



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: Gilles Robert Latour

NOTICE OF HEARING

NOTICE is hereby given that a first appearance will take place by teleconference before a hearing panel of the Central Regional Council (the “Hearing Panel”) of the Mutual Fund Dealers Association of Canada (the “MFDA”) in the hearing room at the offices of the MFDA, located at 121 King Street West, Suite 1000, Toronto, Ontario on February 2, 2016 at 10:00 a.m. (Eastern), or as soon thereafter as the appearance can be held, concerning a disciplinary proceeding commenced by the MFDA against Gilles Robert Latour (the “Respondent”).

DATED this 18th day of November, 2015.

“Sarah Rickard”

Sarah Rickard
Director of Regional Councils

Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Telephone: 416-945-5143
Facsimile: 416-361-9781
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NOTICE is further given that the MFDA alleges the following violations of the By-laws, Rules or Policies of the MFDA:

Allegation #1: Between May 2007 and October 31, 2014, the Respondent solicited and accepted a total of at least \$651,946 from at least 3 clients, which the Respondent has failed to return or otherwise account for, contrary to MFDA Rules 2.1.1 and 2.1.4.

Allegation #2: Commencing August 22, 2014, the Respondent failed or refused to provide documents and information, and attend an interview, as requested by MFDA Staff during the course of an investigation into his conduct, contrary to section 22.1 of MFDA By-law No. 1.

PARTICULARS

NOTICE is further given that the following is a summary of the facts alleged and intended to be relied upon by the MFDA at the hearing:

Registration History

1. Between May 1, 2007 and October 31, 2014, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a dealing representative) with Equity Associates Inc. (“Equity”), a Member of the MFDA.
2. The Respondent was previously registered, between September 1, 2006 and April 26, 2007, in Ontario as a mutual fund salesperson with FundEX Investments Inc., a Member of the MFDA.
3. On October 31, 2014, Equity terminated the Respondent’s registration, in part, as a result of the matters described below.
4. The Respondent is currently not registered in the securities industry in any capacity.

5. At all material times, the Respondent conducted business from a sub-branch located at 42 Second Street East, Cornwall, Ontario.

6. The Respondent operated his business under the approved business name Latour Wealth Management until March 2013 when he began operating under the approved business name Latour Financial Group Inc.

Allegation #1 – Failure to repay or account for monies obtained from clients

Client #1

7. At all material times, client #1 was a client of Equity whose accounts were serviced by the Respondent. Client #1 is 80 years old, retired and a vulnerable client.

8. In or about December 2013, the Respondent told client #1 that the Respondent was experiencing “family problems” and required money in order to purchase a property for the Respondent’s mother.

9. At that time, the Respondent solicited and obtained a total of \$36,000 from client #1.

10. The Respondent provided client #1 with a promissory note dated December 19, 2013, which included the following information:

- a) the Respondent borrowed the sum of \$36,000 from client #1;
- b) the Respondent would pay client #1 interest on the borrowed monies at a rate of 6 percent per annum;
- c) the principal and interest was due to be repaid to client #1 on July 1, 2014; and
- d) the promissory note provided that it was “secured personally by [the Respondent] and the assets of Latour Financial Group Inc.”

11. During 2014, the Respondent provided client #1 with a cheque in the amount of \$1,200 purporting to be an interest payment on the loan.

12. The Respondent has failed to repay or otherwise account for the monies he obtained from client #1.

Client #2

13. At all material times, client #2 was a client of Equity whose accounts were serviced by the Respondent. Client #2 is 64 years old, a widower, and has been retired for approximately 10 years. Client #2 is a vulnerable client.

14. On at least five occasions between August 2008 and April 2014, the Respondent solicited and obtained monies totaling \$515,496 from client #2.

