



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: Christopher Raymond Phillips

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 November 19, 2014 at 10:00 a.m. (Atlantic) concerning a disciplinary proceeding commenced by the MFDA against Christopher Raymond Phillips (the “Respondent”). Members of the public who would like to listen to the teleconference should contact the Manager, Hearings Administration at 416-945-5146 or mwynnyckyj@mfd.ca to obtain particulars. The Hearing on the Merits will take place in Fredericton, New Brunswick at a time and venue to be announced.

DATED this 6th day of October, 2014.

“Paige Ward”

Paige Ward
Corporate Secretary

Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, Ontario, M5H 3T9
Telephone: 416-943-5838
Facsimile: 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: Commencing in August 2013, the Respondent has failed or refused to attend for an interview requested by MFDA Staff for the purpose of investigating the Respondent's conduct, contrary to s. 22.1 of MFDA By-law No. 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. The Respondent was registered as a mutual fund salesperson in New Brunswick with Investia Financial Services Inc. ("Investia") between September 12, 2011 and October 20, 2011, at which time he voluntarily resigned.
2. Prior to Investia, the Respondent was registered as a mutual fund salesperson with Manulife Securities Investment Inc. ("Manulife") from July 2008 to July 2011, and with Berkshire Investment Group Inc. ("Berkshire") from September 2005 to July 2008.¹
3. The Respondent is currently not registered in the securities industry in any capacity.
4. At all material times, the Respondent conducted business in the Nackawic, New Brunswick area.

¹ On July 2, 2008, Berkshire and Manulife amalgamated, and continued under the name Manulife.

Allegation #1 – Failure to Cooperate

Background

5. The matter came to the attention of MFDA Staff in October 2011 upon receipt of a Member Event Tracking System (METS) filing by Manulife, and information provided by the New Brunswick Securities Commission (“NBSC”), indicating that the NBSC was reviewing a complaint against the Respondent alleging that he conducted personal financial dealings with a client.

6. In addition, the NBSC was investigating the Respondent’s life partner, WP, who was not registered in the securities industry. The investigation pertained to complaints received of possible violations of the New Brunswick Securities Act.

7. A proceeding before the NBSC was commenced against WP, and on July 5, 2013, a Hearing Panel of the NBSC found that WP solicited and obtained a total of \$858,782.82 from 11 investors based on promises to invest the funds on their behalf and high returns. Each investor provided WP, or a corporation controlled by him, with monies to invest in exchange for a promissory note in respect to the investment. WP never invested any of the investors’ monies. WP eventually was charged and pleaded guilty to nine counts of securities fraud, and was sentenced by the New Brunswick Provincial Court to three-years on each count to be served concurrently.

8. During the course of the NBSC investigation, it issued a cease-trade order, which prohibited WP, the Respondent, and various corporations, from soliciting money from anyone for any investment related activity. The corporations listed in the cease trade order included two companies for which the Respondent was listed as a director and officer: 613247 N.B. Ltd. (the “Numbered Company”) and Centum Home Mortgage Corp. (“Centum”).

9. The NBSC subsequently issued a Notice of Discontinuance against the Respondent, 613247 N.B. Ltd, Centum, and other companies.

Centum and the Numbered Company

10. Centum was incorporated in New Brunswick on January 24, 2004 and was dissolved on October 25, 2012.

11. The Numbered Company was incorporated in New Brunswick on June 25, 2004 and was dissolved on March 31, 2009.

12. As part of its investigation, MFDA Staff obtained various documents from the NBSC, including loan documents that show that individuals, one of whom was a client of Manulife whose accounts were serviced by the Respondent, purported to enter into loans with the Numbered Company, as follows:

Investor	Client of Manulife	Date of transaction	Amount
WS and AS	N	June 26, 2008	\$151,869.13
SF	Y	November 19, 2009	\$70,000
SF	Y	September 23, 2008	\$75,000

13. In addition, documents provided by the NBSC show that the Respondent appears as a guarantor on a loan agreement entered into personally by WP with SM and HM, who were non clients, as follows:

Investor	Client of Manulife	Date of transaction	Amount
SM and HM	N	May 4, 2010	\$50,000

14. MFDA Staff has been unable to confirm the full details of the Respondent's involvement in Centum, or the Numbered Company due to the Respondent's failure to cooperate with MFDA Staff's investigation, as described below. Further particulars will be provided if or when the Respondent cooperates with MFDA Staff's investigation.

Failure to attend for an interview requested by Staff

15. As is set out in the chart below, the Respondent has failed to fully cooperate with Staff's investigation into the matters alleged herein, notwithstanding that Staff has requested that the Respondent attend for an interview with Staff:

Date	Content of letter	Method of delivery	Outcome
August 16, 2012	Request for written response to address questions as part of Staff's investigation	Regular and registered mail	Response provided by the Respondent on August 30, 2012
February 11, 2013	Interview request letter	Regular and registered mail	Letters returned to the MFDA indicating the Respondent had moved
March 11, 2013,	Interview request letter requesting that the Respondent attend an interview scheduled on May 8, 2013	Regular and registered mail	Letters returned to the MFDA indicating the Respondent had moved
March 26, 2013	Request that the Respondent attend an interview on May 8, 2013	Attempted personal service	Unsuccessful. Process server indicated that the Respondent had moved
August 23, 2013,	Request that the Respondent contact staff by September 9, 2013 to schedule an interview	Successful personal service on WP at new residential address for the Respondent obtained by Staff	No response
September 11, 2013	Interview request letter	Successful personal service and registered and regular mail	On Sept 17, 2013, the Respondent wrote Staff and declined Staff's request for an interview

16. To date, the Respondent has not attended for an interview despite Staff's requests.

17. Due to the Respondent's failure to cooperate with Staff's investigation, the full nature and extent of the Respondent's conduct in relation to his activities with the Numbered Company, and Centum, is not fully known by Staff.

18. Commencing in August 2013, by failing to attend for an interview requested by Staff as part of its investigation into the Respondent's conduct, the Respondent has failed to cooperate with an MFDA investigation, contrary to section 22 of MFDA By-law No. 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:

- 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 Office of 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, Ontario
M5H 3T9
Attention: David Halasz
Fax: 416-361-9073
Email: dhalasz@mfd.ca

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

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

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

- (b) transmitting 1 copy of the **Reply** to the Office of 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 Office of the Corporate Secretary permits otherwise; or
- (c) transmitting 1 electronic copy of the **Reply** to the Office of 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.

DM 396836 v3