

IN THE MATTER OF:

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA**

AND

CYNTHIA NELSON

NOTICE OF HEARING

An initial appearance (Initial Appearance) will be held in this matter before a hearing panel (Hearing Panel) of the Investment Industry Regulatory Organization of Canada (IIROC) pursuant to sections 8203 and 8205 of the Enforcement, Examination and Approval Rules of IIROC. The purpose of the Initial Appearance is to schedule a hearing (Hearing).

The Initial Appearance will be held on May 22, 2019 at 9:30 a.m.

The Initial Appearance will be held at 525 Viger Avenue West, Montréal, Québec, suite 601, in the Carmen Crépin Conference Room.

The Respondent must serve a Response (Response) to this Notice of Hearing and to the Statement of Allegations dated [date] (Statement of Allegations) in accordance with Section 8415 within 30 days from the effective date of service of this Notice of Hearing.

If the Respondent does not file a Response in accordance with Section 8415(1), the Initial Appearance may be immediately converted to a Hearing.

If the Respondent files a Response in accordance with Section 8415(1), the Initial Appearance will be followed immediately by an initial prehearing conference. In preparation for the prehearing conference, the Respondent must serve and file a prehearing conference form in accordance with Section 8416(5).

The purpose of the Hearing will be to determine whether the Respondent has committed the contraventions that are alleged by Staff of IIROC (Staff), which are contained in the Statement of Allegations.

Pursuant to Section 8409, the Hearing will be conducted as a[n]:

- Oral hearing
- Electronic Hearing
- Written Hearing

The Initial Appearance, the Hearing and all related proceedings will be subject to the Rules of Practice and Procedure as set out in Section 8400.

Pursuant to the Rules of Practice and Procedure, the Respondent is entitled to attend the Hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, and to make submissions to the Hearing Panel at the Hearing.

If the Respondent fails to serve a Response, the Hearing Panel may, pursuant to Section 8415(4):

- (a) proceed with the hearing as set out in this Notice of Hearing, without further notice to the Respondent;
- (b) accept as proven the facts and contraventions alleged by Staff of IIROC in the Notice of Hearing; and
- (c) order penalties and costs against the Respondent pursuant to Sections 8209, 8210 and 8214.

If the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by Staff in the Statement of Allegations, the Hearing Panel may, pursuant to Sections 8209 and 8210, impose any one or more of the following penalties:

Where the Respondent is/was a Regulated Person who is not a Dealer Member:

- (a) a reprimand;
- (b) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention [if applicable];
- (c) a fine not exceeding the greater of:
 - (i) \$1,000,000 /\$5,000,000 per contravention,

- (ii) an amount equal to three times the profit made or loss avoided by the person, directly or indirectly, as a result of the contravention;
- (d) suspension of the person's approval or any right or privilege associated with such approval, including access to a Marketplace, for any period of time and on any terms and conditions;
- (e) imposition of any terms or conditions on the person's continued approval or continued access to a Marketplace;
- (f) prohibition of approval in any capacity, for any period of time, including access to a Marketplace;
- (g) revocation of approval;
- (h) permanent bar to approval in any capacity or to access to a Marketplace;
- (i) permanent bar to employment in any capacity by a Regulated Person [if applicable];
- (j) any sanction determined to be appropriate under the circumstances.

Where the Respondent is/was a Dealer Member:

- (a) a reprimand;
- (b) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention [if applicable];
- (c) a fine not exceeding the greater of:
 - (i) \$5,000,000 per contravention, and
 - (ii) an amount equal to three times the profit made or loss avoided by the person, directly or indirectly, as a result of the contravention;
- (d) suspension of the membership or of the membership rights and privileges of the Regulated Firm, including a prohibition from dealing with clients for any period of time and on any terms and conditions;
- (e) imposition of any terms and conditions on the Dealer Member's continued membership, including access to a Marketplace;

- (f) expulsion from membership and termination of the rights and privileges of membership, including access to a Marketplace;
- (g) permanent bar to membership in IIROC [if applicable];
- (h) appointment of a monitor; and
- (i) any sanction determined to be appropriate under the circumstances.

If the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by Staff in the Statement of Allegations, the Hearing Panel may assess and order any investigation and prosecution costs determined to be appropriate and reasonable in the circumstances pursuant to Section 8214.

DATED this 6th day of March, 2019.

(s) National Hearing Coordinator

NATIONAL HEARING COORDINATOR
Investment Industry Regulatory
Organization of Canada
Suite 2000, 121 King Street West
Toronto, Ontario M5H 3T9

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CYNTHIA NELSON

STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated [date], Staff of the Investment Industry Regulatory Organization of Canada (IIROC) make the following allegations:

PART I - CONTRAVENTION

In the months of May and June 2018, the Respondent failed to cooperate in an investigation conducted by Staff of IIROC by failing, on two occasions, to attend the interview to which she had been duly convened, thus contravening Section 8104 of the Consolidated Enforcement, Examination and Approval Rules of IIROC (Consolidated Rules).

PART II - RELEVANT FACTS

Registration History

1. The Respondent was registered with IIROC as an investment representative from June 17, 2015 to June 1, 2017.
2. During this period, the Respondent was employed with RBC Dominion Securities Inc. (RBC) until her dismissal on or around June 1, 2017.
3. Prior to then, the Respondent had no disciplinary history.

4. The Respondent is no longer employed with any IIROC Dealer Member.

Relevant Facts

5. On or around August 15, 2017, Staff of IIROC informed the Respondent by registered mail that an investigation had been opened in her regard.
6. The investigation was opened pursuant, notably, to an internal investigation conducted by RBC, concerning numerous fund transfers that had been made to and from the Respondent's bank account.
7. In the course of IIROC's investigation, it was determined that it was appropriate to enjoin Respondent to attend and answer the questions of an investigator, in accordance with the applicable rules.
8. To this end, on or around May 9, 2018, IIROC's investigator sent a registered letter to the Respondent, convening her to an interview at IIROC's offices on May 23, 2018 at 10 a.m.
9. The letter, sent to the Respondent in accordance with Section 8103 of the Consolidated Rules, also contained a reminder to the effect that should she fail to appear, disciplinary proceedings could be instituted with no further notice.
10. The Respondent duly received this letter on May 11, 2018.
11. Notwithstanding the foregoing, the Respondent failed to attend the interview at IIROC's offices on May 23, 2018.
12. That same day, IIROC's investigator contacted the Respondent by phone to inquire about the reasons for her failure to attend.
13. The Respondent informed him then that she had not yet had time to retain the services of legal counsel and that she was in school until June 15, 2018.
14. In view of the foregoing, IIROC's investigator proposed to the Respondent that the interview be held on June 18, 2018, to which the Respondent then acquiesced.
15. During this same conversation, IIROC's investigator reminded the Respondent that failure to attend this meeting could have severe consequences.

16. Still on May 23, 2018, IIROC's investigator sent another registered letter to the Respondent, convening her to a meeting at IIROC's offices on June 18, 2018 at 10 a.m.
17. The letter was duly received by the Respondent on May 25, 2018.
18. On June 18, 2018, the Respondent again failed to attend at IIROC's offices.

Dated at Montréal, this 6th day of March, 2019.