

NOTICE / NEWS RELEASE

For immediate release

Enforcement Notice

Hearing

20-0197

For further information, please contact:

Enforcement Contact:

Media Contact:

Charles Corlett
Director, Enforcement Litigation
416 646-7253
ccorlett@iiroc.ca

Andrea Zviedris
Manager, Media Relations
416 943-6906
azviedris@iiroc.ca

IIROC begins disciplinary action against PACE Securities Corp.'s former Chief Executive Officer and former Chief Compliance Officer

September 24, 2020 (Toronto, Ontario) – The Investment Industry Regulatory Organization of Canada (IIROC) has scheduled an appearance to set a date for the disciplinary hearing in the matters of Joseph Anthony Thomson and Douglas Gerald McRae, of PACE Securities Corp. (“PSC”).

The discipline hearing concerns allegations that:

- (a) Between June 2017 and June 2019, Mr. Thomson, the Ultimate Designated Person (the “UDP”) of PSC, failed to identify and address existing and potential material conflicts of interest in a fair, equitable and transparent manner, and consistent with the best interests of PSC’s clients, contrary to Dealer Member Rule 42;
- (b) Between June 2017 and June 2019, Mr. Thomson failed to ensure that investments in two proprietary products, Pace Financial Ltd. and First Hamilton Holdings Inc., for which he was the portfolio manager, were made in accordance with the objectives set out in the applicable Offering Memorandum, contrary to Consolidated Rule 1400;
- (c) Between June 2017 and June 2019, Mr. Thomson, as UDP, failed to supervise the activities of PSC to ensure compliance with IIROC requirements and failed to use due diligence to ensure that orders accepted and recommendations made were suitable for clients and within the bounds of good business practice, contrary to Dealer Member Rules 38.5(c), 1300.1(a), (o), (p), (q) and (s); and
- (d) Between June 2017 and June 2019, Mr. McRae, as the Chief Compliance Officer failed to monitor and assess compliance by PSC with the Dealer Member Rules and failed to adequately supervise Mr. Thomson’s securities-related activities, contrary to Dealer Member Rule 38.7.



IIROC formally initiated the investigation into Mr. Thomson's conduct in November 2018. The alleged violations occurred while he was a Chief Executive Officer, Ultimate Designated Person, Registered Representative and Portfolio Manager of PSC, an IIROC-regulated firm. Mr. Thomson is no longer a registrant with an IIROC-regulated firm.

IIROC formally initiated the investigation into Mr. McRae's conduct in November 2018. The alleged violations occurred while he was a Chief Compliance Officer of PSC, an IIROC-regulated firm. Mr. McRae is no longer a registrant with an IIROC-regulated firm.

IIROC suspended PSC on May 21, 2020.

The set date appearance is open to the public, unless the Panel orders otherwise. Members of the public who would like to attend the hearing should contact IIROC's National Hearing Coordinator at NHC1@iroc.ca to obtain the details.

The decision of the Hearing Panel will be made available at www.iroc.ca.

Appearance Date: The hearing will be held by way of videoconference on October 22, 2020 at 10:00 a.m.

The Notice of Hearing and Statement of Allegations which sets out the allegations is available at: [Thomson, Joseph A. and McRae, Douglas G. - Notice of Hearing and Statement of Allegations](#)

Documents related to ongoing IIROC enforcement proceedings – including Reasons and Decisions of Hearing Panels – are posted on the IIROC website as they become available. Click [here](#) to search and access all IIROC enforcement documents.

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IIROC is the pan-Canadian self-regulatory organization that oversees all investment dealers and their trading activity in Canada's debt and equity markets. IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while supporting healthy Canadian capital markets. IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of 175 Canadian investment dealer firms and their nearly 30,000 registered employees, the majority of whom are commonly referred to as investment advisors. IIROC also sets and enforces market integrity rules regarding trading activity on Canadian debt and equity marketplaces.

IIROC investigates possible misconduct by its member firms and/or individual registrants. It can bring disciplinary proceedings which may result in penalties including fines, suspensions, permanent bars, expulsion from membership, or termination of rights and privileges for individuals and firms.

All information about disciplinary proceedings relating to current and former member firms is available in the [Enforcement](#) section of the IIROC website.



Background information regarding the qualifications and disciplinary history, if any, of advisors currently employed by IIROC-regulated firms is available free of charge through the [IIROC AdvisorReport](#) service. Information on how to make investment dealer, advisor or marketplace-related complaints is available by calling 1 877 442-4322.