



**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: George Yamamoto**

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**NOTICE OF HEARING**

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**NOTICE** is hereby given that a first appearance will take place by teleconference before a hearing panel of the Central Regional Council (“Hearing Panel”) of the Mutual Fund Dealers Association of Canada (“MFDA”) on January 12, 2023 at 10:00 a.m. (Eastern), or as soon thereafter as the appearance can be held, concerning a disciplinary proceeding commenced by the MFDA against George Yamamoto (the “Respondent”). Members of the public who would like to listen to the teleconference should contact [hearings@mfd.ca](mailto:hearings@mfd.ca) to obtain particulars.

**DATED** this 7<sup>th</sup> day of October, 2022.

“Michelle Pong”

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Michelle Pong  
Director, Regional Councils

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**NOTICE** is further given that the MFDA alleges the following violations of the By-laws, Rules or Policies of the MFDA:

**Allegation #1:** Between about November 2018 and August 2020, the Respondent was aware that he was or would be named as the recipient of legacies in the wills of clients A and B, thereby giving rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to the Member's policies and procedures and MFDA Rules 2.1.4<sup>1</sup>, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1).

**Allegation #2:** Between about July 29, 2020 and August 6, 2020, the Respondent solicited monies from clients A and B, thereby:

- a) giving rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to the Member's policies and procedures and MFDA Rules 2.1.4 and 1.1.2 (as it relates to Rule 2.5.1); or
- b) contravening the standard of conduct required of Approved Persons in MFDA Rule 2.1.1.

**Allegation #3:** On or about August 7, 2020, the Respondent disclosed information regarding the business and affairs of clients A and B to client A's son, without the consent of the clients, thereby:

- a) failing to maintain the clients' information in confidence, contrary to the Member's policies and procedures and MFDA Rules 2.1.3 and 1.1.2 (as it relates to Rule 2.5.1); or
- b) contravening the standard of conduct required of Approved Persons in MFDA Rule 2.1.1.

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<sup>1</sup> On June 30, 2021, MFDA Rule 2.1.4 was amended to conform with client focused reform amendments to National Instrument 31-103 that came into effect on the same day. As the conduct addressed in the Notice of Hearing pre-dated the amendment to this Rule, all contraventions set out in the Notice of Hearing that make reference to that Rule concern the version of the Rule that was in effect between February 27, 2006 and June 30, 2021.

## **PARTICULARS**

**NOTICE** is further given that the following is a summary of the facts alleged and intended to be relied upon by the MFDA at the hearing:

### **Registration History**

1. Commencing in about 1996, the Respondent was registered in the securities industry.
2. Between June 2004 and August 4, 2017, the Respondent was registered in Ontario as a dealing representative with HollisWealth Advisory Services Inc. (“Hollis”), a Member of the MFDA.
3. On August 4, 2017, Hollis amalgamated with Investia Financial Services Inc. (“Investia”), a Member of the MFDA.
4. Between August 4, 2017 and August 28, 2020, the Respondent was registered in Ontario as a dealing representative with Investia.
5. On August 14, 2020, as a result of the matters described herein, Investia advised the Respondent that it was investigating his conduct and restricted his ability to deal with clients and access Investia’s systems.
6. On August 25, 2020, the Respondent resigned from Investia effective August 28, 2020, and he is not currently registered in the securities industry in any capacity.
7. At all material times, the Respondent conducted business in the Toronto, Ontario area.

### **Member’s Policies and Procedures**

8. At all material times, Investia’s policies and procedures required its Approved Persons to disclose conflicts and potential conflicts of interest to Investia.
9. At all material times, Investia’s policies and procedures also stated that:
  - a) “all monetary and non-monetary benefits provided directly or indirectly to or from clients must flow through Investia”; and
  - b) Approved Persons “may not, directly or indirectly, take, accept or receive bonuses, fees or commissions, other than compensation paid by Investia”.

