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**INVESTMENT INDUSTRY  
REGULATORY ORGANIZATION OF CANADA**

**IN THE MATTER OF:**

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY  
ORGANIZATION OF CANADA**

**AND**

**RICHARD POIRIER**

**NOTICE OF HEARING**

**TAKE NOTICE** that pursuant to Part 10 of Dealer Member Rule 20 of the Investment Industry Regulatory Organization of Canada (“IIROC”), a hearing will be held before a hearing panel of IIROC (“Hearing Panel”) on June 21, 2016 at 10 AM, or as soon thereafter as the hearing can be heard, at Centre Mont-Royal, Mansfield Room, 2200 Mansfield, Montreal, Quebec.

**TAKE FURTHER NOTICE** that pursuant to Rule 6.2 of IIROC’s Dealer Member Rules of Practice and Procedure (“Rules of Practice and Procedure”), that the hearing shall be designated on the:

The Standard Track

The Complex Track

**THE PURPOSE OF THE HEARING** is to determine whether Richard Poirier (Respondent) has committed the following contraventions that are alleged by IIROC Staff (Staff):

### **Count 1**

On or around June 18, 2008, the Respondent engaged in personal financial dealings with a client, by borrowing money from him, without the knowledge and without the consent of the IIROC Dealer Member with whom he was employed, contrary to IIROC Dealer Member Rule 29.1.

### **Count 2**

In June 2008, the Respondent recommended and/or facilitated a client's investment in a private placement, an off-book transaction, without the knowledge and without the consent of the IIROC Dealer Member with whom he was employed, contrary to IIROC Dealer Member Rule 29.1;

### **Count 3**

In June 2008, the Respondent engaged in personal financial dealings with a client by investing in a private placement, an off-book transaction, without the knowledge and without the consent of the IIROC Dealer Member with whom he was employed, contrary to IIROC Dealer Member Rule 29.1;

### **Count 4**

On or around May 10, 2011, the Respondent directly or indirectly accepted remuneration or a gratuity, benefit, or other consideration from a person other than the Dealer Member, contrary to IIROC Dealer Member Rule 18.15.

## **PARTICULARS**

**TAKE FURTHER NOTICE** that the following is a summary of the facts alleged by Staff and which are to be relied upon at the hearing of this matter:

### **A. Summary**

1. On April 13, 2003, the Respondent, in his capacity as a registered representative, opened an account for his client, MR, at Desjardins Securities Inc.(DS);
2. On or around June 18, 2008, the Respondent, in a written agreement, contracted a loan from his client MR, for an amount of seventeen thousand five hundred dollars (\$17,500), without the knowledge and without the consent of DS;
3. In June 2008, the Respondent recommended and facilitated the investment, by his client MR, in a private placement in the company Exploration Orbite

V.S.P.A. (Orbite), an off-book transaction, without the knowledge and without the consent of DS;

4. In June 2008, the Respondent invested, with his client MR, in a private placement in the company Orbite, an off-book transaction, without the knowledge and without the consent of DS;
5. On or around May 10, 2011, the Respondent deposited into his bank account a cheque for one hundred and fifty thousand dollars (\$150,000) given to him by his client MR.

## **B. APPROVAL HISTORY**

6. The Respondent has been approved as a registered representative with IIROC, as well as its predecessor the Investment Dealers Association of Canada (IDA), since August 1997;
7. The Respondent was employed with DS from November 2002 to March 2015;
8. The Respondent was dismissed by DS on March 16, 2015 for the following reasons (translation of letter of dismissal dated March 16, 2015): *“1. Execution of a prohibited personal financial transaction between you and a client, without the firm’s knowledge; 2. Acceptance by you of a gift or gratuity of \$150,000, without the firm’s knowledge, whereas such action was strictly forbidden; 3. Breach of the rules respecting private placements; 4. Failure to inform DS of the foregoing and your lack of transparency in this regard.”*

## **C. Alleged contraventions**

### **Count 1: Borrowing money from a client**

9. On or around June 18, 2008, the Respondent, in a written agreement (“agreement”), contracted a loan from his client MR, without the knowledge and without the consent of DS;
10. In this agreement, the Respondent and his client MR agreed to that the latter would finance an amount of thirty-five thousand dollars (\$35,000) in order to subscribe to a private placement in the company Orbite;
11. It was also agreed that fifty percent (50%) of the private placement in Orbite would be held by the Respondent and that the latter should reimburse MR the

amount of seventeen thousand five hundred dollars (\$17,500) over a period of twenty-four months (24).