15. The Respondent provided client #2 with promissory notes or similar documents, which included the following information:

Date	Principal amount	Annual interest rate payable by the Respondent	Repayment date
August 11, 2008	\$150,000	7%	Open
October 25, 2009	\$18,000	5.9%	Open
June 28, 2011	\$100,000	5.25%	Open
December 4, 2012	\$150,000	Not Indicated	Not Indicated
April 22, 2014	\$97,946	Not Indicated	Not Indicated
Total: \$515,946			

16. The Respondent has failed to repay or otherwise account for the monies he obtained from client #2.

Client #3

17. At all material times, client #3 was a client of Equity whose accounts were serviced by the Respondent. Client #3 is 87 years old and currently resides in a nursing home. Client #3 is a vulnerable client.
18. On or about February 16, 2011, the Respondent solicited and obtained \$70,000 from client #3.
19. On March 6, 2012, the Respondent solicited and obtained a further \$30,000 from client #3.
20. The Respondent subsequently provided client #3 with a promissory note dated February 16, 2011, which included the following information:
 - a) the Respondent borrowed a total of \$100,000 from client #3;
 - b) the Respondent would pay client #3 interest on the borrowed monies at a rate of 4.69 percent per annum;
 - c) the Respondent would make the interest payments on the borrowed monies in accordance with a specific payment schedule.
21. On November 15, 2012, client #3 appointed his daughter and son-in-law as his power of attorney for property.
22. Between April 2012 and February 2013, the Respondent paid client #3 or his daughter approximately \$4,572 towards interest on the monies the Respondent obtained from client #3. Between August 2014 and February 2015, the Respondent provided three additional personal cheques purporting to be interest payments, but they were not deposited because the Respondent subsequently informed the family of client #3 that the Respondent's bank account had been closed.

23. In 2013, the Respondent approached client #3's daughter and son-in-law to borrow additional monies totaling approximately \$20,000, which they declined to loan to the Respondent.

24. The Respondent has not repaid or otherwise accounted for the monies he obtained from client #3.

25. By engaging in the conduct described above, the Respondent solicited and accepted a total of at least \$651,946 from at least 3 clients, which the Respondent has failed to return or otherwise account for, contrary to MFDA Rules 2.1.1 and 2.1.4.

Other clients and individuals

Client #4

26. Client #4 is the Respondent's mother and, at all material times, was a client of Equity whose accounts were serviced by the Respondent. Client #4 is 90 years old and a vulnerable client.

27. On June 3, 2014, the Respondent's brother (who is the power of attorney appointed by client #4) contacted Equity to obtain information about a Guaranteed Investment Certificate ("GIC") valued at approximately \$151,000 and which was listed on a portfolio statement document in the name of client #4 that the Respondent had provided to her.

28. Equity does not process GIC business. Equity contacted the purported issuer of the GIC which confirmed there is no record of a GIC purchased for client #4.

Criminal Code charges against the Respondent

29. Between August 19 and November 26, 2014, the Respondent was charged with approximately 43 offences under the *Criminal Code*, R.S.C., 1985, c. C-46, including fraud, theft, breach of trust, obtaining an investment by false pretenses, and knowingly using a forged

document. These charges relate to the Respondent's dealings with clients #1, #2 and #3 as described above, and at least four additional clients or individuals.

Allegation #2 – Failure to cooperate with Staff's investigation

30. Commencing on August 22, 2014, the Respondent has failed to cooperate with Staff's investigation into the matters described above. As set out in the chart below, Staff has made a number of attempts to contact the Respondent to obtain a written statement and documents, and to arrange his attendance at an interview with Staff:

Date	Communication	Method of delivery	Result
08/22/2014	Staff sent a letter requesting a signed statement from the Respondent concerning matters under review.	Fax and email to Equity	Equity advised that the Respondent was reviewing Staff's request with his lawyer. No further response from the Respondent.
10/02/2014	Staff sent a letter requesting a response to Staff's requests in August 22, 2014 letter. Response requested by October 16, 2014.	Registered and regular Mail	On October 16, 2014, the Respondent requested an extension until October 22, 2014 to provide information to Staff. No response received by October 22, 2014.
10/28/2014	Staff sent a letter detailing previous attempts to reach the Respondent, requesting banking records, and requesting the Respondent to contact Staff in order to schedule an interview within 10 business days.	Registered mail and e-mail	Registered mail signed for the by the Respondent on October 30, 2014. No response from the Respondent.
11/13/2014	Staff sent a letter detailing previous attempts and advising the Respondent that an interview is scheduled for December 11, 2014.	Personal service on the Respondent Copy of letter sent to the Respondent's counsel.	Personal service on the Respondent on November 18, 2014. No response to Staff's letter, and the Respondent did not attend the scheduled interview.

