

FEB 28 2020

IN THE MATTER OF:

THE RULES OF THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AND

DEAN MARTIN JENKINS

NOTICE OF HEARING

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

The Initial Appearance will be held on: April 30, 2020 at 10:00 a.m.

The Initial Appearance will be held at: IIROC Office
121 King Street West, Suite 2000
Toronto, Ontario M5H 3T9

Dean Martin Jenkins (the “Respondent”) must serve a Response (“Response”) to this Notice of Hearing and the Statement of Allegations dated February 28, 2020 (“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 immediately followed 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 the staff of IIROC ("Staff"). The alleged contraventions are contained in the Statement of Allegations.

Pursuant to Section 8409, the Hearing will be conducted as an:

- 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 at the Hearing 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 set out by Staff in the Statement of Allegations; and
- (c) order sanctions and costs against the Respondent pursuant to Sections 8209, 8210 and 8214 and/or IIROC Dealer Member Rules 20.33 and 20.34.

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 and/or IIROC Dealer Member Rules 20.33 and 20.34, impose any one or more of the following sanctions:

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;
- (c) a fine not exceeding the greater of:

- (i) \$1,000,000 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 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) a 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, and
 - (j) 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 the 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 and/or IIROC Dealer Member Rule 20.49.

DATED this 28th day of February 2020.

Sandra Porse

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

IN THE MATTER OF:

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

AND

DEAN MARTIN JENKINS

STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated February 28, 2020, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Between November 2013 and February 2016, the Respondent facilitated off-book investments for several clients without the knowledge or approval of his Dealer Member, and received remuneration for the investments, contrary to Dealer Member Rules 18.14 and 29.1.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. The Respondent was a Registered Representative at Edward Jones Inc. (“Edward Jones”) in the St. Catherines, Ontario area. Between November 2013 and February 2016 (the “Relevant Period”), the Respondent recommended and facilitated the off-book purchase of high-risk syndicated mortgage investments for numerous clients, without telling his employer of his involvement with these products or his clients’ investments. The Respondent received compensation of at least \$54,000 as a result of his clients’ off-book purchases.

The Respondent

2. The Respondent was a Registered Representative at Edward Jones during the Relevant Period. The Respondent has not been registered with IIROC since leaving Edward Jones on February 12, 2016.

The Participants

3. Tier 1 Transaction Advisory Services Inc. ("Tier 1 TAS") was a management firm specializing in financing real estate related projects and the creation and design of mortgage products.
4. First Commonwealth Mortgage Corporation ("First Commonwealth"), a mortgage brokerage, was licensed by the Financial Services Commission of Ontario ("FSCO", now known as "FSRA") and was a distributor of Tier 1 TAS products.
5. Tier 1 Mortgage Corporation ("Tier 1 Mortgage") was licensed by FSCO and was a distributor of Tier 1 TAS products. The above three companies are collectively referred to below as "Tier 1".
6. Olympia Trust Company ("Olympia Trust") was the custodian of client funds used in investments in various real estate development projects connected with Tier 1.
7. JC was a friend of the Respondent and was involved with marketing and promoting Tier 1 investments. JC was not registered with IIROC or the Mutual Fund Dealers Association of Canada. JC was not licensed by FSCO during the Relevant Period.
8. The client investments were made in various Tier 1 syndicated mortgage projects, such as Whitby Boathaus, Memory Care Investments Ltd (nursing homes in Burlington, Oakville or Kitchener) and Textbook Campus Suites Inc. (university/college student housing in London or Ottawa).

The Respondent's Activity

9. From late 2013 until early 2016, the Respondent recommended and facilitated clients' investments in various Tier 1 real estate development projects, without disclosing his activities to his Dealer Member.

