



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: Jeremy William Travis

Heard: March 14, 2018 in Toronto, Ontario

Decision: March 14, 2018

Reasons for Decision: May 22, 2018

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Frederick W. Chenoweth)	Chair
Brigitte J. Geisler)	Industry Representative
Kenneth P. Mann)	Industry Representative

Appearances:

H. C. Clement Wai)	Counsel for the Mutual Fund Dealers
)	Association of Canada
)	
)	
Jeremy William Travis)	Respondent, not in attendance nor represented
)	by counsel
)	

Background

1. By Notice of Hearing dated October 4, 2017 (“Notice of Hearing”), a Hearing Panel of the Central Regional Counsel of the Mutual Fund Dealers Association of Canada (“MFDA”) was convened to hear evidence and submissions with respect to allegations against Jeremy William Travis (“Respondent”) set out in the Notice of Hearing.

2. The Notice of Hearing alleged as follows:

Allegation #1: Commencing in December 2010, the Respondent engaged in personal financial dealings with client MP by borrowing \$10,000.00 from the client and obtaining \$2,200.00 in airline tickets paid for with the client’s credit card, which gave rise to a conflict or potential conflict of interest, that the Respondent failed to disclose to the Member or address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA, Rules 2.1.1 and 2.1.4.

Allegation #2: In March and November 2015, the Respondent misled the Member by falsely denying that he had borrowed money from a client, thereby interfering with the ability of the Member to supervise the Respondent’s activities and engaging in conduct that is unbecoming and detrimental to the public interest, contrary to MFDA Rules 1.1.2, 2.5.1 and 2.1.1.

Allegation #3: Commencing in July 2016, the Respondent has failed to cooperate with an investigation by Staff of the MFDA concerning his conduct, contrary to section 22.1 of MFDA By-law No. 1.

3. The Respondent was properly served with the Notice of Hearing set out above and attended the first appearance, which was held on December 12, 2017. At that time, among other things, it was ordered that the Respondent must serve and file his Reply by December 28, 2017. A date for a hearing on the merits was also set for March 14-15, 2018, commencing at 10:00 a.m. The Respondent failed to file his Reply by the required date set out above, but did eventually file an undated Reply a few short days prior to the Hearing on the merits. Again, a few short days before

the Hearing, the Respondent advised Enforcement Counsel that he would not be attending the Hearing, and in fact, he did not do so.

4. As a result of the Respondent's failure to attend the Hearing, the Panel made an Order pursuant to Rules 13.5 and 7.3(a), that the Hearing might proceed in the Respondent's absence. Thereafter, the Staff of the MFDA ("Staff") filed the Affidavit of Ian Smith, an investigator with the MFDA, sworn March 13, 2018, containing the facts and documents on which Staff relied. The same was marked as Exhibit 5, while the Respondent's Reply was marked as Exhibit 4.

THE FACTS

5. The Affidavit of Ian Smith disclosed that:

Personal Financial Dealings

- a) From January 9, 2013 to December 6, 2012, the Respondent was registered in Ontario as a mutual fund sales person (now known as a dealing representative") with Sun Life Financial Investment Services (Canada) Inc., ("Sun Life"), a member of the MFDA;
- b) From December 14, 2012 to November 20, 2015, the Respondent was registered in Ontario as a mutual fund sales person with Hub Capital Inc. ("Hub"), a Member of the MFDA. Hub terminated the Respondent on November 20, 2015. The Respondent has not been registered in the securities industry, in any capacity, since his termination at Hub. At all material times, the Respondent conducted business in Owen Sound, Ontario;
- c) At all material times, Sun Life's policies and procedures required approved persons to cease activities that gave rise to a conflict of interest, and Hub's policies and procedures expressly prohibited its approved persons from borrowing money from clients;
- d) In August 2006, the client MP became a mutual fund client of Sun Life. The Respondent was the mutual fund sales person responsible for servicing the account of client MP;

- e) On December 11, 2010, the Respondent borrowed \$10,000.00 from client MP (the “Loan”). Throughout, the Respondent maintained an ongoing undefined relationship with client MP. The Loan was documented by a signed Promissory Note stating: “I, Jeremy Travis, agree to pay client MP, \$11,500.00 on December 20, 2011, as agreed upon December 20, 2010”. The Respondent was provided with a certified cheque from client MP’s partner, in an amount of \$10,000.00;
- f) The Respondent did not inform or otherwise disclose to Sun Life that he had obtained the Loan from client MP;
- g) The Respondent did make certain unascertained payments to client MP. However, contrary to the terms of the Promissory Note, the Respondent did not repay the amount borrowed or the \$11,500.00 that he promised to pay client MP by December 2011;
- h) On March 6, 2013, client MP opened a non-registered and locked in retirement account at Hub. The Respondent was assigned responsibility for servicing client MP’s account at Hub. The Loan remained outstanding at the time that client MP became a client of Hub;
- i) The Respondent did not inform or otherwise disclose to Hub that he had obtained the Loan from client MP, or had failed to repay the amount borrowed from client MP, in accordance with the terms of the Promissory Note;
- j) In or about October 2015, the Respondent made a payment to client MP in the amount of \$3,200.00 to repay a portion of the amount that he had borrowed. The Respondent has not repaid or otherwise accounted for the balance of the amount that he borrowed from client MP;

