



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

NEWS RELEASE

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MFDA issues Notice of Hearing regarding Domenic Fanelli and Michele Torchia

June 23, 2008 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada (“MFDA”) today announced that it has commenced disciplinary proceedings against Domenic Fanelli and Michele Torchia (the “Respondents”).

MFDA staff alleges in its Notice of Hearing that the Respondents engaged in the following conduct contrary to the By-laws, Rules or Policies of the MFDA:

Allegation #1: Between July 2002 and September 2003, Fanelli was involved with outside business activity that was not disclosed to or approved by the Member, Investors Group Financial Services Inc. (“IG”), contrary to MFDA Rule 1.2.1(d)(iii).

Allegation #2: Between February 2003 and September 2003, Fanelli engaged in securities related business that was not carried on for the account of IG or through the facilities of IG by recommending and facilitating the investment of client funds in a product unknown to and unapproved by IG, outside the Member, contrary to MFDA Rule 1.1.1(a).

Allegation #3: Between February 2003 and September 2003, Fanelli sold the securities of a publicly traded company to individuals, thereby engaging in securities related business contrary to the terms of his registration as a mutual fund salesperson under the *Securities Act* (Ontario), R.S.O. 1990, c. S.5, as am. and MFDA Rule 2.1.1.

Allegation #4: Between August 2002 and September 2003, Fanelli engaged in securities related business with clients of a Member, AXA Financial Services Inc. (“AXA”) while registered as a mutual fund salesperson with another Member, IG, contrary to the terms of his registration as a mutual fund salesperson under the *Securities Act* (Ontario), R.S.O. 1990, c. S.5, as am. and MFDA Rules 2.1.1, 1.1.1 and 1.1.2.

Allegation #5: Commencing on or about September 13, 2006, Fanelli failed to produce for inspection copies of bank statements requested by MFDA Staff during the course of an investigation, contrary to section 22.1 of MFDA By-law No. 1.

Allegation #6: Between November 25, 2002 and February 9, 2005, Torchia signed New Account Application Forms (“NAAFs”) and processed trade documentation as the Approved Person for clients that he had not previously met nor received instructions from, thereby breaching his “Know Your Client” obligations and the standard of conduct; and thereby facilitating the processing of securities related business through the Member, AXA by Fanelli when Fanelli was not registered with AXA, contrary to MFDA Rules 2.1.1(c) and 2.2.1.

Allegation #7: Commencing on or about May 24, 2006, Torchia failed to respond to a request from MFDA Staff to provide a written statement in response to a complaint from his client, JM; and commencing on or about April 17, 2007, Torchia failed to attend an interview to provide information concerning his conduct as requested by MFDA Staff during the course of its investigation, contrary to section 22.1 of MFDA By-law No. 1.

The first appearance in this matter will take place by teleconference before a Hearing Panel of the MFDA Central Regional Council in the Hearing Room located at the offices of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario on Tuesday, August 12, 2008 at 10:00 a.m. (Eastern) or as soon thereafter as can be held.

The purpose of the first appearance is to schedule the date for the commencement of the hearing on its merits and to address any other procedural matters.

The first appearance is open to the public, except as may be required for the protection of confidential matters. Members of the public attending the first appearance will be able to listen to the proceeding by teleconference.

A copy of the Notice of Hearing is available on the MFDA website at www.mfda.ca.

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 159 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.