U.S. Outside Business Activities were legal in all respects.

(i) His U.S. Outside Business Activities did not result directly or indirectly in any injury to clients of the Member and/or Respondent.

(j) Given the fact that the outside business activities occurred outside of Canada (i.e. in the United States) and without the knowledge of the Member, the marketing and sale of Respondent's products and services in the U.S. could not have created the impression that the Member had approved the product or service.

(k) While the Respondent must and does now accept responsibility for his conduct, he did not at any time (during the period of time in question) intentionally mislead the Member or conceal from the Member that Respondent had outside business activity in the United States.

21. The Respondent submits that the Hearing Panel should assess only one minimal fine to cover both the Failure to Disclose the Outside Business Activities and the Failure to Provide Permanent Residence Address.

22. With respect to costs, the Respondent submits that he defended his interests in this proceeding with a good faith belief that he had meritorious defenses to the allegations lodged against him by the MFDA and submits that the Hearing Panel should exercise its discretion and

not require him to pay the whole or any part of the cost of the proceeding before the Hearing Panel and/or the investigations relating to this proceeding.

23. In summary, the Respondent requests the Hearing Panel in this Case enter an Order providing for:

(a) Such period of suspension as the Hearing Panel deems to be equitable under all of the facts and circumstances of this Case.

(b) If the Hearing Panel deems it necessary under all of the facts and circumstances of this Case, a requirement that Respondent for write or rewrite the Canadian Securities Institute CPH Course prior to seeking re-registration.

(c) One (1) minimal monetary fine covering both the Failure to Disclose Outside Business Activities and the Failure to Provide Permanent Residence Address.

(d) No obligation for the Respondent to pay the whole or any part of the costs of the proceedings before the Hearing Panel and/or the investigations relating thereto.

IV. ANALYSIS AND DECISION

24. We agree with the principles that govern the determination of the appropriate penalty in matters of this kind as outlined by Staff and set out in paragraph 6 above.

25. The Respondent as noted above does not object to a suspension or the requirement to write or rewrite the CPH course offered by the Canadian Securities Institute. We agree with Staff that this requirement will "assist the Respondent to better understand and clarify his regulatory requirements should he seek to resume the role of a dealing representative in Canada sometime in the future".

26. The Respondent seeks a minimal fine based on his submission that Allegation 1 and Allegation 2 are essentially the same allegation based on his Outside Business Activities and his

submission that, aside from the failure to provide his correct permanent address, assigning separate penalties set for identical misconduct is not an equitable result.

27. We disagree with the Respondent in this submission as the violations found by us as set out in Allegation 1 and Allegation 2 are two similar but distinct issues. The first is the failure to disclose and obtain approval of his Member firm for his dual occupations as required by the relevant MFDA Rules 1.2.1(c) and 2.1.1 and the second is his failure to abide by the policies and procedures of his Member firm by failing to disclose his permanent address and to disclose and obtain approval for his outside business activities contrary to MFDA Rules 1.1.2, 2.5.1 and 2.1.1.

28. In our Decision, we agreed with Staff that:

(a) a failure to disclose outside the business activities and dual occupations impedes a Member's ability to supervise the Approved Person to ensure that he or she is acting in accordance with the policies and procedures of the Member and the By-laws, Rules and Policies of the MFDA as well as applicable securities legislation;

(b) failure to disclose outside business activities/dual occupations prevents a Member's ability to ensure that clients and the general public are aware that the outside business activity is not the business or responsibility of the Member and that any actual or potential conflicts are dealt with appropriately; and

(c) in order for a Member to meet its regulatory obligations and to properly supervise the Respondent, it needs to know where he lives and if he lives in more than one place to, it needs to know all of the addresses used by the Respondent.

29. These failures raise important regulatory issues and must be addressed by the appropriate penalty when they are found, as here, to have been made out.

30. We acknowledge as submitted by both Staff and the Respondent that the Respondent has no disciplinary history in Canada and there were no client complaints concerning the Respondent's activities at Investia nor any evidence of complaints in relation to his activities at

his FINRA member firms in the United States of America. These are important mitigating circumstances. It is also a mitigating circumstance that the Respondent has indicated that he does not intend to re-register or continue as a dealing representative in Canada.

