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AMENDED - BULLETIN #3630
May 28, 2007

Discipline

Discipline Penalties Imposed on Thomas Edward McLellan; Violation of By-law 29.1

Person Disciplined A Hearing Panel appointed pursuant to IDA By-law 20 has imposed discipline penalties on Thomas Edward McLellan (the Respondent), at all material times the Chief Compliance Officer of Sora Group Wealth Advisors Inc. (Sora), a Member of the IDA.

By-laws, Regulations, Policies Violated Following a disciplinary hearing held on March 29, 2007, in Vancouver, British Columbia, a Hearing Panel found that between November 2004 and May 2005, the Respondent knowingly permitting an approved person who was not registered in any capacity for the Province of Ontario to maintain investment accounts, advise, and/or place transactions on behalf of clients who resided in the Province of Ontario, contrary to Association By-law 29.1.

Penalty Assessed In a written decision dated April 20, 2007, the Hearing Panel ordered that the following penalty be assessed against the Respondent:

- (i) payment of a \$15,000 fine;
- (ii) payment of \$17,345.60 in costs;
- (iii) a suspension from approval in any registered capacity with the Association for a period of 3 months; and
- (iv) the requirement that he rewrite and pass the exam following completion of the *Conduct and Practices Handbook Course* offered by the Canadian Securities Institute.

Summary of Facts At all material times the Respondent was the Chief Compliance Officer of Sora.

In May 2003, AB became an employee of a Vancouver sub-branch of Sora. Prior to commencing his employment with Sora, AB had been registered with the Mutual Fund Dealers Association of Canada as a mutual fund salesperson for the Provinces of British Columbia, Alberta and Ontario.

On or about May 23, 2003, the Association registered AB as a Registered Representative (Mutual Funds) for the provinces of British Columbia, Alberta, and Ontario. Pursuant to Ontario Securities Commission Rule 31-502, *Proficiency Requirements for Registrants*, in order to maintain his Ontario registration, AB was required to successfully complete the Canadian Securities Course and the Conduct and Practices Handbook Course (collectively, the Required Courses) within the prescribed period of time. AB was not required to complete the Required Courses to maintain his registration for the Provinces of British Columbia and Alberta.

On November 9, 2004, the Association informed the Respondent that AB's Ontario registration had been suspended because AB had not completed the Required Courses (the Ontario Suspension).

At the time of the Ontario Suspension, AB had six clients who resided in Ontario with a total of ten investment accounts (the Ontario Accounts).

The Association requires that unless eligible for an exemption, all Members and all registered representatives of the Association be registered in the province in which their clients reside.

Between November 2004 and June 2005, Sora and other registered representatives employed by it were registered in the Province of Ontario.

On behalf of AB, the Respondent attempted to have the Ontario Suspension lifted, but was advised by the Manager, Sales Compliance, of the Association's Pacific District Office that the Ontario Suspension could not be lifted until AB had successfully completed the Required Courses.

In spite of this advice and the Ontario Suspension, the Respondent permitted AB to maintain the Ontario Accounts and to act as the registered representative thereon, subject to the following understanding (the Arrangement):

- a. that AB would notify the Respondent of any transactions that AB placed for the Ontario Accounts; and
- b. that AB would complete the Required Courses.

The Respondent did not advise anyone else at Sora of the Arrangement.

In accordance with the Arrangement, between November 2004 and June 2005 AB executed 21 transactions in four of the Ontario Accounts, generating approximately \$4,068 in commissions for his benefit. The Respondent was aware of and consented to the payment to AB of these commissions.

In the month following the Respondent leaving his employment with Sora, Sora's new Chief Compliance Officer informed AB that AB could no longer act as the registered representative for the Ontario Accounts.

Kenneth A. Nason
Association Secretary