



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels
121 King Street West, Suite 1000, Toronto, Ontario, M5H 3T9
TEL: 416-361-6332 FAX: 416-943-1218 WEBSITE: www.mfda.ca

Contact: Hugh Corbett
Director of Litigation
Phone: 416-943-4685
Email: hcorbett@mfda.ca

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MFDA Bulletin

Enforcement

For Distribution to Relevant Parties Within your Firm

MFDA imposes lifetime ban and \$375,000 fine on Robert Roy Parkinson

Nature of Proceeding A Hearing Panel of the Mutual Fund Dealers Association (“MFDA”) Ontario Regional Council has imposed disciplinary penalties on Robert Roy Parkinson (“Parkinson”) a former Approved Person of the MFDA.

By-Laws, Rules, Policies Violated Following a hearing on March 17, 2005, the Hearing Panel found that Parkinson:

1. solicited and accepted from clients a total of \$314,000.00, more or less, and failed to return or otherwise account for these monies, contrary to MFDA Rule 2.1.1
2. provided false account statements and order forms to clients, contrary to MFDA Rule 2.1.1; and
3. abandoned his business as an Approved Person without notice to his clients or to the Member, thereby frustrating the ability of the Member and the MFDA to investigate his conduct, contrary to MFDA Rule 2.1.1.

MFDA Rule 2.1.1 states:

Each Member and each Approved Person of a Member shall:

- (a) deal fairly, honestly and in good faith with its clients;

- (b) observe high standards of ethics and conduct in the transaction of business;
- (c) not engage in any business conduct or practice which is unbecoming or detrimental to the public interest; and
- (d) be of such character and business repute and have such experience and training as is consistent with the standards described in this Rule 2.1.1 or as may be prescribed by the Corporation.

Penalty

The Hearing Panel imposed the following penalties on Parkinson:

1. Permanent prohibition of the authority of Parkinson to conduct securities related business in any capacity;
2. A fine of \$250,000 for soliciting and accepting \$314,000 and failing to return these monies;
3. A fine of \$75,000 for providing false account statements and order forms to clients;
4. A fine of \$50,000 for abandoning his business without notice; and
5. Costs in the amount of \$7,500.00.

Summary of Facts

From January 1996 to April 2003, Parkinson was registered as a Mutual Fund Salesperson with the Ontario Securities Commission. In September 1999, Investment Planning Counsel (“IPC”) became the sponsoring dealer for Parkinson. He worked at a branch office of IPC in London, Ontario.

Between November of 2000 and February of 2003, Parkinson induced at least 25 clients to make investments in a product by the name of “Glengarry Investments” (“Glengarry”). Approximately \$380,000.00 was given to Parkinson by his clients to invest in Glengarry during the relevant period of time. Of this amount, it appears that Parkinson repaid approximately \$42,000.00, leaving approximately \$337,000.00 that, by the date of the Hearing, had not been repaid by Parkinson and remained unaccounted for.

Glengarry was not a product known to or approved by IPC for sale by IPC salespersons. It was not a product that was sold by any other person or company. Parkinson would recommend Glengarry to clients seeking to invest in a GIC-like product but wanting a higher rate of interest. The clients’ payments on account of Glengarry were made directly to Parkinson or to “Glengarry Investments” or a variation thereof. There was no evidence that the monies received by Parkinson from his clients were ever placed in any *bona fide* investment.

The investments in Glengarry did not appear on account statements sent to clients by IPC. Parkinson provided separate account statements for Glengarry to his clients. These account statements were printed by Parkinson either on IPC letterhead or on copies of IPC letterhead, which Parkinson had altered by replacing the IPC masthead with the name "Glengarry". Parkinson provided his clients with standard IPC Order Entry Forms when they wanted to make an investment in Glengarry.

On February 26, 2004, Parkinson failed to appear for work at IPC. Parkinson did not provide IPC with any prior notice of or explanation for his absence and has not had any further communication with IPC.

The Hearing Panel noted that it was incumbent upon them to communicate to Parkinson, to the public and to the mutual fund industry as a whole, that serious consequences will befall those who breach their position of trust and take advantage of their role as a Registrant.

For greater detail, see the Decision and Reasons posted on the MFDA website.