12. The Respondent stated to Staff of IIROC that he drafted this agreement himself.

### **Count 2: Recommendation and facilitation of a private placement**

13. The Respondent stated to Staff of IIROC that he presented the private placement in the company Orbite to his client MR and that, by his actions, he facilitated its execution, without the knowledge and without the consent of DS;
14. On or around May 20, 2008, the Respondent received an email from RB, President of the Orbite company, forwarding to him the documents required to proceed with the private placement subscription in that company;
15. On or around June 13, 2008, the Respondent, via his assistant, sent an email to his client MR, forwarding to him the documents required to proceed with a private placement subscription in the Orbite company;
16. On or around June 16, 2008, the Respondent sent his client MR an email with, in attachment, a letter on DS letterhead in which the Respondent confirms a private placement in the name of his client MR, and the mailing of a cheque for three thousand five hundred dollars (\$3,500) in payment of ten (10) units. This letter is signed by the Respondent;
17. The Respondent stated to Staff of IIROC that he sent RB the required documents, including the letter of June 6, 2008, so that his client MR could proceed with the private placement subscription in the Orbite company;
18. The Respondent also stated to Staff of IIROC that he sent RB the cheque from his client MR, in payment of the private placement.

### **Count 3: Personal investment with a client in a private placement**

19. On or around June 6, 2008, the client MR subscribed to a private placement in the Orbite company;
20. According to the subscription agreement, the client MR subscribed to [TRANSLATION] *“10 units at a price of \$3,500 per unit, each unit being composed of: i) 25,000 “Class A” shares (our emphasis) in the company, at the price of \$1.14*

*per share and; ii) 25,000 purchase warrants (our emphasis), each warrant allowing the purchase of one (1) class A share in the company at the price of \$0.20 for a period of 12 months following closing of the private placement.”;*

21. On or around June 18, 2008, the Respondent signed an agreement with his client MR, in which it was agreed to jointly acquire a private placement in the Orbite company, without the knowledge and without the consent of DS;
22. It was agreed that the client MR would finance an amount of thirty-five thousand dollars (\$35,000) for acquisition in the month of June 2008 of the private placement composed of ten (10) units valued at three thousand five hundred dollars (\$3 500) each and consisting of twenty-five thousand (25,000) units at fourteen cents (\$0.14) and twenty-five thousand (25,000) purchase warrants at twenty cents (\$0.20);
23. Consequently, it was agreed that fifty percent (50%) of this private placement would be held by the Respondent and that the remaining fifty percent (50%) would be held by the client MR;
24. It was also agreed that the warrants would be exercised in the same fifty percent (50%) proportions;
25. It was further agreed that the sale of the placement, in whole or in part, would require the consent of both parties;
26. Finally, it was agreed that the private placement, the shares and the purchase warrants would be in the name of the client MR;
27. The Respondent stated to Staff of IIROC that the agreement signed on June 18, 2008 was directly connected with the private placement subscription dated June 6, 2008;
28. On or around July 3, 2008, a certificate (#00005089) for two hundred and fifty thousand (250,000) shares in the Orbite company was issued in the name of the client MR;
29. On or around September 23, 2010, the client MR deposited the Orbite company share certificates with DS;
30. On or around February 11, 2011, the client MR exercised the Orbite company purchase warrants;

31. Between September 28, 2010 and May 13, 2011, the Respondent sold shares in the Orbite company for his client MR;
32. On or around May 19, 2011, the client MR realized a gain of approximately two hundred and forty thousand dollars (\$240,000), after commission, as a result of the purchase warrant exercise and the sale of shares in the Orbite company;

