



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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

**- and -**

**IN THE MATTER OF  
GLENN FRANCIS DUNBAR**

**STATEMENT OF ALLEGATIONS  
OF STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (“Staff”) allege:

**I. OVERVIEW**

1. On November 19, 2015, Glenn Francis Dunbar (“Dunbar” or the “Respondent”) entered into a Settlement Agreement with the Nova Scotia Securities Commission (the “NSSC”) (the “Settlement Agreement”).
2. As a result of the Settlement Agreement, Dunbar is subject to an order of the NSSC dated December 2, 2015 (the “NSSC Order”) that imposes sanctions, conditions, restrictions or requirements upon him.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the NSSC Order, pursuant to paragraphs 4 and 5 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”).
4. The conduct for which Dunbar was sanctioned took place between 2006 and 2014.

5. In the Settlement Agreement, Dunbar admitted to failing to deal fairly, honestly and in good faith with clients, contrary to section 39A(2) of the Nova Scotia *Securities Act*, R.S.N.S. 1989, c. 418, as amended (the “NS Act”), engaging in unfair practice with clients, contrary to section 44A(2) of the NS Act, and making untrue or misleading statements to clients about matters that a reasonable investor would consider important in deciding whether to enter into or maintain a trading or advising relationship with Dunbar, contrary to section 50(2) of the NS Act.
6. Dunbar further admitted to failing to notify the NSSC within the prescribed 10-day time periods of changes to his registration information, in respect of certain dealings with his clients, contrary to section 4.1(1)(b) of National Instrument 33-109 *Registration Information* (“NI 33-109”), and to acting in a manner contrary to the public interest.

## II. THE NSSC PROCEEDINGS

### Statement of Agreed Facts

7. In the Settlement Agreement, Dunbar agreed with the following facts:

#### Background

8. The Respondent was, at all material times, a resident of Halifax, Nova Scotia.
9. The Respondent was registered with the NSSC as a Dealing Representative with various mutual fund dealers beginning in April 1997. From July 2004 until October 2011, he was registered with Quadrus Investment Services Ltd. From December 2011, until his termination in December 2013, he held registration with Worldsource Financial Management Inc.
10. Since December 2012, the Respondent has not held registration with any securities commission in Canada or elsewhere.

#### Clients AA and BB

11. AA is a resident of Halifax, Nova Scotia. BB is also a resident of Halifax, Nova Scotia and the spouse of AA.

12. AA and BB became clients of the Respondent in 1999. AA and BB kept their accounts with the Respondent whenever he moved to a different firm and transferred their accounts with him whenever his registration was transferred to a new dealer.
13. AA and BB relied heavily on the Respondent for investment advice, following his recommendations and signing documentation as it was put in front of them.
14. Between August 2006 and December 2008, AA and BB wrote a number of cheques to the Respondent personally upon his request and in various amounts, totaling approximately \$56,000. AA and BB do not recall why these funds were provided to the Respondent, but no mutual funds or other investments were purchased with these funds for AA and BB.
15. In July 2008, the Respondent recommended that BB sell some mutual funds held in BB's RRSP account in order to re-purchase another mutual fund in the amount of \$202,614. There was no apparent benefit of this transaction to BB. However, the Respondent did receive a commission of approximately \$7,500 in relation to this transaction.
16. Between February 2009 and August 2011, the Respondent recommended that AA and BB direct some of their savings into an "off-shore" investment account. No such "off-shore" investment account was ever opened or existed on behalf of AA and BB. However, during this time, the Respondent:
  - (a) requested and accepted cheques made out to him personally from AA and BB that totaled approximately \$149,500;
  - (b) advised AA and BB that the funds were being invested in an "off-shore" account;
  - (c) did not open an "off-shore" investment account on behalf of AA and BB;
  - (d) did not invest the funds received from AA and BB in an "off-shore" investment on their behalf;
  - (e) used some of the funds received from AA and BB to fund his own personal expenses;
  - (f) used some of the funds received from AA and BB as deposits back to AA and BB;

- (g) misled AA and BB into believing that their investments were producing returns, which were being deposited into AA and BB bank accounts;
  - (h) failed to advise AA and BB that any monies being deposited into their bank accounts were being taken from their RRSP;
  - (i) failed to advise AA and BB that their RRSP account had been depleted;
  - (j) failed to advise AA and BB of the income tax consequences of the depleted RRSP account, which amounted to approximately \$53,000; and
  - (k) failed to advise AA and BB of the fees associated with depleting the RRSP account, which amounted to approximately \$25,000.
17. Between September 2011 and November 2012, the Respondent provided cheques to AA and BB in the amount of approximately \$71,371.

Client CC

18. CC is a resident of Toronto, Ontario. She was referred to the Respondent by AA and BB.
19. In or around December 2010, CC spoke with the Respondent regarding her investments. In December 2010, CC wrote a cheque to the Respondent, personally, at his request, in the amount of \$2,500 for the purposes of investing in an RRSP. The Respondent did not deposit these funds into an RRSP, instead, he deposited the cheque into his bank account and used the money for his personal expenses.

Client DD

20. DD is a resident of Kentville, Nova Scotia, and at all relevant times was a client of the Respondent.
21. In September 2011, the Respondent contacted DD and recommended he invest in a land development deal in the United States. DD wrote a cheque to the Respondent personally, in the amount of \$20,000 believing that it would be invested in this land development deal.
22. On March 30, 2012, the Respondent solicited DD for a further \$20,000 investment in the land development deal. Upon the request of the Respondent, DD wrote a second cheque

to the Respondent personally in the amount of \$20,000, again believing that these funds would be invested in the land development deal.

