CIRO · OCRI
Canadian Investment Regulatory Organization
Organisme canadien de réglementation des investissements

Order

File No. 202246

IN THE MATTER OF

THE MUTUAL FUND DEALER RULES

and

George Yamamoto

ORDER

WHEREAS on October 7, 2022, the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Hearing pursuant to sections 20 and 24 of MFDA By-law No. 1 [now Mutual Fund Dealer Rules 7.3 and 7.4] in respect of a disciplinary proceeding commenced against George Yamamoto (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA dated December 7, 2022 (the "Initial Settlement Agreement");

AND WHEREAS on December 15, 2022, a settlement hearing commenced electronically by videoconference before a hearing panel of the Central Regional Council of the MFDA (the "Initial Hearing Panel") to consider whether the Initial Settlement Agreement should be accepted;

AND WHEREAS following submissions from the parties, the Initial Hearing Panel adjourned the settlement hearing;

AND WHEREAS on January 1, 2023, the MFDA and the Investment Industry Regulatory Organization of Canada ("IIROC") consolidated to form the New Self-Regulatory Organization of Canada, now called the Canadian Investment Regulatory Organization ("CIRO");

AND WHEREAS on March 3, 2023, the settlement hearing that was adjourned on December 15, 2022 resumed electronically by videoconference;

AND WHEREAS following submissions from the parties, the Initial Hearing Panel rejected the Initial Settlement Agreement and subsequently issued reasons for decision to the parties that were marked confidential and were not to be released to the public or disclosed to any subsequent hearing panel assigned to the adjudication of this matter;

AND WHEREAS the Respondent and Staff of CIRO entered into a new settlement agreement dated August 24, 2023 (the "Settlement Agreement"), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to sections 20 and 24.1 of MFDA By-law No. 1 [now Mutual Fund Dealer Rules 7.3 and 7.4.1];

AND WHEREAS on September 26, 2023, CIRO provided notice to the public of a Settlement Hearing in respect of the Respondent and announced that the Settlement Hearing would take place electronically by videoconference on October 25, 2023 before a Hearing Panel of the Ontario District Hearing Committee of CIRO (the "Hearing Panel");

AND WHEREAS on October 25, 2023, the Settlement Hearing took place electronically by videoconference and among other things, the parties jointly submitted that the Settlement Agreement addressed the concerns expressed by the Initial Hearing Panel that resulted in the rejection of the Initial Settlement Agreement;

AND WHEREAS based upon the admissions of the Respondent in the Settlement Agreement, the Hearing Panel is of the opinion that:

a) between 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, which 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, contrary to the

Member'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) [now Mutual Fund Dealer Rules 2.1.4, 2.1.1, 1.1.2 and 2.5.1];

b) between July 29, 2020 and August 6, 2020, the Respondent solicited monies from clients A and B, which 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, contrary to the Member'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) [now Mutual Fund Dealer Rules 2.1.4, 2.1.1, 1.1.2 and 2.5.1]; and

c) 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 failing to maintain the clients' information in confidence, contrary to the Member's policies and procedures and MFDA Rules 2.1.3, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) [now Mutual Fund Dealer Rules 2.1.3, 2.1.1, 1.1.2 and 2.5.1].

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent is permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO that is registered as a mutual fund dealer commencing on the date of this Order pursuant to s. 24.1.1(e) of MFDA By-law No. 1 [now Mutual Fund Dealer Rule 7.4.1.1(e)];

2. The Respondent shall pay a fine in the amount of $100,000 in certified funds on the date of this Order, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 [now Mutual Fund Dealer Rule 7.4.1.1(b)];

3. The Respondent shall pay costs in the amount of $5,000 in certified funds on the date of this Order, pursuant to s. 24.2 of MFDA By-law No. 1 [now Mutual Fund Dealer Rule 7.4.2]; and

4. If at any time a non-party to this proceeding, with the exception of the bodies set out in Mutual Fund Dealer Rule 6.3 [formerly section 23 of MFDA By-law No. 1], requests production of or access to exhibits in this proceeding that contain personal information as defined by CIRO's Privacy Policy, then the Corporate Secretary's Office, Mutual Fund Dealer Division of CIRO shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all personal information, pursuant to Rules 1.8(2) and (5) of the Mutual Fund Dealer Rules of Procedure.

DATED this 25th day of October, 2023.

"Susan Lang"
Susan Lang,
Chair

"Linda Anderson"
Linda Anderson,
Industry Representative

"Robert C. White"
Robert C. White,
Industry Representative

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