



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: Bruce Patrick Schriver

NOTICE OF HEARING

NOTICE is hereby given that a first appearance will take place by teleconference before a hearing panel (the “Hearing Panel”) of the Atlantic Regional Council of the Mutual Fund Dealers Association of Canada (the “MFDA”) on Tuesday, June 2, 2009 at 3:00 p.m. (Atlantic), or as soon thereafter as the hearing can be held, concerning a disciplinary proceeding commenced by the MFDA against Bruce Patrick Schriver (the “Respondent”). Members of the public who want to listen to the teleconference should contact Yvette MacDougall, MFDA Hearings Coordinator, at 416-943-4606 or by email at ymacdougall@mfd.ca to obtain particulars. The Hearing on the Merits will take place in Halifax, Nova Scotia at a time and venue to be announced.

DATED at Toronto, Ontario this 12th day of March, 2009.

“Jason D. Bennett”
Jason D. Bennett
Corporate Secretary

Mutual Fund Dealers Association of Canada
121 King St. West
Suite 1000
Toronto, Ontario
M5H 3T9
Tel.: 416-943-7431
Fax: 416-361-9781
Email: corporatesecretary@mfd.ca

NOTICE is further given that the MFDA alleges the following violations of the By-laws, Rules or Policies of the MFDA:

Allegation #1: Between November 2003 and August 2004, the Respondent borrowed a total of \$40,000 from two clients, thereby:

- (a) placing his personal interests above those of the clients and giving rise to a conflict of interest that he failed to address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rule 2.1.4; and
- (b) failing to deal fairly, honestly and in good faith with the clients and engaging in business conduct that was unbecoming and detrimental to the public interest, contrary to MFDA Rule 2.1.1.

PARTICULARS

NOTICE is further given that the following is a summary of the facts alleged and intended to be relied upon by the MFDA at the hearing:

Registration History

1. Commencing June 18, 1999, the Respondent was registered in Nova Scotia as a mutual fund salesperson with Select Money Strategies Incorporated (“Select Strategies”).
2. Select Strategies became a Member of the MFDA on April 16, 2003.
3. On June 1, 2004, the Respondent was terminated by Select Strategies as a result of his involvement in the sale of securities issued by Portus Alternative Asset Management Inc., formerly known as Paradigm Alternative Asset Management Inc. (“Portus”), outside the accounts and facilities of Select Strategies.
4. On August 14, 2006, the Nova Scotia Securities Commission (“NSSC”) made an Order approving a settlement agreement between the Respondent and NSSC Staff, dated

June 29, 2006, concerning the Respondent's involvement in the sale of the Portus securities. As a term of the settlement, the Respondent's registration was suspended retroactively from June 1, 2004 to June 1, 2006 and the Respondent was ordered to pay an administrative penalty of \$12,500 within 60 days of the Order. The Respondent has failed to pay the administrative penalty.

5. The Respondent is currently not registered in the securities industry in any capacity.

Misconduct

6. On November 27, 2003, the Respondent borrowed \$20,000 from clients LD and JD, who are spouses of one another. In exchange, the Respondent provided LD and JD with a promissory note, dated November 27, 2003, pursuant to which he promised to repay LD and JD the sum of \$21,000 by January 15, 2004. The Respondent did not repay the monies by the agreed upon date.

7. On February 9, 2004, \$21,000 was deposited into the clients' bank account. The source of these funds was a cheque in the amount of \$20,000 that the Respondent provided to the clients, which they deposited in their bank account, and a further \$1,000 deposited in their bank account on the same day from a redemption processed in the clients' mutual fund account.

8. On April 6, 2004, the Respondent borrowed an additional \$20,000 from LD and JD but did not provide them with a promissory note or otherwise document the loan with them.

9. Later in April 2004, the Respondent provided LD with a cheque in the amount of \$21,000. LD deposited the cheque into his and JD's bank account but it did not clear because there were insufficient funds in the Respondent's bank account.

10. On June 1, 2004, Select Strategies terminated the Respondent as a result of his

sale of Portus securities as described in paragraph 3 above.