23. The Respondent failed to invest the funds received from DD in a land development deal. Rather, the funds received from DD were deposited into the Respondent's personal bank account and used to provide money to AA and BB.
24. In March 2013, the Respondent used personal funds and paid DD approximately \$31,000.

Client EE

25. EE is a resident of Dartmouth, Nova Scotia, and was at all relevant times a client of the Respondent.
26. In 2013, the Respondent solicited a loan from EE in the amount of \$40,000 at an interest rate of 12% per annum.
27. The Respondent used the loan proceeds received from EE to provide money to AA and BB and to pay his personal expenses.
28. In 2014, the Respondent paid EE approximately \$10,000.

Summary of Violations

29. The Respondent:
  - a. encouraged clients to provide him monies via personal cheques;
  - b. failed to invest monies received from clients in a legitimate manner and/or as directed by the clients;
  - c. failed to advise clients of the consequences of depleting monies from investment accounts, including the associated fees and tax consequences;
  - d. encouraged clients to undertake a particular investment strategy that did not benefit the client;
  - e. enticed clients to provide him with monies by promoting fake or illegitimate investment opportunities;
  - f. used client monies for his personal expenses;

- g. used funds from one or more clients to pay other clients;
- h. borrowed money from clients for the purpose of using those funds to pay other clients;

and thereby failed to deal fairly, honestly and in good faith with his clients, violating section 39A(2) of the NS Act.

30. The Respondent:

- a. failed to advise clients of the consequences of depleting monies from investment accounts, including the associated fees and tax consequences;
- b. failed to advise clients that monies provided to him would not be invested as per their directions and/or his recommendations;
- c. failed to advise clients that he was using monies provided to him for his personal expenses;
- d. failed to advise clients that he was using monies provided to him for the purpose of paying other clients;

and thereby engaged in unfair practice by taking advantage of clients' inability to reasonably protect their own interests because of ignorance or the inability to understand the character or nature of any matter relating to a decision to purchase, hold or sell a security, violating section 44A(2) of the NS Act.

31. The Respondent:

- a. advised AA and BB that their monies were invested in an "off-shore" account;
- b. advised AA and BB that their investments were generating returns;
- c. advised CC that her money would be invested in an RRSP;
- d. advised DD that his monies would be invested in a land development deal;

and thereby made untrue or misleading statements about something that a reasonable investor would consider important in deciding whether to enter into or maintain a trading or advising relationship with the Respondent, violating section 50(2) of the NS Act.

32. The Respondent:
- a. failed to notify the Commission within 10 days of the change to his registration information regarding the conflict of interest created by borrowing money from EE;
  - b. failed to notify the Commission within 10 days of the change to his registration information regarding the outside business activity created by accepting personal cheques from AA, BB, CC, DD and EE;
  - c. failed to notify the Commission within 10 days of the change to his registration information regarding the outside business activity created by borrowing money from EE;
  - d. failed to notify the Commission within 10 days of the change to his registration information regarding the debt obligation created by borrowing money from EE;
- and thereby violated section 4.1(1)(b) of NI 33-109.
33. The Respondent acted in a manner contrary to fair and efficient capital markets and contrary to the public interest.

#### **The NSSC Order**

34. The NSSC Order imposed the following sanctions, conditions, restrictions or requirements upon Dunbar:
- a. pursuant to section 134(1)(a) of the NS Act, Dunbar comply with and cease contravening Nova Scotia securities laws;
  - b. pursuant to section 134(1)(b) of the NS Act, Dunbar permanently cease trading in securities on his own behalf or on behalf of others, except through a person or company duly registered with the NSSC;
  - c. pursuant to section 134(1)(c) of the NS Act, all of the exemptions contained in Nova Scotia securities laws do not apply to Dunbar permanently;
  - d. pursuant to section 134(1)(d)(ii) of the NS Act, Dunbar be permanently prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

- e. pursuant to section 134(1)(f) of the NS Act, that the registration of Dunbar be cancelled;
- f. pursuant to section 134(1)(g) of the NS Act, that Dunbar be permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter;
- g. pursuant to section 134(1)(h) of the NS Act, that Dunbar be reprimanded;
- h. pursuant to sections 135(a) and (b) of the NS Act, Dunbar shall forthwith pay an administrative penalty to the NSSC in the amount of three hundred and fifty thousand dollars (\$350,000.00); and
- i. pursuant to section 135A of the NS Act, Dunbar shall forthwith pay costs in the amount of six thousand five hundred dollars (\$6,500.00) in connection with the NSSC's investigation and conduct of its proceeding.

### **III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION**

- 35. Dunbar is subject to (i) an order of the NSSC imposing sanctions, conditions, restrictions or requirements upon him and (ii) an agreement with the NSSC that Dunbar be made subject to sanctions, conditions, restrictions or requirements.
- 36. Pursuant to paragraphs 4 and 5, respectively, of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company, or an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that a person or company is to be made subject to sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.
- 37. Staff allege that it is in the public interest to make an order against Dunbar.



38. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.
39. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the *Ontario Securities Commission Rules of Procedure*.

**DATED** at Toronto, this 25<sup>th</sup> day of January, 2016.