



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: Jason Perry Boldt

NOTICE OF HEARING

NOTICE is hereby given that a first appearance will take place by teleconference before a hearing panel of the Prairie Regional Council (the “Hearing Panel”) of the Mutual Fund Dealers Association of Canada (the “MFDA”) in the hearing room at the MFDA offices, located at 800 - 6th Avenue S.W., Suite 850, Calgary, Alberta on October 3, 2016 at 10:00 a.m. (Mountain), or as soon thereafter as the appearance can be held, concerning a disciplinary proceeding commenced by the MFDA against Jason Perry Boldt (the “Respondent”). The Hearing on the Merits will take place in Edmonton, Alberta at a time and venue to be announced.

DATED this 28th day of July, 2016.

“Sarah Rickard”

Sarah Rickard
Director of Regional Councils

Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
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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 2011 and February 2013, the Respondent engaged in personal financial dealings with clients JH and HH and client SP when he arranged for the clients to loan at least \$600,000 to a non-arm's length corporation, thereby giving rise to a conflict or potential conflict of interest which the Respondent failed to address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rules 2.1.4, 1.1.2, 2.5.1, and 2.1.1.

Allegation #2: Between November 2011 and October 2014, the Respondent was a director, shareholder and/or principal of three corporations which was not disclosed to, and approved by, the Member, contrary to MFDA Rules 1.2.1(d) (formerly MFDA Rule 1.2.1(c)), 1.1.2, 2.5.1, and 2.1.1.

Allegation #3: Commencing in January 2015, the Respondent failed to cooperate with an investigation conducted by Staff of the MFDA, contrary to section 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 has been registered as a mutual fund salesperson (now known as a dealing representative) since September 2000.

2. From November 2006 to September 2011, the Respondent was registered in Alberta as a mutual fund salesperson with Professional Investment Services (Canada) (“PIS), a former Member of the MFDA. In September 2011, Global Maxfin Investments Inc. (“Global Maxfin”), a Member of the MFDA, acquired PIS and the Respondent continued to be registered in Alberta as a mutual fund salesperson with Global Maxfin until it terminated him on October 8, 2014.

3. At all material times, the Respondent conducted business at a branch located in Edmonton, Alberta.

4. The Respondent has not been registered in the securities industry in any capacity since October 8, 2014.

Background

5. At all material times, the Respondent was the sole known shareholder and director of a corporation incorporated in Alberta, 1601117 Alberta Ltd.

6. At all material times, 1601117 Alberta Ltd was the sole known shareholder of a corporation incorporated in Alberta, Spectra Investment Corporation (“Spectra”). The Respondent was also a director of Spectra.

7. At all material times, 1601117 Alberta Ltd was a shareholder of a corporation incorporated in Alberta, Innovate Building Inc. (“Innovate”). The Respondent was, or held himself out to be, a principal of Innovate.

Allegation #1: Personal Financial Dealings with Clients

Clients JH and HH

8. In 2010, JH and HH became clients of PIS. The Respondent was the mutual fund salesperson responsible for servicing their accounts at PIS and subsequently at Global Maxfin.

9. On or about February 15, 2013, based upon a recommendation made by the Respondent, clients JH and HH signed an agreement to loan \$300,000 to Spectra. The loan agreement included a term that clients JH and HH would be paid interest each quarter at a rate of 10% per annum.
10. On or about February 27, 2013, in furtherance of the loan agreement, clients JH and HH issued a cheque from their corporate account payable to Spectra in the amount of \$300,000.
11. The Respondent advised clients JH and HH that Spectra would invest the proceeds of the loan in construction-related activities.
12. The Respondent arranged for the proceeds of the loan from clients JH and HH to be re-loaned or otherwise transferred from Spectra to Innovate.
13. On or about February 15, 2014, clients JH and HH sent an email to the Respondent to request a repayment of the loan.
14. On or about February 18, 2014, the Respondent sent an email to clients JH and HH stating, among other things:

“I will begin the process of redeeming your funds immediately. As we discussed, it takes about 90 days to get the funds back. I will see if any of the other investors want to buy you out to speed things up.”
15. On or about June 18, 2014, clients JH and HH received \$50,000 from Spectra.
16. From April 2013 to July 2014, clients JH and HH received a total of \$40,000 in interest payments from Spectra in respect of the loan.
17. On or about August 14, 2014, the Respondent sent an email to clients JH and HH stating, among other things:

“I am very sorry that an investment meant to earn you interest has become so difficult. I regret this and regret losing our relationship because of it. I will ensure that the funds are sent to your broker once the investments pay out.”

18. Clients JH and HH did not receive any further payments in respect of their loan to Spectra.

19. On or about August 21, 2014, clients JH and HH submitted a complaint to Global Maxfin with regards to the events described above.

Client SP

20. In November 2010, SP became a client of PIS. The Respondent was the mutual fund salesperson responsible for servicing client SP's account at PIS and subsequently at Global Maxfin.