10. Some clients sold investments in their Edward Jones accounts in order to transfer funds to Olympia Trust with the Respondent's assistance. Olympia Trust then provided the funds to Tier 1, who then dealt with the various building companies.
11. Some clients' funds went from their bank accounts or other sources to Olympia Trust, with the Respondent's assistance (rather than directly from their Edward Jones accounts).
12. On occasion, clients received on-line access to an Olympia Trust account where they could access details about their investment, or received Olympia Trust statements which set out any quarterly interest payments made to them, as well as monthly and yearly fees paid by the clients to Olympia Trust.
13. During the Relevant Period, the Respondent facilitated off-book client purchases of at least \$980,000 in Tier 1 investments. Chart 13(a) below is a summary of the funds transferred from clients' Edward Jones accounts to Olympia Trust. Chart 13(b) is a summary of the funds provided to the Respondent by the clients directly:

Chart 13(a) Funds from Edward Jones Accounts

Date	Client	Amount Transferred to Olympia Trust
February 19, 2014	Ms RPe	54,780
May 14, 2014	RS	26,276
May 16, 2014	CS	26,364
September 30, 2014	VF	50,320
October 24, 2014	MR	15,000
February 23, 2015	Ms RPe	12,545
March 18, 2015	EK	32,836
July 31, 2015	RS	29,343
September 15, 2015	MR	11,200
November 24, 2015	AK	18,118
February 5, 2016	LB	34,655
February 8, 2016	RP	150,027
February 8, 2016	CP	50,150
		Total: \$511,614

Chart 13(b) Funds to Respondent from the Clients Directly

Date	Client	Amount Invested
November 2013	Mr RPe	25,500
November 2013	Mr RPe	38,200
February 2014	Mr RPe	315,000
July 2014	GJ	40,300
October 2015	GH	50,000
		Total: \$469,000

The Clients' Investments

GJ

14. GJ is a tradesman and was the Respondent's client.
15. In 2014, the Respondent recommended that GJ invest in Whitby Boathaus, a Tier 1 project. The Respondent told GJ that:
 - Tier 1 was a mortgage investment which was guaranteed 8% interest for three years;
 - a lot of people were purchasing this type of investment, with the result that GJ felt there was time pressure to make the investment; and
 - an account would be opened up for GJ at Olympia Trust.
16. The Respondent did not mention any of the risks associated with Whitby Boathaus. He discussed other Tier 1 projects that he said had been successful. The Respondent brought him the Whitby Boathaus paperwork and arranged for the transfer of funds from GJ to Olympia Trust.
17. In July 2014, GJ invested his pension funds of approximately \$40,000 in Whitby Boathaus, based on the Respondent's advice.

Aggravating factors

18. In 2014 GJ was 58 years old. He had very limited investment knowledge. The Respondent failed to adequately review or discuss the suitability of investing GJ's entire

pension in the Tier 1 investment. Given GJ's personal circumstances, the Tier 1 investment recommended by the Respondent was not suitable for him.

Ms RPe and Mr RPe

19. Ms RPe and Mr RPe were the Respondent's clients. In late 2013, the Respondent attended at the Ps' house to discuss Tier 1 investments. The Respondent told them that time was running out and that people had already signed up, so they felt pressure to invest. They thought the interest rate was 8% and would be 12% for the final year.
20. Based on the Respondent's suggestion, in November 2013, Mr RPe invested approximately \$63,000 in two investments in a Tier 1 project known as Vaughan Crossing. The Respondent suggested the amounts, which came from Mr RPe's TFSA and a spousal RRSP. These funds were provided to the Respondent directly.
21. In February 2014, Mr RPe invested \$315,000 in a Tier 1 project known as Memory Care Kitchener, based on the Respondent's recommendation. At one point the Respondent told him that Tier 1 was monitored by FSCO and that "nothing could go wrong". These funds came from Mr RPe's LIRA and were provided to the Respondent directly.
22. In February 2014, Ms RPe invested in Memory Care Kitchener, in the amount of approximately \$54,000 based on the Respondent's recommendation. These funds were transferred from her Edward Jones account to Olympia Trust.

