Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA

Re: Barry James Raymer

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Settlement Hearing dated July 17, 2009, the Mutual Fund Dealers Association of Canada (the "MFDA") announced that it proposed to hold a hearing to consider whether, pursuant to section 24.4 of By-law No. 1, a hearing panel of the Central Regional Council (the "Hearing Panel") of the MFDA should accept the settlement agreement (the "Settlement Agreement") entered into between Staff of the MFDA ("Staff") and Barry James Raymer (the "Respondent").

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff conducted an investigation of the Respondent's activities. The investigation disclosed that the Respondent had engaged in activity for which the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to s. 24.1 of By-law No.1.

3. Staff and the Respondent recommend settlement of the matters disclosed by the investigation in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule "A".

4. Staff and the Respondent agree that the terms of this Settlement Agreement, including the attached Schedule "A", will be released to the public only if and when the Settlement Agreement is accepted by the Hearing Panel.

III. ACKNOWLEDGEMENT

5. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the MFDA (subject to paragraph 44) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is approved by the MFDA.

IV. AGREED FACTS

Registration History

6. From June 1992 to May 31, 2001, the Respondent was registered in Ontario as a mutual fund salesperson with AFP Wealth Management Inc. ("AFP"). AFP amalgamated with IPC Investment Corporation ("IPC") on June 1, 2001 and the combined entity was thereafter known as IPC. The Respondent has been registered in Ontario with IPC as a mutual fund salesperson since June 1, 2001 and as a branch manager since December 9, 2003.

7. The Respondent has never previously been the subject of a disciplinary proceeding by the MFDA. There were no client complaints to the MFDA about the Respondent prior to the client complaints that were made in respect of this matter.

8. IPC has been a Member of the MFDA since March 8, 2002.

Jewal and PPS

9. Jewal International Incorporated ("Jewal") sold, serviced and rented home healthcare products for the elderly and disabled.

10. Permanent Power Solutions ("PPS") sold and installed wind power generators and solar power systems.

11. CP was the President and a shareholder of Jewal and PPS. CP's son, DP, was the CEO of Jewal. CP was a client of IPC whose account was serviced by the Respondent.

12. In December 2003, CP began promoting Jewal to the Respondent and solicited the Respondent to purchase shares in the company.

13. In March 2004, CP met with the Respondent and the Respondent's spouse, ER. At the meeting, it was agreed that the Respondent's spouse would administer loans for Jewal and would be paid a fee equal to 3% of each loan amount for doing so. Later on, the same arrangement was put in place for loans for PPS. The Respondent did not disclose the arrangements to IPC on either occasion.

14. Lenders for Jewal and PPS were provided with a promissory note due in one year at a rate of 12%. The Respondent's spouse's job involved coordinating the execution of the promissory notes, delivering the lenders' cheques and a copy of the promissory notes signed by the lenders to DP, and delivering the promissory notes that were usually signed by CP or DP and the post-dated interest cheques issued by Jewal and PPS to the lenders.

15. For the purposes of this proceeding, the parties agree that the promissory notes issued by Jewal and PPS constituted a security within the meaning in the *Securities Act* (Ontario). The Respondent's spouse was not registered to advise or trade in securities in Ontario or in any other jurisdiction.

16. In April 2004, the Respondent became a shareholder of Jewal (as opposed to a noteholder).

17. Shortly thereafter, the Respondent met with CP and a group of other prospective lenders who CP referred to as his "network". In the presence of the Respondent, CP promoted Jewal and told everyone that there was a very good chance that Jewal would be sold in the very near future for a considerable profit. During the meeting, CP also said that Jewal intended to issue promissory notes and would use the money it borrowed to deal with a cash flow problem that resulted from the fact that customers only paid 25% of the purchase price up front and the government, through the Assistive Devices Program, paid the other 75% of the purchase price approximately four to six months later.

18. CP held upwards of twenty meetings with his "network" and with other people. He provided verbal reports to those in attendance, which included the Respondent and tried to solicit share purchases and loans from them.

19. In late 2004 or early 2005, CP asked the Respondent to become an "advisor" to Jewal. The Respondent agreed to do so.

20. In February 2005, the Respondent became a shareholder of PPS.

21. In July 2006, the Respondent learned from Jewal's accountants that Jewal's profit in 2005 had been $40,000, and not $400,000 as had been represented by Jewal on its financial statements.

22. On August 31, 2006 and September 14, 2006, the Chairperson of the Board of Directors of Jewal met with the Oxford Community Police about possible fraudulent activity involving Jewal. The Oxford Community Police turned the investigation over to the Ontario Provincial Police. The Ontario Provincial Police investigated Jewal, PPS and CP and charges were ultimately laid against CP.

23. On September 11, 2006, IPC was contacted by MI. MI's grandparents were clients of IPC. The Respondent was responsible for servicing their account. MI's grandparents had invested $25,000 in Jewal after speaking with the Respondent. MI expressed concerns to IPC about the legitimacy of the investment.

24. On or about September 12, 2006, IPC contacted the Respondent about his involvement with Jewal. The Respondent disclosed to IPC his involvement in Jewal and that his spouse had administered loans on behalf of Jewal. IPC placed the Respondent under additional supervision.

25. On September 26, 2006, the Respondent further disclosed to IPC that his spouse had also administered loans on behalf of PPS.

26. The Respondent organized a meeting for shareholders and noteholders of Jewal which was held on May 3, 2007. He arranged for a local lawyer to attend the meeting to discuss the possibility of suing CP.

27. The Respondent states that he has personally lost over $50,000.00 as a result of his own investment in Jewal and PPS.