21. On or about November 1, 2011, client SP entered into an agreement to loan \$300,000 to Spectra. The loan agreement included a term that client SP would be paid interest each quarter at a rate of 10% per annum.

22. On or about November 2, 2011, in furtherance of the loan agreement, client SP issued a cheque from her account at Global Maxfin payable to Spectra in the amount of \$300,000.

23. On or about August 1, 2012, client SP transferred her mutual fund accounts out of Global Maxfin.

24. On or about September 2013, client SP entered into a second agreement to loan \$500,000 to Spectra. The second loan agreement included a term that client SP would be paid interest each quarter at rate of 10% per annum.

25. In furtherance of the loan agreement, client SP issued a cheque payable to Spectra in the amount of \$500,000.

26. Between November 2013 and September 2014, client SP received \$172,500 in interest payments from Spectra.

27. On December 23, 2014, client SP commenced a lawsuit against the Respondent, Spectra, Global Maxfin and others with regards to the Respondent's activities pertaining to the Spectra loans.

28. The Respondent did not disclose, and PIS and Global Maxfin were not otherwise aware of, his activities with respect to 1601117 Alberta Ltd., Spectra or Innovate. Global Maxfin first became aware of some of the Respondent's activities in August 2014 when it received the complaint by clients JH and HH as described in paragraph 17 above.

29. At all material times, Global Maxfin's policies and procedures prohibited the Respondent from borrowing monies from clients.

30. By virtue of the foregoing, the Respondent engaged in personal financial dealings with clients JH and HH and client SP when he arranged for the clients to loan at least \$600,000 to a non-arm's length corporation, thereby giving rise to a conflict or potential conflict of interest which the Respondent failed to address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rules 2.1.4, 1.1.2, 2.5.1, and 2.1.1.

Allegation #2: Dual Occupation/Outside Business Activity

31. At all material times, Global Maxfin's policies and procedures required its Approved Persons, including the Respondent, to disclose and obtain prior written approval from Global Maxfin in order to engage in any outside business activities.

32. The Respondent did not disclose to Global Maxfin that he was:

(a) a director of 1601117 Alberta Ltd.;

- (b) a director of Spectra;
- (c) arranging for clients or other individuals to loan monies to Spectra; and/or
- (d) a principal of Innovate.

33. The Respondent failed to obtain Global Maxfin's written approval prior to engaging in activities with respect to 1601117 Alberta Ltd., Spectra and Innovate, as required by Global Maxfin's policies and procedures.

34. By failing to disclose the Respondent's involvement with 1601117 Alberta Ltd., Spectra and Innovate, the Respondent interfered with Global Maxfin's ability to supervise his activities.

35. By virtue of the foregoing, the Respondent had and continued in other gainful occupation which was not disclosed to and approved by Global Maxfin, contrary to MFDA Rules 1.2.1(d) (formerly MFDA Rule 1.2.1(c)), 1.1.2, 2.5.1, and 2.1.1.

Allegation #3: Failure to Cooperate

36. On January 8, 2015, Staff of the MFDA ("Staff") sent a letter to the Respondent requesting his attendance at an interview for the purpose of providing a statement with respect to the events described above.

37. On January 23, 2015, the Respondent responded to Staff by email stating, "I have been unable to book a meeting until next week with my lawyer. Once I have had the meeting I will have my attorney contact you." Staff did not receive a response from the Respondent or counsel acting on his behalf.

38. On February 17, 2015, Staff sent an email to the Respondent requesting that the Respondent or his counsel contact Staff by February 20, 2015 to arrange an interview. No response was received from the Respondent or counsel acting on his behalf.

39. Staff sent further letters and emails to the Respondent on March 9, 2015 and March 30, 2015 requesting his attendance at an interview.

40. Between April 8, 2015 and May 19, 2015, the Respondent and Staff corresponded via email in regards to the Respondent's attendance at an interview. On May 19, 2015, the Respondent sent an email to Staff stating, among other things:

“...I would like to agree that I violated MFDA rules by having outside business activities. I did have ownership in Innovate while still holding a license. That being said, I don't think there is a need for a meeting. I no longer hold a license and am willing to accept whatever fine the MFDA sees fit to apply to me.”

41. Between May 19 and 26, 2015, Staff and the Respondent corresponded via email and telephone with respect to scheduling an interview. On May 26, 2015, Staff sent an email to the Respondent setting the date of the interview for July 16, 2015.

42. On July 16, 2015, the Respondent failed to attend the interview with Staff.

43. The Respondent has not contacted Staff since May 22, 2015.

44. By virtue of the foregoing, the Respondent failed to cooperate with an investigation conducted by Staff, contrary to section 22.1 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, ON M5H 3T9
Attention: H. C. Clement Wai
Fax: 416-361-9073
Email: cwai@mfd.ca

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

- (a) providing four (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, ON M5H 3T9
Attention: Office of the Corporate Secretary; or

- (b) transmitting one (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 one (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.

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