31. To date, the Respondent has not provided Staff with a response to the requested information, and has failed or refused to attend for an interview with Staff.

32. Due to the Respondent's failure to cooperate with the MFDA's investigation, Staff has not been able to determine the full nature and extent of the Respondent's conduct in relation to Allegation #1 and the extent to which he may have engaged in similar conduct with other clients and individuals. In particular, Staff has been unable to determine the nature and extent of the Respondent's conduct with respect to client #4 (see paragraphs 26-28 above) and at least four additional clients or individuals who are the subject of charges against the Respondent under the *Criminal Code* (see paragraph 29 above).

33. By virtue of the foregoing, the Respondent has failed to cooperate with an MFDA investigation into his conduct, contrary to section 22.1 of MFDA By-law No. 1.

NOTICE is further given that the Respondent shall be entitled to appear and be heard and be represented by counsel or agent at the hearing and to make submissions, present evidence and call, examine and cross-examine witnesses.

NOTICE is further given that MFDA By-laws provide that if, in the opinion of the Hearing Panel, the Respondent:

- has failed to carry out any agreement with the MFDA;
- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Member or of any regulation or policy made pursuant thereto;
- has failed to comply with the provisions of any By-law, Rule or Policy of the MFDA;
- has engaged in any business conduct or practice which such Regional Council in its

discretion considers unbecoming or not in the public interest; or

- is otherwise not qualified whether by integrity, solvency, training or experience,

the Hearing Panel has the power to impose any one or more of the following penalties:

(a) a reprimand;

(b) a fine not exceeding the greater of:

(i) \$5,000,000.00 per offence; and

(ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;

(c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;

(d) revocation of the authority of such person to conduct securities related business;

(e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time;

(f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel;

NOTICE is further given that the Hearing Panel may, in its discretion, require that the Respondent pay the whole or any portion of the costs of the proceedings before the Hearing Panel and any investigation relating thereto.

NOTICE is further given that the Respondent must **serve a Reply** on Enforcement Counsel and **file a Reply** with the Office of the Corporate Secretary within twenty (20) days from the date of

service of this Notice of Hearing.

A **Reply** shall be **served** upon Enforcement Counsel at:

Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Attention: David Halasz
Fax: 416-361-9073
Email: dhalasz@mfd.ca

A **Reply** shall be **filed** by:

- (a) providing four (4) copies of the **Reply** to the Office of the Corporate Secretary by personal delivery, mail or courier to:

The Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Attention: Office of the Corporate Secretary; or

- (b) transmitting one (1) copy of the **Reply** to the Office of the Corporate Secretary by fax to fax number 416-361-9781, provided that the Reply does not exceed 16 pages, inclusive of the covering page, unless the Office of the Corporate Secretary permits otherwise; or
- (c) transmitting one (1) electronic copy of the **Reply** to the Office of the Corporate Secretary by e-mail at corporatesecretary@mfd.ca.

A **Reply** may either:

- (i) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing; or
- (ii) admit the facts alleged and conclusions drawn by the MFDA in the Notice of Hearing and

plead circumstances in mitigation of any penalty to be assessed.

NOTICE is further given that the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by the MFDA in the Notice of Hearing that are not specifically denied in the **Reply**.

NOTICE is further given that if the Respondent fails:

(a) to **serve** and **file** a **Reply**; or

(b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a **Reply** may have been served,

the Hearing Panel may proceed with the hearing of the matter on the date and the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without any further notice to and in the absence of the Respondent, and the Hearing Panel may accept the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing as having been proven and may impose any of the penalties described in the By-laws.

END.

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