



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: Rodney M. Warren

ORDER

(ARISING FROM HEARING ON THE MERITS ON MAY 5, 2016)

WHEREAS on October 15, 2015, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to section 24.4 of By-law No. 1 in respect of Rodney M. Warren (the “Respondent”);

AND WHEREAS the first appearance in this proceeding took place by teleconference before the Chair of a hearing panel of the Pacific Regional Council of the MFDA (the “Hearing Panel”) on December 1, 2015 at 10:00 a.m. (Pacific), in accordance with s. 19.13(b) of MFDA By-law No. 1;

AND WHEREAS the misconduct and penalty phases of the hearing on the merits were conducted in Vancouver, British Columbia from May 3rd to 5th, 2016, during which time the Hearing Panel heard the evidence and submissions of Staff of the MFDA (“Staff”) and the Respondent and his counsel;

AND WHEREAS in the opinion of the Hearing Panel:

- (a) between August 2006 and January 2013, the Respondent failed to ensure that his leveraged investment recommendations were suitable for clients DZ and EZ and clients HN and MN having regard to the clients' "Know-Your Client" information and financial circumstances, including but not limited to, the clients' age, employment status, ability to afford the costs associated with the investment loans, and ability to withstand investment losses, contrary to MFDA Rules 2.2.1 and 2.1.1; and
- (b) between May 22, 2012 and September 17, 2012, the Respondent failed to report a complaint to the Member and attempted to negotiate a settlement with two clients without the Member's knowledge or approval, which prevented the Member from complying with its complaint handling obligations and conducting a reasonable supervisory investigation, contrary to MFDA Policy No. 6, subsection 4.1(a), MFDA Policy No. 3, and MFDA Rules 2.1.1, 1.1.2 and 2.5.1.

IT IS HEREBY ORDERED THAT:

1. the Respondent shall pay a fine in the amount of \$100,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1;
2. the Respondent shall pay costs to the MFDA attributable to the investigation and prosecution of this matter in the amount of \$10,000, pursuant to s. 24.2 of MFDA By-law No. 1;
3. the Respondent's authority to conduct securities related business in any capacity while in the employ of or associated with any Member of the MFDA is suspended for 90 days commencing on May 9, 2016, pursuant to s. 24.1.1(c) of MFDA By-law No. 1;
4. following the 90 day suspension, in the event the Respondent seeks to become re-registered to conduct securities related business while in the employ of or associated with a Member of the MFDA, the Respondent shall:

- (a) be subject to strict supervision by the Member with which he becomes re-registered for a period of twelve (12) months from the date that he becomes re-registered;
- (b) be subject to close supervision by the Member with which he becomes re-registered for a period of twelve (12) months following the strict supervision period; and
- (c) be permanently prohibited from making any investment recommendations to clients involving leveraging (the use of borrowed monies to purchase investments).

5. 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 any exhibits or 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 contained in the requested documents, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this 5th day of May, 2016.

“Stephen D. Gill”

Stephen D. Gill
Chair

“Holly A. Millar”

Holly A. Millar
Industry Representative

“Brian Cheung”

Brian Cheung
Industry Representative