



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

Web site: www.osc.gov.on.ca

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

- and -

**IN THE MATTER OF THE APPLICATION FOR REGISTRATION OF
MICHELLE KAMERMAN**

DECISION OF THE DIRECTOR

Having reviewed and considered the agreed statement of facts, the admissions by Michelle Kamerman (**Kamerman**), and the joint recommendation to the Director by Kamerman and staff of the Ontario Securities Commission (**Staff**) contained in the settlement agreement signed by Kamerman on May 19, 2021, and by Staff on May 24, 2021 (the **Settlement Agreement**), a copy of which is attached as Appendix “A” to this Decision, and on the basis of those agreed facts and admissions, I, Debra Foubert, in my capacity as Director under the *Securities Act*, R.S.O. 1990, c. S.5, accept the joint recommendation of the parties, and make the following decision:

1. Kamerman shall withdraw the Application immediately, and will not reapply for registration for a period of at least six months from May 28, 2021, the date this Settlement Agreement was submitted to the Director.
2. Before reapplying for registration, Kamerman shall provide Staff with proof that she has successfully completed both the Canadian Investment Funds Course and the Ethics and Professional Conduct Course offered by the IFSE Institute.

3. If Kamerman complies with paragraph 1 and 2 above, then upon Kamerman reapplying for registration in the future with a registered mutual fund dealer, Staff will not recommend to the Director that her application be refused unless Staff becomes aware after the date of this Settlement Agreement of conduct impugning Kamerman's suitability for registration or rendering her registration otherwise objectionable, provided Kamerman meets all other applicable criteria for registration at the time she applies for registration.
4. In the event Kamerman's registration is reactivated, it shall be subject to the terms and conditions set out in Schedule "A" to this Decision.
5. This Settlement Agreement will be published on the website of the Ontario Securities Commission and in the OSC Bulletin.

June 14, 2021

Date

"Debra Foubert"

Debra Foubert

Schedule A

The registration of Michelle Kamerman (the **Registrant**) under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**) is subject to the following terms and conditions, which were imposed by the Director pursuant to s. 27 of the Act:

Close Supervision

1. The Registrant is subject to close supervision by her sponsoring firm for a minimum period of six months from the effective date of these terms and conditions, after which time she may apply to have this term and condition removed from her registration. Monthly Close Supervision Reports (in the form specified in Schedule A to CSA Staff Notice 31-349 *Change to Standard Form Reports for Close Supervision and Strict Supervision Terms and Conditions*) are to be completed on the Registrant's sales activities and dealings with clients. The supervision reports are to be retained by the sponsoring firm and must be made available for review upon request or as required by the Close Supervision Report.

Business Conduct

2. For a minimum period of two years from the effective date of these terms and conditions, the Registrant shall have no involvement of any kind with the business activities of John Doe¹, after which time she may apply to have this term and condition removed from her registration.
3. The Registrant shall not permit John Doe or anyone acting on his behalf to have any involvement of any kind with the Registrant's mutual fund practice, including, without limitation, by taking reasonable steps to prevent John Doe or anyone acting on his behalf from entering the Registrant's office or any other place where she conducts securities-related business, taking reasonable steps to prevent John Doe or anyone acting on his behalf from accessing the Registrant's client files, and refraining from discussing her clients' mutual fund investments with John Doe or anyone acting on his behalf.
4. For so long as the Registrant shares a business premises with John Doe, but for a period of not less than two years from the effective date of these terms and conditions, before providing securities-related services to any client, the Registrant must provide the client with a clearly-worded written notice informing the client that the Registrant, and not John Doe, is the individual providing them with securities-related services, and that John Doe is not registered and is therefore not able to provide the client with securities-related services, including without limitation, advice regarding mutual funds. This written notice must be in a form acceptable to staff of the Ontario Securities Commission.
5. For so long as the Registrant shares a business premises with John Doe, but for a period of not less than two years from the effective date of these terms and conditions, the Registrant's sponsoring firm must perform at least two inspections of her practice per year

¹ For privacy reasons and for the purpose of the publication of this Director's Decision, this individual is referred to as "John Doe" to protect their identity.

to ensure compliance with these terms and conditions, and must provide Staff with a written report of their findings from each such inspection within one week of the inspection.