Aggravating factors

23. Ms RPe had limited investment knowledge. In 2014 she was 57 years old and her spouse had recently ceased to be employed. The Respondent failed to adequately discuss the risks or suitability of the Tier 1 investment with her. The transfer of approximately \$54,000 from Ms RPe's Edward Jones account in February 2014 represented 95% of her portfolio at the time.

The Ks

24. EK and GK are husband and wife and clients of the Respondent. They operate a farm.
25. The Respondent met with the Ks at their house to discuss Tier 1 investments. The Respondent told GK that it was an alternative product and a great investment and would have guaranteed interest of 8%, with a 4% bonus at the end. The Respondent recommended that the Ks purchase a Tier 1 investment.
26. In March 2015, EK purchased a Tier 1 investment in the amount of approximately \$32,000. The Respondent did not explain the risks or downside of selling securities in EK's Edward Jones account in order to purchase Tier 1. Funds were transferred from EK's Edward Jones account to Olympia Trust.
27. Furthermore, it was not until after the investment was made, that GK found out that Edward Jones did not have anything to do with Tier 1. The Respondent had informed GK that he would not be allowed to discuss or sell the product if Edward Jones did not approve.
28. Although the Respondent suggested investing further funds into a Tier 1 project, the Ks declined.

GH

29. GH was a tradesman and became a client of the Respondent in August 2014. The Respondent told him about various Tier 1 projects and encouraged him to invest. The Respondent told GH that he himself had invested or was going to invest.
30. The Respondent provided GH with marketing information regarding Memory Care Burlington and Memory Care Kitchener. GH was under the impression that these were Edward Jones products. The Respondent also told GH that this would be a good way to diversify his investments and that the investment was closing shortly. He also told GH that there would be interest payments of 8% with an additional bonus of 4% at the end.
31. In October 2015, based on the Respondent's recommendation, GH invested \$18,800 in Memory Care Burlington and \$31,200 in Memory Care Kitchener, for a total investment of \$50,000. These funds were provided to the Respondent directly, who then provided GH's funds to Olympia Trust.

The Ss

32. RS and CS, a married couple, had been clients of the Respondent for some time. In May 2014, CS transferred some \$26,000 to an Olympia Trust account from her Edward Jones account, to purchase a Tier 1 investment, based on the Respondent's recommendation. RS transferred some \$26,000 and some \$29,000 into an Olympia Trust account, in order to purchase two Tier 1 investments in May 2014 and July 2015, respectively, based on the Respondent's recommendation.

Other investors

33. In addition to the clients listed above, the Respondent told Staff that he discussed Tier 1 investments with various other individuals (some clients and some non-clients) during the Relevant Period. The Respondent did not know the exact dates these investments were made or the specific amounts.

Commission

34. The Respondent told Staff that he received net commission or fees from JC regarding Tier 1 investments. According to the Respondent, this amount ranged from 1% to 3% of the investment. The Respondent also told Staff that he received some \$54,000 in net commission or fees relating to Tier 1 investments during the Relevant Period.

Outside business activity

35. Edward Jones' Policies and Procedures Manual (the "Manual") provides that no associate may participate in an outside business activity unless written approval has been granted. Outside business activity is defined in the Manual as engaging in any business activity for another entity, accepting compensation from any other entity etc.
36. In 2014 and 2015, the Respondent did not indicate any outside business activity on annual firm audit questionnaires, which omission was inaccurate.
37. The Respondent did not obtain written approval from his Dealer Member nor did he inform Edward Jones of his actions regarding Tier 1 and his clients' purchase of these investments.

FSCO Orders

38. In October 2016, FSCO ordered interim license suspensions for Tier 1 Mortgage and First Commonwealth. In January 2018, the mortgage brokerage licenses of Tier 1 Mortgage and First Commonwealth were revoked by FSCO.

DATED at Toronto, Ontario this 28th day of February, 2020.