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MFDA Hearing Panel accepts Settlement Agreement with Connor Financial Corporation and Joel Connor

February 28, 2011 (Toronto, Ontario) – A settlement hearing in the matter of Connor Financial Corporation (“CFC”) and Joel Gerrett (Gerry) Connor (“Connor”) (collectively the “Respondents”) was held on February 25, 2011 in Vancouver, British Columbia before a Hearing Panel of the MFDA’s Pacific Regional Council.

The Hearing Panel accepted the Settlement Agreement between the Respondents and MFDA Staff, as a consequence of which the Respondents agree to the following terms of settlement:

- (a) Effective at 11:59 p.m. on March 1, 2011 CFC’s membership in the MFDA shall be subject to the term and condition that CFC is prohibited from accepting any new clients or opening any new accounts for existing clients;
- (b) Effective at 11:59 p.m. on March 11, 2011 CFC’s membership in the MFDA is suspended and shall remain suspended until such time as CFC’s resignation is approved by the MFDA or its rights and privileges of membership are otherwise terminated by the MFDA or a Hearing Panel pursuant to Section 24.1.2 (c) of MFDA By-Law No. 1;
- (c) The MFDA may proceed to implement the previously tendered resignation of CFC and both Connor and CFC agree to provide their full cooperation in the orderly resignation of CFC as a Member;
- (d) Connor has paid a fine in the amount of \$50,000 pursuant to Section 24.1.1 (b) of MFDA By-Law No. 1;
- (e) Connor is permanently prohibited from acting in the capacity of a branch manager, compliance officer or UDP;
- (f) In the event Connor seeks to become registered as a partner, director or officer of a Member of the MFDA, Connor shall successfully complete the Partners,

Directors, and Senior Officers course (or other course acceptable to the MFDA prior to becoming so registered; and

- (g) The Respondents have together paid costs in the amount of \$25,000, attributable to conducting the investigation and settlement of this matter pursuant to Section 24.2 of MFDA By-Law No. 1.

In the Settlement Agreement, the Respondents admitted that:

- (a) CFC failed to convert some client accounts into client names by December 31, 2007 and the conversion of one client account into client name did not occur until early February 2011. CFC thereby breached Term and Condition 2;
- (b) The failure to convert the final remaining account in CFC's names into the client's name prevented CFC's transition into a Level 2 dealer. CFC thereby breached Term and Condition 3;
- (c) CFC's failure to send out written client statements until July of 2009 was a breach of Term and Condition 5;
- (d) CFC's failure to correct any deficiencies in its Policies and Procedures Manual by December 31, 2007 and its continued delays in correcting certain deficiencies in that Practices and Procedures Manual was a breach of Term and Condition 6;
- (e) CFC's failure to provide various certifications in writing by July 31, 2008 and again by July 31, 2009 was a breach by CFC of Term and Condition 7;
- (f) CFC's failure to submit a compliance status report by July 31, 2008 and by July 31, 2009 was a breach by CFC of Term and Condition 8;
- (g) CFC's failure to retain an independent consultant to complete various reviews by December 31, 2007 was a breach of Term and Condition 9;
- (h) CFC's failure to provide required status reports to clients regarding loans and the delays by CFC in providing certain information to Staff regarding loans was a breach by CFC of Term and Condition 11;
- (i) CFC's failure to respond fully within a reasonable amount of time to requests from Staff to provide information in relation to the 2008 Examination was a breach by CFC of Section 21.1 and 22.2 of MFDA By-Law No. 1;
- (j) CFC's failure to obtain or develop the software required to maintain itemized daily records of all purchases and sales of securities was a breach of Rule 5.1.(a);

(k) By maintaining pre-signed forms in nine client files CFC, and Connor as its sole Approved Person, conducted themselves in a manner unbecoming of a Member and Approved Person contrary to MFDA Rule 2.1.1;

(l) CFC's collection of limited trading authorizations containing powers beyond that authorized by the MFDA was conduct unbecoming of a Member and contrary to Rule 2.1.1;

(m) CFC and Connor's acceptance of 27 client resident outside of British Columbia, and their acceptance of trades in at least six of those accounts constituted a breach by CFC and by Connor as Approved Person of MFDA Rules 1.1.4 and 1.1.5; and

(n) While the sole director, officer, and Approved Person of CFC Connor maintained a compliance program which failed to identify and address material risks of non-compliance. Mr. Connor thereby engaged in business conduct or practices that were unbecoming or detrimental to the public interest in breach of MFDA Rule 2.1.1.

The Hearing Panel will issue written reasons for its decisions in due course. A copy of the [Settlement Agreement](#) is available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 136 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

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