



NEWS RELEASE

For immediate release

For further information, please contact:

Shaun Devlin
Vice-President, Enforcement
416-943-4672 or sdevlin@mfd.ca

MFDA announces disciplinary proceeding in respect of Thomas Arseneau

January 26, 2011 (Toronto, Ontario) – The MFDA today announced that it has commenced disciplinary proceedings in respect of Thomas G. Arseneau (the “Respondent”). MFDA staff alleges in its Notice of Hearing that the Respondent engaged in the following conduct contrary to the By-laws, Rules or Policies of the MFDA:

Allegation #1: In about May 2007, the Respondent failed to observe high standards of ethics and conduct in the transaction of business and be of such character and business repute as is consistent with the standards prescribed by MFDA Rule 2.1.1 when he falsely reported on a loan application, which he submitted to a lender, that client KA owned a cottage property which she did not in fact own in order to increase the likelihood that the lender would provide an investment loan to client KA.

Allegation #2: Between 2004 and 2007, the Respondent misrepresented, or failed to fully and adequately explain, the risks and benefits of leveraged investment recommendations that he made to at least 20 clients, thereby failing to ensure that the leveraged investment recommendations were suitable and appropriate for clients and in keeping with their investment objectives, contrary to MFDA Rules 2.2.1 and 2.1.1.

Allegation #3: Between 2004 and 2007, the Respondent failed to ensure that his leveraged investment recommendations were suitable and appropriate for the clients and in keeping with their investment objectives, contrary to MFDA Rules 2.2.1 and 2.1.1, when he made leveraged investment recommendations to:

- a) at least 14 clients which were not suitable and appropriate having regard to the relevant “Know Your Client” factors including, but not limited to, the clients’ ability to afford the costs associated with the investment loans; and
- b) at least 12 clients which were not suitable and appropriate having regard to the requirements regarding the use of leveraging set out in Investia’s policies and procedures.

Allegation #4: Between 2004 and 2007, the Respondent relied upon the lender's decision to approve the investment loans for 155 clients as the determination that the leveraging recommendations were suitable for those clients, without performing his own assessment of the suitability of the leveraging recommendations that he made to the clients, contrary to MFDA Rules 2.2.1, 2.5.1 and 2.1.1.

The first appearance in this matter will take place by teleconference before a Hearing Panel of the MFDA's Atlantic Regional Council on February 17, 2012 at 10:00 a.m. (Atlantic) in order to schedule a date for the commencement of the hearing on the merits and to address any other procedural matters. The first appearance will be open to the public, except as may be required for the protection of confidential matters.

A copy of the [Notice of Hearing](#) is available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 125 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

-30-