**Allegation #1 – The Respondent Was Named as the Recipient of Legacies in the Wills of Clients A and B**

10. At all material times, the Respondent was the Approved Person at Investia responsible for servicing the accounts of clients A and B (spouses).
11. In 2018, clients A and B were 77 and 69 years old, respectively, and they were vulnerable clients by virtue of their age.
12. The Respondent was a family friend of clients A and B.
13. Clients A and B did not speak English as a first language and the Respondent frequently accompanied them to their personal business meetings and acted as their translator.
14. In 2018, clients A and B were updating their wills.
15. The Respondent acted as a liaison between clients A and B and the lawyer who was drafting their wills (the “Lawyer”). The Respondent, among other things, arranged and attended meetings between clients A and B and the Lawyer, provided financial information to the Lawyer on behalf of clients A and B, asked questions to the Lawyer on behalf of clients A and B, and conveyed the Lawyer’s responses to clients A and B.
16. In or about November 2018, the Respondent requested that clients A and B leave him legacies in their wills in the amounts of \$350,000 (client A) and \$150,000 (client B).
17. The Respondent requested that clients A and B not refer to him in their wills as their “financial advisor” and instead refer to him as their “friend”.
18. Clients A and B agreed to leave the legacies to the Respondent and the Respondent conveyed their intentions to the Lawyer.
19. On December 12, 2018, the Respondent and clients A and B attended at the office of the Lawyer.
20. On that day, while at the Lawyer’s office but not in the presence of the Respondent, clients A and B executed their wills in which:
  - a) client A named the Respondent as the recipient of a legacy in the amount of \$350,000 (the “A Legacy”); and

- b) client B named the Respondent as the recipient of a legacy in the amount of \$150,000 (the “B Legacy”).

21. The Respondent was then informed that clients A and B had included the A Legacy and B Legacy in their wills.

22. On December 28, 2018, the Lawyer sent a letter to the Respondent which summarized the contents of A’s and B’s wills, including the A Legacy and B Legacy described above.

23. The Respondent did not renounce the legacies, inform clients A and B that he could not accept the legacies, or disclose to Investia that he had been named or would be named as a recipient of legacies in the wills of clients A and B.

24. On August 19, 2020, clients A and B executed new wills in which the Respondent was not named in any capacity. Clients A and B executed the new wills after they declined the Respondent’s request to immediately provide him with the full amounts of the A and B Legacies. These events are described in greater detail below.

25. By virtue of the foregoing, between about November 2018 and August 2020, the Respondent was aware that he was or would be named as the recipient of legacies in the wills of clients A and B, thereby giving rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to Investia or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to Investia’s policies and procedures and MFDA Rules 2.1.4, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1).

### **Allegation #2 – The Respondent Solicited Monies from Clients A and B**

26. On or about July 29, 2020, after clients A and B sold their home for approximately \$5 million, the Respondent met with clients A and B and provided them with documents in which he requested that clients A and B immediately provide him with the full amounts of the A and B Legacies described above totaling \$500,000 so that he could purchase a home for \$1.7 million.

27. Clients A and B declined to provide the Respondent with the monies he requested.

28. On or about August 6, 2020, the Respondent met with clients A and B and provided them with documents including:

- a) letters that were addressed to the Lawyer, in which the Respondent requested to be removed as a “beneficiary” from their wills;
- b) an invoice he prepared demanding that they pay him \$67,800 plus 13% HST, which pertained to personal services that the Respondent provided to clients A and B including, among other things, in respect of real estate transactions entered into by the clients; and
- c) a second invoice he prepared demanding that they pay him \$588,224 plus 13% HST, which did not specify which services that it pertained to.

29. Soliciting payments from client A and B as described above gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients.

30. Clients A and B did not ultimately pay the Respondent any of the amounts that he had solicited from them as described above.