11. On June 4, 2004, June 5, 2004 and July 29, 2004, the Respondent repaid LD and JD the sums of \$5,000, \$5,000 and \$10,000, respectively.¹

12. In summary, the Respondent borrowed \$20,000 from LD and JD on two occasions. The Respondent repaid the entire principal amount he borrowed, \$40,000, but did not pay JD and LD the additional \$1,000 he had promised to pay them on the first occasion, or any amount in respect of the second occasion.

13. The Respondent did not disclose to Select Strategies that he was engaging in personal financial dealings with clients before, during or after the transactions described above.

14. By engaging in the conduct described above, the Respondent:

- (a) placed his personal interests above those of the clients, giving rise to a conflict of interest that he failed to address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rule 2.1.4; and
- (b) failed to deal fairly, honestly and in good faith with the clients and engaged in business conduct that was unbecoming and detrimental to the public interest, contrary to MFDA Rule 2.1.1.

NOTICE is further given that the Respondent shall be entitled to appear and be heard and be represented by counsel or agent at the hearing and to make submissions, present evidence and call, examine and cross-examine witnesses.

NOTICE is further given that MFDA By-laws provide that if, in the opinion of the Hearing Panel, the Respondent:

¹ The Respondent made all three payments following his termination by Select Strategies on June 1, 2004.

- has failed to carry out any agreement with the MFDA;
- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Member or of any regulation or policy made pursuant thereto;
- has failed to comply with the provisions of any By-law, Rule or Policy of the MFDA;
- has engaged in any business conduct or practice which such Regional Council in its discretion considers unbecoming or not in the public interest; or
- is otherwise not qualified whether by integrity, solvency, training or experience,

the Hearing Panel has the power to impose any one or more of the following penalties:

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
 - (i) \$5,000,000.00 per offence; and
 - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- (c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- (d) revocation of the authority of such person to conduct securities related business;
- (e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time;

(f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel;

NOTICE is further given that the Hearing Panel may, in its discretion, require that the Respondent pay the whole or any portion of the costs of the proceedings before the Hearing Panel and any investigation relating thereto.

NOTICE is further given that the Respondent must **serve a Reply** on Enforcement Counsel and **file a Reply** with the Corporate Secretary within twenty (20) days from the date of service of this Notice of Hearing.

A **Reply** shall be **served** upon Enforcement Counsel at:

Mutual Fund Dealers Association of Canada
121 King Street West
Suite 1000
Toronto, ON M5H 3T9
Attention: H.C. Clement Wai
Fax: 416-361-9073
Email: cwai@mfd.ca

A **Reply** shall be **filed** by:

(a) providing 4 copies of the **Reply** to the Corporate Secretary by personal delivery, mail or courier to:

The Mutual Fund Dealers Association of Canada
121 King Street West
Suite 1000
Toronto, ON M5H 3T9
Attention: Office of the Corporate Secretary ; or

(b) transmitting 1 copy of the **Reply** to the Corporate Secretary by fax to fax number 416-361-9781, provided that the Reply does not exceed 16 pages, inclusive of the covering page, unless the Corporate Secretary permits otherwise; or

(c) transmitting 1 electronic copy of the **Reply** to the Corporate Secretary by e-mail at CorporateSecretary@mfd.ca.

A **Reply** may either:

- (i) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing; or
- (ii) admit the facts alleged and conclusions drawn by the MFDA in the Notice of Hearing and plead circumstances in mitigation of any penalty to be assessed.

NOTICE is further given that the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by the MFDA in the Notice of Hearing that are not specifically denied in the **Reply**.

NOTICE is further given that if the Respondent fails:

- (a) to **serve** and **file** a **Reply**; or
- (b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a **Reply** may have been served,

the Hearing Panel may proceed with the hearing of the matter on the date and the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without any further notice to and in the absence of the Respondent, and the Hearing Panel may accept the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing as having been proven and may impose any of the penalties described in the By-Laws.

End.