Dealings with Clients

28. On October 5, 2004, the Respondent told clients HW and LW about Jewal. That same day, HW and LW loaned $25,000 to Jewal and a promissory note repayable in 12 months that paid interest at a rate of 12% per annum was delivered by the Respondent's spouse to HW and LW. On October 5, 2005, after speaking with the Respondent, HW and LW renewed the promissory note for an additional 12 months on the same terms.

29. In early February 2006, the Respondent told clients GF and KF about Jewal. On February 14, 2006, GF and KF loaned $34,000 to Jewal and a promissory note repayable in 12 months that paid annual interest at 12% was delivered by the Respondent's spouse to GF and KF.

30. Between October 5, 2004 and February 14, 2006, seven IPC clients loaned money to Jewal or PPS after being told about the companies by the Respondent. One of these seven IPC clients was VR, the Respondent's own mother. Each of them was directed by the Respondent to the Respondent's spouse, who administered the paperwork for the loans:

			Amount	
	Name of Client	**IPC Client**	**Jewal**	**PPS**
1	SD & AD	Yes	$25,000	
2	KF & GF	Yes	$34,000	
3	RH	Yes		$25,000

4	BM & PM	Yes	$10,000	
5	VR	Yes	$50,000	$25,000
6	HS & GS	Yes		$25,000
7	HW & LW	Yes	$25,000	
	Total		$144,000	$75,000

31. The Jewal and PPS promissory notes were not investments known to or approved for sale by IPC. The Respondent did not seek or obtain approval from IPC to recommend or facilitate loans to Jewal or PPS.

32. The "Know-Your-Client" ("KYC") forms at IPC for RH, BM & PM, and HW & LW indicated that their risk tolerance was low. The KYC forms for SD & AD, KF & GF, and HS & GS indicated that their risk tolerance was medium. The Jewal and PPS promissory notes were high risk investments.

33. The Respondent was a shareholder of both Jewal and PPS and states that he disclosed such to any clients with whom he discussed Jewal or PPS.

34. Between October 5, 2004 and September 12, 2006, the Respondent did not disclose to IPC that:

(a) he was telling clients about Jewal and PPS, and directing them to contact his spouse to inquire further should they wish to lend money to Jewal or PPS; and

(b) his spouse was being paid a commission in respect of any such loan.

35. In total, between October 5, 2004 and February 14, 2006, 26 individuals, including the seven IPC clients referred to in paragraph 30 above, loaned $1,528,000 to Jewal and PPS and the Respondent's spouse received $45,840 for administering the loans, $6,570 of which related to the seven IPC clients.

36. To date, no clients who invested in or loaned money to Jewal and PPS have received any payments on account of principal or interest or have been compensated for their losses.

V. CONTRAVENTIONS

37. The Respondent admits that between October 5, 2004 and February 14, 2006, the Respondent engaged in securities related business that was not carried on for the account of the Member and through the facilities of the Member by recommending and facilitating investments by clients in Jewal and PPS, contrary to MFDA Rules 1.1.1 and 2.1.1.

VI. TERMS OF SETTLEMENT

38. The Respondent agrees to the following terms of settlement:

(a) the Respondent shall pay a fine in the amount of $5,000.00, pursuant to section 24.1.1(b) of By-law No. 1;

(b) the Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ of, or in association with, any MFDA Member, pursuant to section 24.1.1(e) of By-law No. 1;

(c) the Respondent shall not pay any costs of the MFDA's investigation or of this proceeding.

VII. STAFF COMMITMENT

39. If this Settlement Agreement is accepted by the Hearing Panel, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of any conduct or alleged conduct of the Respondent in relation to the facts set out in Part IV of this Settlement Agreement, subject to the provisions of paragraph 44 below.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

40. Acceptance of this Settlement Agreement shall be sought at a hearing of the Central Regional Council of the MFDA on a date agreed to by counsel for Staff and the Respondent.

41. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the settlement hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive his rights to a full

hearing, a review hearing before the Board of Directors of the MFDA or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction.

42. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, then the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.1 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of By-law No. 1.

43. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against him.

44. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under the By-laws of the MFDA against the Respondent based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement.

45. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule "A" is not made by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to sections 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

46. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

IX. DISCLOSURE OF AGREEMENT

47. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law.

48. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel.

X. EXECUTION OF SETTLEMENT AGREEMENT

49. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

50. A facsimile copy of any signature shall be effective as an original signature.

Dated: July 17, 2009

"Paul J. Raymer"
Witness- Signature

"Barry James Raymer"
Barry James Raymer

"Paul J. Raymer"
Witness- Print name

"per Shaun Devlin,Vice-President Enforcement"
Staff of the MFDA
Per: Mark T. Gordon
Executive Vice-President

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IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
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Re: Barry James Raymer

ORDER

WHEREAS on July 17, 2009, the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of Barry James Raymer (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated July 17, 2009 (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 By-law No. 1;

AND WHEREAS the Hearing Panel is of the opinion that between October 5, 2004 and February 14, 2006, the Respondent engaged in securities related business that was not carried on for the account of the Member and through the facilities of the Member by recommending and facilitating investments by clients in Jewal and PPS, contrary to MFDA Rules 1.1.1 and 2.1.1.

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

1. If at any time a non-party to this proceeding requests production of or access to exhibits in this proceeding that contain intimate financial or personal information, then the MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all intimate financial or personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*;

2. The Respondent shall pay a fine in the amount of $5,000.00, pursuant to section 24.1.1(b) of By-law No. 1;

3. The Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ of, or in association with, any MFDA Member, pursuant to section 24.1.1(e) of By-law No. 1;

4. The Respondent shall not pay any costs of the MFDA's investigation or of this proceeding.

DATED this [day] day of July, 2009.

Per: _____

The Hon. Fred Kaufman, C.M., Q.C., Chair

Per: _____

Petra Sandori, Industry Representative

Per: _____

Robert White, Industry Representative