These terms and conditions of registration constitute Ontario securities law, and a failure by the Registrant to comply with these terms and conditions may result in further regulatory action against her, including a suspension of her registration.

Appendix A

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

- and -

IN THE MATTER OF THE APPLICATION FOR REGISTRATION OF MICHELLE KAMERMAN

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. This settlement agreement (the **Settlement Agreement**) between staff of the Ontario Securities Commission (**Staff**) and Michelle Kamerman (**Kamerman**) relates to an application submitted by Kamerman for registration as a mutual fund dealing representative under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**).

2. As more particularly described in this Settlement Agreement, Kamerman failed to comply with Ontario securities law and to conduct herself with the integrity required of a registrant by facilitating another registrant's personal financial dealings with his clients and failing to report those dealings or take other steps to stop them.

II. AGREED STATEMENT OF FACTS

3. Staff and Kamerman agree as to the following facts.

A. **Kamerman**

4. Kamerman has been in the financial services industry since 1997. For the entirety of her career in the financial services industry, Kamerman worked for John Doe.

5. John Doe, who was previously registered under the Act as a mutual fund salesperson and dealing representative, owned Firm X², a registered mutual fund dealer. In 2013, John Doe sold Firm X and moved his practice to GP Wealth Management Corporation (**GP Wealth**).

6. Kamerman was registered as mutual fund salesperson and dealing representative with Firm X from 1999 to 2013, and was registered as its chief compliance officer from 2009 to 2013. Kamerman was also Firm X's branch manager from 2005 to 2013.

7. Kamerman became registered as a mutual fund dealing representative with GP Wealth in 2013 after John Doe sold Firm X and moved to GP Wealth. As more particularly described below, Kamerman resigned from GP Wealth in March 2020, and has not been registered under the Act since then.

8. Kamerman has never maintained her own client base. Instead, Kamerman's role has been to service John Doe's clients.

B. GP Wealth Discovers Personal Financial Dealings by John Doe with his Clients

9. Personal financial dealings by a registered dealing or advising representative with their clients (*i.e.*, borrowing from, or lending to, clients by the registrant) creates a conflict of interest between the registrant and their client and is contrary to the registrant's obligation under s. 2.1(2) of OSC Rule 31-505 *Conditions of Registration* (**OSC Rule 31-505**) to deal with their clients fairly, honestly, and in good faith.

² For privacy reasons and for the purpose of the publication of this Director's Decision, this firm is referred to as "Firm X" to protect the identity of the individual referred to as "John Doe".

10. Registered individuals are also required to conduct themselves with integrity in order to demonstrate their suitability for ongoing registration under the Act. Engaging in personal financial dealings with clients is inconsistent with the integrity required of registrants.

11. In the case of a mutual fund dealing representative, personal financial dealing with a client is also contrary to the Rules of the Mutual Fund Dealers Association of Canada (the **MFDA**), including without limitation, Rules 2.1.1 and 2.1.4, and guidance issued by the MFDA, including without limitation, MSN-0047 *Personal Financial Dealings with Clients*, and MSN-0054 *Conflicts of Interest – MFDA Rule 2.1.4*.

12. In September 2019, GP Wealth discovered evidence that John Doe had borrowed money from a client. The matter was escalated to an internal review by GP Wealth and then to an investigation by the MFDA.

C. Resignation and Application for Reregistration

13. On March 26, 2020, while the MFDA investigation was ongoing, John Doe and Kamerman resigned from GP Wealth.

14. On May 14, 2020, John Doe and Kamerman applied to reactivate their registration under the Act with a new sponsor firm, IPC Investment Corporation (**IPC**).