31. However, even though, as submitted by the Respondent, there is no evidence in this case that his violations caused any damage or loss to anyone, these Rules and Policies were designed to prevent damage or loss to the investing public and to protect them when dealing with Approved Persons. The fact that the violations in this case did not result in any damage or loss to the investing public does not diminish the fact that these violations were made out.

32. In our view, the penalty in this case must be sufficient so that Approved Persons recognize the importance of disclosing dual occupations, outside business activities and their addresses as required by the MFDA Rules and Policies and the policies of Members in order to protect the investing public and preserve the integrity of the capital markets as well as acting as both a specific and general deterrent to Approved Persons and the Respondent from failing to abide by the MFDA Rules and Policies and the policies of Members.

33. With respect to the aggravating factors submitted by Staff as set out in paragraph 7 above and responded to by the Respondent in paragraph 18, while the allegations only covered the period May 6, 2005 to June 18, 2012, the fact is that this conduct did take place over a longer period of time commencing in 2003 at Investia and in 2001 at his other Members. We do not take the submission in paragraph 8 (b) to imply as the Respondent does in paragraph 18 that he did not or may not have served his 40 Canadian clients diligently but simply as an illustration of the number of clients in both the United States and Canada being served by him while he failed to disclose his dual occupation and outside business activities to his Member in Canada. Whether or not the Respondent intended to deceive the MFDA and/or his Member by failing to disclose his dual occupations and outside business activities, the fact is that he failed to do so. While this omission as noted above did not cause actual harm to his clients, we do not agree with the submission that the Respondent makes that it did not increase the potential harm to his clients as neither the Respondent nor the Hearing Panel can say what might have happened in the future. We again repeat that the Rules and Policies of the MFDA and the Member are designed to protect the investing public and the failure to abide by them is a serious matter.

34. We also do not agree with the Respondent's submission that his "outside the business activity must be deemed to be suitable, given that that it was of the same character as the Investment Activities which Respondent conducted in Canada." This submission misses the point that it is the disclosure to the Member and approval of the Member that is important not necessarily the type of activity.

35. We do not agree with the submission by the Respondent in paragraph 19(c) that "the 'Failure to Provide Permanent Address' is so connected and tied to the 'Failure to Disclose outside Business Interests' that if in fact there had been no finding that Respondent failed to disclose (and obtain approval for) outside business interests, the Hearing Panel would not have found a violation of the "Failure to Provide Address". That is pure speculation on the part of the Respondent. The Hearing Panel did find that the Respondent failed to provide his correct permanent address to the Member.

36. Having considered all of the submissions by both Staff and the Respondent and having regard to the principles applicable to the determination of the appropriate penalty, we find that in addition to the one year suspension and the requirement that the Respondent write or rewrite the CPH course offered by the Canadian Securities Institute prior to seeking re-registration, the appropriate fine is $20,000.

37. With respect to costs, we are of the opinion that the appropriate amount is $7,500. In our view it is appropriate that the Respondent bear part of the costs of the investigation and hearing. While it is certainly the right of the Respondent to defend the proceeding, his defenses were not accepted and he should bear part of the cost of the proceeding against him arising from his misconduct.

V. CONCLUSION

38. For the reasons set out above we find that the appropriate penalty is this case is:

(a) A suspension of one (1) year from January 13, 2016, the date of our Decision, 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;

(b) A fine of $20,000.00;

(c) The Respondent must write or rewrite and pass the Conduct and Practices Handbook course offered by the Canadian Securities Institute prior to being re-registered in the mutual fund industry; and

(d) The Respondent shall pay costs to the MFDA in the amount of $7,500.00.

DATED this 16th day of June, 2016.

"W.A. Derry Millar"

W.A. Derry Millar
Chair

"David W. Kerr"

David W. Kerr
Industry Representative

"Colleen Waring"

Colleen Waring
Industry Representative

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