



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

**IN THE MATTER OF A SETTLEMENT HEARING  
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF  
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**Re: Douglas A. Lawson**

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**ORDER**

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**WHEREAS** on June 6, 2012, the Mutual Fund Dealers Association of Canada (“MFDA”) issued a Notice of Settlement Hearing pursuant to s. 24.4 of By-law No. 1 in respect of Douglas A. Lawson (“Respondent”);

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of the MFDA dated April 5, 2012, in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to ss. 20 and 24.1 of By-law No. 1 (“Settlement Agreement”);

**AND WHEREAS** the Hearing Panel is of the opinion that between August 1, 2002 and November 1, 2005, the Respondent:

- (a) approved, recommended and allowed the sale of shares of Promittere S & P 500 Limited (“Promittere”), a related company of Wealth Advisory Services (“WAS”), to clients without conducting or ensuring that adequate due diligence had been conducted on the product and without making adequate inquiries to ensure that the product was suitable for sale to clients of WAS and after having provided clients with

- incomplete and inaccurate information as to the risk level associated with the product, contrary to MFDA Rules 2.2.1(a) and (b) and MFDA Rule 2.1.1(c);
- (b) sold shares of Promittere to 48 clients of WAS without ensuring that these investments were suitable for all of these clients and in keeping with the clients' investment objectives, contrary to MFDA Rule 2.2.1(a), (b) and (c), and MFDA Rule 2.1.1(c);
  - (c) sold shares of Promittere to 9 clients of WAS in reliance on the accredited investor exemption without obtaining sufficient documentation to enable him to qualify them as accredited investors in accordance with s. 2.3 of Ontario Securities Commission Rule 45-501 and subsequently, s. 2.3 of National Instrument 45-106, prior to selling them shares of Promittere, contrary to MFDA Rule 2.1.1(c);
  - (d) sold shares of Promittere to clients of WAS in reliance on the closely held issuer exemption when he had not complied with the requirements of such exemption as set out in s. 2.1 of Ontario Securities Commission Rule 45-501, in that he failed to provide any of the clients with a copy of Form 45-501F3 at least 4 days prior to their purchase of shares of Promittere. This contravention engages the jurisdiction of the Hearing Panel to impose a penalty on Lawson pursuant to s. 24.1.1(h) of MFDA By-Law No. 1 and contrary to MFDA Rule 2.1.1(c); and
  - (e) facilitated the sale of shares of Promittere to 48 clients of WAS without providing clients with written disclosure of the relationship between WAS and Promittere at the time of sale or of WAS' financial interest in the sale of shares of Promittere, thereby giving rise to an actual or potential conflict of interest which Lawson did not ensure was addressed by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rule 2.1.4.

**IT IS HEREBY ORDERED THAT** the Settlement Agreement is accepted, as a consequence of which:

- 1) The Respondent shall pay a fine in the amount of \$20,000 upon the acceptance of this Settlement Agreement, pursuant to s. 24.1.2(b) of MFDA By-Law No. 1;
- 2) The Respondent shall be permanently prohibited from holding the position of Officer,

Director, Compliance Officer, Ultimate Designated Person or Branch Manager of an MFDA Member, except with respect to his continuing status as President and Chief Compliance Officer of WAS for the purpose of ensuring the orderly resignation of WAS;

- 3) The Respondent shall be permanently prohibited from selling any securities pursuant to any exemptions under applicable securities legislation;
- 4) The Respondent shall successfully complete the Canadian Securities Course or such other course acceptable to the MFDA within 12 months of the approval of this Settlement Agreement;
- 5) The Respondent shall pay costs in the amount of \$5,000 upon the acceptance of this Settlement Agreement, pursuant to s. 24.2 of MFDA By-Law No. 1;
- 6) The Respondent shall appear and give truthful testimony at a hearing commenced by the MFDA against any person or entity in relation to any of the facts or allegations referred to in this Settlement Agreement, if requested by Staff;
- 7) The Respondent shall, in future, comply with all MFDA By-laws, Rules and Policies, and all applicable securities legislation and regulations; and
- 8) If at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents to the non-party without first redacting from them any and all intimate financial or personal information, pursuant to Rules 1.8(2) and (5) of the MFDA Rules of Procedure.

**DATED** this 19<sup>th</sup> of June, 2012.

“Thomas J. Lockwood”

Thomas J. Lockwood, Q.C.,  
Chair

“Nick Pallotta”

Nick Pallotta,  
Industry Representative