



**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: Scott C. Armstrong**  
(Rescinded and Replaced, [February 1, 2017](#))

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**ORDER**

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**WHEREAS** on January 19, 2011, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to section 20.1 of By-law No. 1 in respect of Scott C. Armstrong (the “Respondent”);

**AND WHEREAS** on February 14, 2011, the Respondent filed a Reply to the Notice of Hearing;

**AND WHEREAS** the hearing on the merits was conducted on July 6, 7 and 8, 2011 in Saint John, New Brunswick before a Hearing Panel of the Atlantic Regional Council of the MFDA (the “Hearing Panel”), after which the hearing on the merits was adjourned to, and scheduled to continue from, August 22 to 26, 2011;

**AND WHEREAS** on August 19, 2011, the Respondent and Staff of the MFDA entered into an Agreed Statement of Facts (the “ASF”), in which the Respondent admitted facts and misconduct for which the Respondent could be disciplined pursuant to ss. 20 and 24.1 of By-law No. 1;

**AND WHEREAS** on August 23, 2011, the hearing on the merits resumed and the Hearing Panel admitted the ASF into evidence;

**AND WHEREAS** the Respondent represented himself throughout this proceeding;

**AND WHEREAS** Staff of the MFDA and the Respondent made submissions to the Hearing Panel at the hearing on the merits;

**AND WHEREAS** the Hearing Panel is of the opinion that the Respondent contravened the By-laws, Rules or Policies of the MFDA as follows:

(a) between about 2007 and 2008, the Respondent facilitated an investment by client AL in the amount of \$40,000 in a corporation, Armstrong Financial Services Inc. (“Armstrong Financial”), in which the Respondent had a direct or indirect interest, in a manner which preferred his own interests over those of client AL and which failed to deal with client AL fairly, honestly and in good faith, contrary to MFDA Rules 2.1.4 and 2.1.1;

(b) between about 2007 and 2008, the Respondent induced client AL to sign an agreement whereby client AL released any claim to ownership of shares of Armstrong Financial and resigned as an officer or director of Armstrong Financial in exchange for the Respondent promising to pay client AL \$62,000, which the Respondent subsequently failed to do, thereby preferring his own interests over those of client AL and failing to deal fairly, honestly and in good faith with client AL, contrary to MFDA Rules 2.1.4 and 2.1.1; and

(c) between 2007 and 2008, the Respondent engaged in personal financial dealings with client AL by signing a promissory note in the amount of \$62,000 payable by him to client AL in satisfaction of debts owed primarily by Armstrong Financial and Gateway Capital Growth Inc. (“Gateway”) to client AL and thereafter failing to pay client AL in accordance with the terms of the promissory note, contrary to MFDA Rules 2.1.4 and 2.1.1.

**IT IS HEREBY ORDERED THAT:**

1. The Respondent shall be permanently prohibited from conducting securities related business in any capacity over which the MFDA has jurisdiction pursuant to s. 24.1.1(e) of MFDA By-law No. 1, which will be reduced to a 5 year prohibition if client AL is repaid the sum of \$51,500 by the Respondent on or before December 31, 2013.
2. The Respondent shall pay a fine in the amount of \$51,500 pursuant to s. 24.1.1(b) of MFDA By-law No. 1, which will be reduced to a fine in the amount of \$10,000 if client AL is repaid the sum of \$51,500 by the Respondent on or before December 31, 2013.
3. The Respondent shall pay costs in the amount of \$5,000 pursuant to s. 24.2 of MFDA By-law No. 1.
4. If at any time a non-party to this proceeding requests production of or access to exhibits in this proceeding that contain intimate financial or personal information, then the MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all intimate financial or personal information, pursuant to Rules 1.8(2) and (5) of the MFDA Rules of Procedure.

**DATED** this 2<sup>nd</sup> day of September, 2011.

“Merlin Nunn”

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The Hon. D. Merlin Nunn, Q.C.,  
Chair

“Ann Etter”

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Ann C. Etter,  
Industry Representative

“Robert Malcolm”

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Robert G. Malcolm,  
Industry Representative

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