D. Investigation Findings Regarding Personal Financial Dealings

15. In light of the registration applications submitted by John Doe and Kamerman, Staff joined the MFDA's ongoing investigation into John Doe's personal financial dealings with clients. This investigation remains ongoing by the MFDA. Staff's findings from its review of the registration applications include the following:

- (a) While he was registered as a mutual fund dealing representative, John Doe received three different loans from a client with a principal totalling \$110,000, at a 5% annual interest rate. These loans began in 2012 when the lender was not yet a client of John Doe and when John Doe was at Firm X, and they continued while he was at GP Wealth. These loans were documented in a series of nine promissory notes, and John Doe's signatures on these promissory notes were witnessed by Kamerman. John Doe repaid these loans in full.
- (b) While he was registered as a mutual fund dealing representative, John Doe made the investment loan interest payments for four clients (two mutual fund clients and two segregated fund clients) who were struggling to keep up with their payments. These payments totalled \$124,191.04, began at Firm X, and carried over to GP Wealth. Kamerman was generally aware that John Doe was making these payments to clients.
- (c) John Doe made 10 loans to nine different clients in amounts totalling \$189,200 for sundry personal expenses. All of these loans were made while John Doe was at GP Wealth. Kamerman was generally aware that John Doe was making these loans to clients.
- (d) Kamerman was aware that personal financial dealings were prohibited by Firm X's policies, GP Wealth's policies, and by the rules and guidance of the MFDA. In addition, as Firm X's chief compliance officer and branch manager, Kamerman had supervisory obligations under MFDA Rule 2.5.3(b) and 2.5.5(f), respectively. Nevertheless, Kamerman did not raise any objections to John Doe about the propriety of his conduct.
- (e) None of John Doe's personal financial dealings were disclosed to GP Wealth by John Doe or Kamerman.

- (f) In September 2019, GP Wealth sent letters to John Doe's clients to inquire as to whether they had any personal financial dealings with him. Two clients reported to GP Wealth that Kamerman had made statements to them about the letters which tended to diminish the importance of GP Wealth's internal review.

E. Staff Recommends Kamerman's Application be Refused

16. On March 19, 2021, Staff sent a letter to Kamerman informing her that a recommendation had been made to the Director that Kamerman's application for registration with IPC submitted on May 14, 2020 (the **Application**) be refused (the **Staff Letter**).

17. The Staff Letter alleged that Kamerman had engaged in the conduct described in paragraph 15 above, and that such conduct indicated that she lacked the requisite integrity for registration and that her registration would be objectionable.

18. On April 6, 2021, Kamerman requested an opportunity to be heard under s. 31 of the Act regarding Staff's recommendation to the Director that the Application be refused (the **OTBH**).

III. ADMISSIONS BY KAMERMAN

19. Kamerman admits that by engaging in the conduct described in paragraph 15 above, she failed to act fairly, honestly, and in good faith with her clients (*i.e.*, clients of John Doe who she was servicing) contrary to s. 2.1(2) of OSC Rule 31-505, and failed to conduct herself with the integrity required of a registered dealing representative under the Act.

IV. JOINT RECOMMENDATION

20. To settle the OTBH, Staff and Kamerman make the following joint recommendation to the Director regarding the Application:

- (a) Kamerman shall withdraw the Application immediately, and will not reapply for registration for a period of at least six months from the date this Settlement Agreement is submitted to the Director.
- (b) Before reapplying for registration, Kamerman shall provide Staff with proof that she has successfully completed both the Canadian Investment Funds Course and the Ethics and Professional Conduct Course offered by the IFSE Institute.
- (c) If Kamerman complies with paragraph 20(a) and (b) above, then upon Kamerman reapplying for registration in the future with a registered mutual fund dealer, Staff will not recommend to the Director that her application be refused unless Staff becomes aware after the date of this Settlement Agreement of conduct impugning Kamerman's suitability for registration or rendering her registration otherwise objectionable, provided Kamerman meets all other applicable criteria for registration at the time she applies for registration.
- (d) In the event Kamerman's registration is reactivated, it shall be subject to the terms and conditions set out in Schedule "A" to this Settlement Agreement.
- (e) This Settlement Agreement will be published on the website of the Ontario Securities Commission and in the OSC Bulletin.