Misleading the Member

- k) On March 19, 2015, the Respondent was interviewed by Compliance Staff from Hub during a scheduled audit of his branch, that was conducted by the Member in compliance with MFDA policy No. 5. During the interview, the Respondent was asked: “Have you ever loaned money to a client, borrowed money from a client or do you have any other personal financial dealings with clients?” The Respondent

falsely answered “No” to the auditor’s question. On November 2, 2015, Hub received an anonymous telephone call from an individual who reported that she was a client of Hub and the mutual fund sales person handling her accounts (who she refused to identify), had borrowed funds from her and that the Loan had not been repaid. Hub identified the Respondent as the mutual fund sales person who serviced the anonymous caller’s accounts;

- l) On November 3, 2015, the branch manager responsible for supervision of the Respondent, contacted the Respondent by telephone to tell the Respondent that the Member was investigating an allegation that an approved person had borrowed money from a client. The branch manager asked the Respondent if he had borrowed money from a client. The Respondent initially falsely answered “I don’t know” and subsequently falsely answered “No”;
- m) On November 5, 2015, client MP spoke with senior members of the compliance department at Hub and reported that the Respondent had borrowed money from her, which had not been repaid. On November 9, 2015, the branch manager called the Respondent and told him that client MP had reported the Loan to the member. In response, the Respondent admitted that he had borrowed monies from the client MP and was unable to repay the Loan;
- n) On November 20, 2015, Hub terminated the Respondent;

Failure to Cooperate

- o) Between July 12, 2016 and October 12, 2016, Staff sent notice to the Respondent on six occasions requesting that he provide banking documentation, including bank statements, cheques and deposit records relevant to Staff’s investigation of his conduct. The Respondent failed to provide Staff with most of the documentation that were requested.
- p) On October 13, 2016, the Respondent attended an interview with Staff. He did bring copies of some of the requested banking documentation to the interview. During the interview, the Respondent provided undertakings to Staff promising to provide

the remainder of the outstanding banking documents to Staff within 10 business days of the interview;

- q) Following the interview, between October 13, 2016 and November 7, 2016, Staff sent correspondence to the Respondent on three occasions, requesting that the Respondent fulfill his undertakings to produce the remaining banking documents. The Respondent failed to fulfill his undertakings and has not provided any further requested banking documents as required;

In coming to its conclusion with respect to the three allegations in hand, the Panel has considered the above facts, the relevant rules of the MFDA and the case law to which it has been referred. After having done so, the Panel unanimously found Allegations 1, 2 and 3 as against the Respondent had been proven.

Penalty

6. When considering the penalty in this matter, the Panel was mindful of the primary goal of securities regulation, which is the protection of the investor.

Pezim v. British Columbia (Superintendent of Brokers), [1994] SCJ 58.

7. The Panel also considered that when determining the appropriate sanctions to impose, a Hearing Panel should consider:

- a) The protection of the investing public;
- b) The integrity of the securities markets;
- c) Specific and general deterrence;
- d) The protection of the MFDA's membership; and
- e) The protection of the integrity of the MFDA's enforcement processes.

*In the Matter of Arnold Tonnie*s, [2005] Hearing Panel of the Prairie Regional Council, MFDA File No. 200503, Hearing Panel Decision dated June 27, 2005.

7. The Panel further considered the MFDA Penalty Guidelines, and in doing so, was mindful of the fact that the penalty guidelines were not mandatory, but were designed to suggest the type and range of penalties that would be appropriate for particular case types. The Panel also considered the numerous similar cases to which they were referred by Staff.

8. The Panel also considered that the non-compliance alleged in this case was partial, in that the Respondent did attend for an interview and did produce some documentation. In any event of this reality, the Panel was unable to conclude other than that the allegation of failure to cooperate were serious. The Panel was satisfied that this finding was appropriate, in spite of the fact that the Respondent was said to be impecunious and the allegations herein, were his first disciplinary breaches.

9. Indeed, when combined with the Respondent's personal dealings with client MP, and the fact that the Respondent misled the member, the Panel was satisfied that the totality of the three proven allegations against the Respondent, required a significant sanction.

10. Under all the circumstances, and for the reasons set out above, the Panel ordered the following sanctions against the Respondent:

- a) a permanent prohibition on the Respondent's authority to conduct securities related business in any capacity while in the employ of, or in association with, any MFDA member, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
- b) a fine in the amount of \$50,000.00 pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
and
- c) costs attributable to conducting the investigation and hearing of this matter in an amount of \$5,000.00 pursuant to s. 24.2 of MFDA By-law No. 1.

DATED this 22nd day of May, 2018.

“ Frederick W. Chenoweth”

Frederick W. Chenoweth
Chair

“ Brigitte J. Geisler”

Brigitte J. Geisler
Industry Representative

“ Kenneth P. Mann”

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Industry Representative

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