



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: Donato Gragasin

ORDER

WHEREAS on July 19, 2013, 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 Donato Gragasin (the “Respondent”);

AND WHEREAS the first appearance in this hearing was held before a panel of the Prairie Regional Council of the MFDA (the “Hearing Panel”) on January 21, 2014;

AND WHEREAS on April 22, 2014, the hearing on the merits of this matter was held before the Hearing Panel and proceeded by way of an Agreed Statement of Facts (“ASF”) in which the Respondent admitted that he engaged in misconduct, as set out in the ASF;

AND WHEREAS the Respondent did not oppose the penalties sought by MFDA Staff;

AND WHEREAS the Hearing Panel considered the evidence filed and the submissions of MFDA Staff and the Respondent’s counsel; and

AND WHEREAS the Hearing Panel is of the opinion that:

1. Between October 2006 and July 2008, the Respondent prepared and submitted new account application forms and investment loan applications for 10 clients which the Respondent knew or ought to have known contained false, misleading or incorrect information, thereby failing to observe the high standards of ethics and conduct in the transaction of business and engaging in conduct unbecoming an Approved Person, contrary to MFDA Rule 2.1.1;

2. Between October 2006 and July 2008, the Respondent misrepresented, failed to fully and adequately explain, or omitted to explain, the risks, benefits, material assumptions, features and costs of a leveraged investment strategy that he recommended to 10 clients, thereby failing to ensure that the leveraged investment recommendations were suitable for the clients and in keeping with the clients' investment objectives, contrary to MFDA Rules 2.2.1 and 2.1.1; and

3. Between October 2006 and July 2008, the Respondent failed to ensure that the leveraged investment recommendations he made to 10 clients were suitable for the clients and in keeping with the clients' investment objectives, having regard to:

- (a) the clients' relevant "Know Your Client" information and financial circumstances, including but not limited to the clients' ability to afford the costs associated with the investment loans and withstand investment losses; and
- (b) the Member's requirements regarding the use of leveraging, as set out in the Member's policies and procedures

contrary to MFDA Rules 2.2.1 and 2.1.1.

IT IS HEREBY ORDERED THAT:

1. If at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, then the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents 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 be prohibited from acting as a mutual fund salesperson for a period of 3 years, pursuant to section 24.1(e) of By-law No. 1;

3. The Respondent shall pay a fine in the amount of \$30,000, pursuant to section 24.1(b) of By-law No. 1;

4. The Respondent shall pay the costs of this proceeding in the amount of \$5,000, pursuant to section 24.2 of By-law No. 1.

DATED this 22nd day of April, 2014.

“Robert Hucal”

Robert Hucal,
Chair

“Patricia Kloepfer”

Patricia Kloepfer,
Industry Representative

“Greg Wiebe”

Greg Wiebe,
Industry Representative

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