21. The parties submit that their joint recommendation to the Director is reasonable, having regard to the following factors:

- (a) Staff is unaware of any evidence of any client suffering financial loss as a direct result of Kamerman's actions.

- (b) Kamerman has recognized and acknowledged her misconduct.
 - (c) The additional minimum period of time that Kamerman is to be without registration is commensurate with the gravity of her misconduct.
 - (d) The terms and conditions proposed by the Settlement Agreement provide a means to prevent Kamerman from being subject to further improper influence by John Doe.
 - (e) By agreeing to this Settlement Agreement, Kamerman has saved Staff and the Director the time and resources that would have been required for the OTBH.
22. The parties acknowledge that if the Director does not accept this joint recommendation:
- (a) This joint recommendation and all discussions and negotiations between Staff and Kamerman in relation to this matter shall be without prejudice to the parties.
 - (b) Kamerman will be entitled to an OTBH in accordance with section 31 of the Act in respect of a recommendation that may be made by Staff regarding her registration status.

“Elizabeth King”

Elizabeth A. King
Deputy Director, Registrant Conduct
Compliance and Registrant Regulation

May 24, 2021

Date

“Michelle Kamerman”

Michelle Kamerman

May 19, 2021

Date

Schedule A

The registration of Michelle Kamerman (the **Registrant**) under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**) is subject to the following terms and conditions, which were imposed by the Director pursuant to s. 27 of the Act:

Close Supervision

1. The Registrant is subject to close supervision by her sponsoring firm for a minimum period of six months from the effective date of these terms and conditions, after which time she may apply to have this term and condition removed from her registration. Monthly Close Supervision Reports (in the form specified in Schedule A to CSA Staff Notice 31-349 *Change to Standard Form Reports for Close Supervision and Strict Supervision Terms and Conditions*) are to be completed on the Registrant's sales activities and dealings with clients. The supervision reports are to be retained by the sponsoring firm and must be made available for review upon request or as required by the Close Supervision Report.

Business Conduct

2. For a minimum period of two years from the effective date of these terms and conditions, the Registrant shall have no involvement of any kind with the business activities of John Doe, after which time she may apply to have this term and condition removed from her registration.
3. The Registrant shall not permit John Doe or anyone acting on his behalf to have any involvement of any kind with the Registrant's mutual fund practice, including, without limitation, by taking reasonable steps to prevent John Doe or anyone acting on his behalf from entering the Registrant's office or any other place where she conducts securities-related business, taking reasonable steps to prevent John Doe or anyone acting on his behalf from accessing the Registrant's client files, and refraining from discussing her clients' mutual fund investments with John Doe or anyone acting on his behalf.
4. For so long as the Registrant shares a business premises with John Doe, but for a period of not less than two years from the effective date of these terms and conditions, before providing securities-related services to any client, the Registrant must provide the client with a clearly-worded written notice informing the client that the Registrant, and not John Doe, is the individual providing them with securities-related services, and that John Doe is not registered and is therefore not able to provide the client with securities-related services, including without limitation, advice regarding mutual funds. This written notice must be in a form acceptable to staff of the Ontario Securities Commission.
5. For so long as the Registrant shares a business premises with John Doe, but for a period of not less than two years from the effective date of these terms and conditions, the Registrant's sponsoring firm must perform at least two inspections of her practice per year to ensure compliance with these terms and conditions, and must provide Staff with a written report of their findings from each such inspection within one week of the inspection.

These terms and conditions of registration constitute Ontario securities law, and a failure by the Registrant to comply with these terms and conditions may result in further regulatory action against her, including a suspension of her registration.