

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

IN THE MATTER OF:

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

AND

DOMINIC TERSIGNI

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 Wednesday April 6th, 2016 at IIROC offices, 121 King Street West, Suite 2000, Toronto, Ontario, at 10:00 am, or as soon thereafter as the hearing can be heard.

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 Dominic Tersigni (“Tersigni”) has committed the following contravention that is alleged by the Staff of IIROC (“Staff”):

Count 1: Between February 2009 and May 2014, Tersigni effected unauthorized trades in the accounts of two clients, contrary to IIROC Dealer Member Rule 29.1.

PARTICULARS

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

Overview

1. Tersigni was a Registered Representative with CIBC World Markets Inc (“CIBCWM”). He conducted unauthorized trading in the accounts of two clients VW and DH. Tersigni held himself out to VW as a Portfolio Manager who would handle all of the trading in his account without input from VW.

Background

2. Tersigni was a Registered Representative employed by CIBCWM at a branch located in St. Catherines, Ontario. Tersigni first became an IIROC registrant in 1988.
3. Tersigni’s employment was terminated by CIBCWM in May 2014. Currently he is not an IIROC registrant.

Unauthorized trading re client VW

4. VW was born in 1942. He opened an account with Tersigni at CIBCWM in September 2011. He later opened a second account with Tersigni with proceeds from the sale of his house in 2012.
5. Most of the trades effected in VW’s accounts were not authorized in advance by him. Although Tersigni did not use the words “Portfolio Manager” in describing his role to VW, in effect, Tersigni managed VW’s accounts in this way. Tersigni told VW that he would select securities for a group of clients and he would decide when to buy or sell. Thus VW did not expect to be contacted in advance by Tersigni for trade instructions.
6. Between November 2011 and May 2014, Tersigni effected over 700 trades in VW’s accounts.

Unauthorized trading re client DH

7. DH was born in 1944. He became Tersigni's client in 1995.
8. Between February 2009 and May 2014, Tersigni effected approximately 80 trades in client DH's account. The majority of the trading in DH's account was not authorized by him in advance.

Accounts not managed accounts

9. The VW and DH accounts were not designated or approved by the Member firm as managed or discretionary accounts.
10. Tersigni was not registered as a Portfolio Manager.

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 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 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;
- (d) terms and conditions of continued approval;
- (e) prohibition of approval in any capacity for any period of time;
- (f) termination of the rights and privileges of approval;
- (g) revocation of approval;
- (h) a permanent bar from approval with the IIROC; or
- (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;
- (d) terms and conditions of continued Membership;
- (e) termination of the rights and privileges of Membership;
- (f) expulsion of the Dealer Member from membership in the IIROC; or
- (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 the 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 Toronto, this 5th day of February, 2016.

ELSA RENZELLA
VICE-PRESIDENT, ENFORCEMENT
INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA
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