31. By virtue of the foregoing, between about July 29, 2020 and August 6, 2020, the Respondent solicited monies from clients A and B, thereby:

- a) giving rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to Investia or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to Investia’s policies and procedures and MFDA Rules 2.1.4 and 1.1.2 (as it relates to Rule 2.5.1); or
- b) contravening the standard of conduct required of Approved Persons in MFDA Rule 2.1.1.

**Allegation #3 – The Respondent Disclosed Information About the Business and Affairs of Clients Without Client Consent**

32. At all material times, Investia’s policies and procedures prohibited its Approved Persons from disclosing client information to a third party without the prior written consent of the client.

33. On or about August 7, 2020, the Respondent sent a text message to client A’s adult son in which he disclosed information regarding the business and affairs of clients A and B without receiving the prior consent of clients A or B.

34. The Respondent thereby:

- a) failed to maintain the clients' information in confidence, contrary to Investia's policies and procedures and MFDA Rules 2.1.3 and 1.1.2 (as it relates to Rule 2.5.1); or
- b) contravened the standard of conduct required of Approved Persons in MFDA Rule 2.1.1.

**NOTICE** is further given that the Respondent shall be entitled to appear and be heard and be represented by counsel or agent at the hearing and to make submissions, present evidence and call, examine and cross-examine witnesses.

**NOTICE** is further given that MFDA By-laws provide that if, in the opinion of the Hearing Panel, the Respondent:

- has failed to carry out any agreement with the MFDA;
- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Member or of any regulation or policy made pursuant thereto;
- has failed to comply with the provisions of any By-law, Rule or Policy of the MFDA;
- has engaged in any business conduct or practice which such Regional Council in its discretion considers unbecoming or not in the public interest; or
- is otherwise not qualified whether by integrity, solvency, training or experience,

the Hearing Panel has the power to impose any one or more of the following penalties:

- a) a reprimand;
- b) a fine not exceeding the greater of:
  - (i) \$5,000,000.00 per offence; and
  - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;

- d) revocation of the authority of such person to conduct securities related business;
- e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time; and
- f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel.

**NOTICE** is further given that the Hearing Panel may, in its discretion, require that the Respondent pay the whole or any portion of the costs of the proceedings before the Hearing Panel and any investigation relating thereto.

**NOTICE** is further given that the Respondent must **serve a Reply** on Enforcement Counsel and **file a Reply** with the Office of the Corporate Secretary within twenty days from the date of service of this Notice of Hearing.

A **Reply** shall be **served** upon Enforcement Counsel at:

Mutual Fund Dealers Association of Canada  
121 King Street West, Suite 1000  
Toronto, ON M5H 3T9  
Attention: Paul Blasiak  
Email: [pblasiak@mfd.ca](mailto:pblasiak@mfd.ca)

A **Reply** shall be **filed** by:

- a) providing four copies of the **Reply** to the Office of the Corporate Secretary by personal delivery, mail or courier to:

The Mutual Fund Dealers Association of Canada  
121 King Street West, Suite 1000  
Toronto, ON M5H 3T9  
Attention: Office of the Corporate Secretary; or

- b) transmitting one electronic copy of the **Reply** to the Office of the Corporate Secretary by e-mail at [corporatesecretary@mfd.ca](mailto:corporatesecretary@mfd.ca).

A **Reply** may either:

- (i) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on

the alleged facts) any or all of the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing; or

- (ii) admit the facts alleged and conclusions drawn by the MFDA in the Notice of Hearing and plead circumstances in mitigation of any penalty to be assessed.

**NOTICE** is further given that the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by the MFDA in the Notice of Hearing that are not specifically denied in the **Reply**.

**NOTICE** is further given that if the Respondent fails:

- a) to **serve and file a Reply**; or
- b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a **Reply** may have been served,

the Hearing Panel may proceed with the hearing of the matter on the date and the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without any further notice to and in the absence of the Respondent, and the Hearing Panel may accept the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing as having been proven and may impose any of the penalties described in the By-laws.

**END.**

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