

IN THE MATTER OF:

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

AND

EDWARD PETER BODNARCHUK

NOTICE OF HEARING

An initial appearance (“Initial Appearance”) will be held before a hearing panel (“Hearing Panel”) of the Investment Industry Regulatory Organization of Canada (“IIROC”) pursuant to Sections 8203 and 8205 of the Consolidated Enforcement, Examination and Approval Rules of IIROC in this matter. The purpose of the Initial Appearance is to schedule a hearing (“Hearing”).

The Initial Appearance will be held on: August 16, 2018 at 10:00 a.m.

The Initial Appearance will be held at: Radisson Hotel Winnipeg - Ambassador E, 288 Portage Avenue Winnipeg, MB

The Respondent must serve a Response (“Response”) to this Notice of Hearing and the Statement of Allegations dated July 17, 2018 (“Statement of Allegations”) in accordance with Section 8415 within 30 days from the effective date of service of this Notice of Hearing.

If the Respondent does not file a Response in accordance with Section 8415(1), the Initial Appearance may be immediately converted to a Hearing.

If the Respondent files a Response in accordance with Section 8415(1), the Initial Appearance will be immediately followed by an initial prehearing conference. In preparation for the prehearing conference, the Respondent must serve and file a prehearing conference form in accordance with Section 8416(5).

The purpose of the Hearing will be to determine whether the Respondent has committed the contraventions that are alleged by the staff of IIROC (“Staff”). The alleged contraventions are contained in the Statement of Allegations.

Pursuant to Section 8409, the Hearing will be conducted as a[n]:

- Oral Hearing
- Electronic Hearing
- Written Hearing

The Initial Appearance, the Hearing and all related proceedings will be subject to the Rules of Practice and Procedure as set out in Section 8400.

Pursuant to the Rules of Practice and Procedure, the Respondent is entitled to attend the Hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, and to make submissions to the Hearing Panel at the Hearing.

If the Respondent fails to serve a Response at the Hearing the Hearing Panel may, pursuant to Section 8415(4):

- (a) proceed with the hearing as set out in this Notice of Hearing, without further notice to the Respondent;
- (b) accept as proven the facts and contraventions set out by Staff in the Statement of Allegations; and
- (c) order sanctions and costs against the Respondent pursuant to Sections 8209, 8210 and 8214 and/or IIROC Dealer Member Rules 20.33 and 20.34 and/or Universal Market Integrity Rule 10.5

If the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by Staff in the Statement of Allegations, the Hearing Panel may, pursuant to Sections 8209 and 8210 and/or IIROC Dealer Member Rules 20.33 and 20.34 and/or Universal Market Integrity Rule 10.5 impose any one or more of the following sanctions:

- (a) a reprimand;
- (b) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention;
- (c) 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 the person, directly or indirectly, as a result of the contravention.

- (d) suspension of the person's approval or any right or privilege associated with such approval, including access to a Marketplace, for any period of time and on any terms and conditions;
- (e) imposition of any terms or conditions on the person's continued approval or continued access to a Marketplace;
- (f) prohibition of approval in any capacity, for any period of time, including access to a Marketplace;
- (g) revocation of approval;
- (h) a permanent bar to approval in any capacity or to access to a Marketplace;
- (i) permanent bar to employment in any capacity by a Regulated Person, and
- (j) any sanction determined to be appropriate under the circumstances.

If the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by the Staff in the Statement of Allegations, the Hearing Panel may assess and order any investigation and prosecution costs determined to be appropriate and reasonable in the circumstances pursuant to Section 8214 and/or IIROC Dealer Member Rule 20.49 and/or Universal Market Integrity Rule 10.7.

DATED this 17th day of July, 2018.

"National Hearing Coordinator"
NATIONAL HEARING COORDINATOR
Investment Industry Regulatory Organization of Canada
Suite 2000, 121 King Street West
Toronto, Ontario, M5H 3T9

IN THE MATTER OF:

THE RULES OF THE INVESTMENT INDUSTRY REGULATORY

ORGANIZATION OF CANADA

AND

EDWARD PETER BODNARCHUK

STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing, dated July 17, 2018, staff of the Investment Industry Regulatory Organization of Canada make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1

On or about January 14, 2013, the Respondent gave his client CB \$5,000.00 via a personal cheque, without the knowledge or approval of his firm, contrary to Dealer Member Rule 29.1.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. This matter involves a payment of \$5,000 the Respondent made to his client CB, without the knowledge or approval of his firm.

Registration History

2. The Respondent is not currently working in a registered capacity. His previous registration history includes:

From	To	Firm	Registration Category
December 2012	March 2018	PI Financial Corp.	Registered Representative (Securities) (Retail)
July 2010	December 2012	National Bank Financial Ltd.	Registered Representative (Securities) (Retail)
March 2008	July 2010	Union Securities Ltd.	Registered Representative (Securities) (Retail)
April 2006	March 2008	DMW Securities Inc. (Dundee Securities Corporation)	Registered Representative <i>restricted to Mutual Funds</i>
February 2005	April 2006	Dundee Private Investors Inc.	Mutual Fund Dealer Salesperson
July 2003	January 2005	Ten Star Financial Inc.	Mutual Fund Dealer Salesperson

Personal Financial Dealings with CB

3. On or about January 14, 2013 the Respondent paid his client CB \$5,000. He did so without the knowledge or approval of his then firm, PI Financial. The payment was to make up for losses in CB's investment accounts.
4. CB first became a client when the Respondent was an advisor with Union Securities. CB had opened an account to invest approximately \$80,000 he had inherited. At the time he was a university student with limited income and investment knowledge. Taking into account approximately \$30,000.00 in withdrawals, CB would eventually lose the majority of his investment. This includes a net decline of approximately \$24,493.80, or 85%, during the period his accounts were at National Bank and PI Financial. During that period, the majority of his account was invested in high risk securities.
5. CB is the son of the Respondent's client, TB. On January 1, 2013, TB sent the Respondent an email in which he identified a number of concerns he had with the handling of his accounts, as well as the accounts of his two sons, one of which was CB. At that time, the Respondent had moved from National Bank to PI Financial, but CB and TB had not moved their accounts with him.
6. As a result of that email CB and TB met with the Respondent on, or about, January 14, 2013. At that meeting the Respondent gave CB a cheque for \$5,000.00 to make up for losses in CB's accounts. As a condition for the payment the Respondent required the money be reinvested with him at PI Financial.
7. The payment was made via cheque, dated January 14, 2013, and drawn on the Respondent's personal bank account. To avoid detection of the payment by PI Financial, the Respondent directed CB to first deposit the cheque in his personal bank account, and then transfer the funds to his PI Financial account.

8. As per the above:
 - a. CB deposited the cheque into his personal bank account on January 15, 2013;
 - b. He then transferred \$5,000 to his newly opened PI Financial account via a bank draft on January 28, 2013; and
 - c. On January 31, and February 1, 2013 the Respondent purchased a total of \$4,620 worth of Bison Gold Resources Inc. securities in CB's account.

9. In addition to providing CB compensation, the \$5,000 payment provided TB incentive to move his accounts to PI Financial. Both CB and TB signed PI Financial NCAFs dated January 14, 2013, the same day the \$5,000 cheque was dated.

DATED at Calgary, Alberta this 17th day of July, 2018.