**Count 4: Acceptance of a gratuity (cheque) from a client**

33. The Respondent stated to Staff of IIROC that, in 2011, he accepted a personal cheque from his client MR in the amount of one hundred and fifty thousand dollars (\$150,000), without the knowledge and without the consent of DS;
34. On or around May 10, 2011, the Respondent deposited an amount of one hundred and fifty thousand dollars (\$150,000) to his personal bank account;
35. The Respondent stated to Staff of IIROC that his client MR offered him the one hundred and fifty thousand dollars (\$150,000) as a “gift”;
36. The Respondent admitted to Staff of IIROC that he did not report his acceptance of this “gift” to DS.

**GENERAL PROCEDURAL MATTERS**

**TAKE FURTHER NOTICE** that the hearing and related proceedings shall be subject to the Rules of Practice and Procedure.

**TAKE FURTHER NOTICE** that, pursuant to Rule 13.1 of the Rules of Practice and Procedure, the Respondent is entitled to attend and be heard, be represented by counsel or an agent, call, examine and cross-examine witnesses, and make submissions to the Hearing Panel at the hearing.

**RESPONSE TO NOTICE OF HEARING**

**TAKE FURTHER NOTICE** that the Respondent must serve upon the Staff of IIROC a Response to the Notice of Hearing in accordance with Rule 7 of the Rules of Practice and Procedure, within twenty (20) days (for a Standard Track disciplinary proceeding) or within thirty (30) days (for a Complex Track disciplinary proceeding) from the effective date of service of the Notice of Hearing.

### **FAILURE TO RESPOND OR ATTEND HEARING**

**TAKE FURTHER NOTICE** that if the Respondent fails to serve a Response or attend the hearing, the Hearing Panel may, pursuant to Rules 7.2 and 13.5 of the Rules of Practice and Procedure:

- (a) proceed with the hearing as set out in the Notice of Hearing, without further notice to the Respondent;
- (b) accept as proven the facts and contraventions alleged by Staff of IIROC in the Notice of Hearing; and
- (c) order penalties and costs against the Respondent pursuant to Dealer Member Rules 20.33, 20.34 and 20.49.

### **PENALTIES & COSTS**

**TAKE FURTHER NOTICE** that, if the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by IIROC Staff in the Notice of Hearing, the Hearing Panel may, pursuant to Dealer Member Rules 20.33 and 20.34, impose any one or more of the following penalties:

#### **Where the Respondent is/was an Approved Person:**

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
  - (i) \$1,000,000 per contravention; and
  - (ii) an amount equal to three times the profit made or loss avoided by such Approved Person by reason of the contravention;
- (c) suspension of approval for any period of time and upon any conditions or terms ordered by the Hearing Panel;
- (d) terms and conditions of continued approval;
- (e) prohibition of approval in any capacity for any period of time;
- (f) revocation of the rights and privileges of approval;

- (g) revocation of approval;
- (h) a permanent bar from approval with IIROC;
- (i) any other fit remedy or penalty.

**Where the Respondent is/was a Dealer Member:**

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
  - (i) \$5,000,000 per contravention; and
  - (ii) an amount equal to three times the profit made or loss avoided by the Dealer Member by reason of the contravention;
- (c) suspension of the rights and privileges of the Dealer Member (and such suspension may include a direction to the Dealer Member to cease dealing with the public) for any period of time and upon any conditions or terms ordered by the Hearing Panel;
- (d) terms and conditions of continued Membership;
- (e) revocation of the rights and privileges of Membership;
- (f) expulsion of the Dealer Member from membership in IIROC;
- (g) any other fit remedy or penalty.

**TAKE FURTHER NOTICE** that if the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by Staff in the Notice of Hearing, the Hearing Panel may, pursuant to Dealer Member Rule 20.49, assess and order any investigation and prosecution costs determined to be appropriate and reasonable in the circumstances.

**DATED** at Montréal, this 13th day of May, 2016.

(s) Claudyne Bienvenu

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**CLAUDYNE BIENVENU**  
**Vice-President, Québec**

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