

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

conditions thereon without giving the applicant an opportunity to be heard.

3.1.1 Lenore Deonarine - ss. 26(3)

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990 C.S.5, AS AMENDED**

AND

**IN THE MATTER OF
THE REGISTRATION OF LENORE DEONARINE**

**WRITTEN SUBMISSIONS TO THE DIRECTOR
PURSUANT TO SUBSECTION 26(3) OF THE
SECURITIES ACT**

Date: July 17, 2002

Director: David M. Gilkes
Manager, Registrant Regulation
Services

Submissions: Toni Sargent
Registration Officer

Lenore Deonarine
For the Applicant

The other provision relevant to this decision is subsection 26(2) of the Act which states:

(2) Terms and conditions – The Director may in his or her discretion restrict a registration by imposing terms and conditions thereon and, without limiting the generality of the foregoing, may restrict the duration of registration and may restrict the registration to trades in certain securities or a certain class of securities.

Ms. Deonarine requested to be heard through a written submission, which was received on May 7, 2002.

Summary of Ms. Deonarine's Submission

The Registrant asked that her registration be allowed to continue without terms and conditions. Ms. Deonarine noted her competency as a mutual fund salesperson and focussed on the busy schedule of her supervisor that fact that her supervisor is not always at the same location as the Registrant. In closing Ms. Deonarine wrote "As a result, it would be very inconvenient and difficult to adhere to the terms and conditions".

DECISION AND REASONS FOR DECISION

The decision of the Director is to impose terms and conditions upon the registration of Ms. Lenore Deonarine (Ms. Deonarine or the Registrant) as a salesperson. These are the reasons for the decision.

Background

On April 13, 1998, Ms. Deonarine was registered as salesperson by the Ontario Securities Commission (OSC). On April 3, 2002, the OSC was informed by Ms. Deonarine's employer, CIBC Securities (CIBC), that the Registrant had filed a personal bankruptcy form.

On April 29, 2002, Staff sent a letter to Ms. Deonarine and the CIBC proposing terms and conditions requiring quarterly reporting to the OSC, be imposed on the registration of Ms. Deonarine. The Registrant did not accept the proposal and requested the opportunity to be heard by the Director pursuant to subsection 26(3) of the Act which states:

(3) Refusal – The Director shall not refuse to grant, renew, reinstate or amend registration or impose terms and

Summary of Staff's Registration File

Staff of the OSC recommended that standard terms and conditions for quarterly reporting to the OSC be imposed on Ms. Deonarine's registration. Filing for personal bankruptcy gave Staff concerns regarding Ms. Deonarine's continued suitability for registration.

It is standard practice that terms and conditions for quarterly reporting are imposed upon an individual's registration should they file for bankruptcy. Ms. Deonarine's competency as a mutual fund salesperson was not a consideration in Staff's recommendation to impose terms and conditions.

Staff noted that many registrants have supervision terms and conditions imposed on their registrations and are able to fulfil the requirements. At the time of this decision, CIBC had six registrants required to submit quarterly or monthly reports to the OSC. In addition, CIBC's letter informing the OSC of the Registrant's bankruptcy filing, noted: "We understand your receipt of this document may result in the need for quarterly supervision reports to be submitted for Ms. Deonarine."

Director's Findings

I find that terms and conditions as set out in Exhibit "A", should be imposed upon the registration of Ms. Deonarine.

The Registrant submitted that the terms and conditions would be an inconvenience for both her and even more so for CIBC. However, CIBC currently submits reports for a number of registrants and immediately recognized that it may have to submit quarterly supervision reports for Ms. Deonarine.

Staff have consistently imposed terms and conditions on the registration of an individual filing for bankruptcy, as it affects the financial soundness and suitability of a registrant.

The position of Staff is consistent with the OSC mandate of investor protection and for these reasons, I find that terms and conditions should be imposed on the registration of Ms. Deonarine.

July 17, 2002.

"David M. Gilkes"

**EXHIBIT "A"
PROPOSED CONDITIONS FOR REGISTRATION
OF LENORE DEONARINE**

1. For the sale of Mutual Funds only.
2. Written QUARTERLY supervision reports (copy attached) are to be submitted to the Ontario Securities Commission (Attention: Manager, Registrant Regulation) reporting on the details of Lenore Deonarine's sales activities and her dealings with clients. The first quarterly report covering the period from the date of this letter up to July 29, 2002 is due by August 12, 2002. Subsequent reports are due 15 calendar days after the end of each relevant quarterly reporting.
3. All handling of clients' funds will be strictly supervised by Lenore Deonarine's supervising officer.
4. This condition is to continue until Lenore Deonarine has fully satisfied her obligation and presents to the Manager, Registrant Regulation, acceptable evidence that same has been complied with.

Approved Officer for
CIBC Securities Inc.

Print Name of Signatory Above

Date

Lenore Deonarine
Applicant

Date

QUARTERLY SUPERVISION REPORT

I hereby certify that strict supervision has been conducted for the quarter ending _____, 200__, of the trading activities of _____, by the undersigned. I further certify the following:

1. All orders, both buy and sell, and sales contracts have been initialled and reviewed by a senior officer before entry.
2. All client accounts have been reviewed for:
 - suitability of investments
 - excess trading or switching, and
 - client addresses and any amendments thereto
3. A review of trading activity on a daily basis has been conducted of the salesperson's client accounts.
4. No transactions have been made in any new account until the full and correct documentation is in place.
5. No client complaints have been received during the period covered. (If there have been, please attach a copy of the complaint documentation and the follow-up action initiated by the company).
6. There has been no handling of clients' funds or securities or issuance of cheques to clients without management approval.
7. Any transfer of funds or securities between clients' accounts has been authorized in writing and reviewed by the supervising officer.
8. Spot audits of the salesperson's client accounts have been conducted during the preceding month to ensure compliance with these procedures and no violation of these procedures were discovered.

Date

Supervising Officer
CIBC Securities Inc.