

## RE: CHANG 2013 IIROC 48

### Case Summary

In the (IIROC) decision, *Re Chang*, decided January 31, 2014, the Panel determined the appropriate sanctions for the Respondent who had been held to have made 6 unauthorized purchases for a combined total of approximately \$498,160 in a client's account without authorization. It was further determined that over the course of many months the Respondent made numerous misrepresentations to the client regarding the number of shares in the clients account in order to hide his unauthorized purchases. The Panel held that such misconduct was deserving of severe sanction and ordered the following:

- A permanent ban;
- A fine of \$100,000; and
- Costs of \$7,500.

Although the Respondent had voluntarily removed himself from the industry in 2009, the Panel considered the penalty appropriate given the harm the Respondent exposed his client to and the Respondent's deliberate and dishonest misconduct.

The Panel held that the Respondent made purchases from a client's account without authorization during a period when the securities purchased were declining, and repeatedly misrepresented the size of the share position to his client over a number of months. In so doing, the Panel held, that the Respondent exposed his client to potentially large losses and acted completely at odds with his fundamental obligation to deal with his client honestly. The Panel did acknowledge that the Respondent's misconduct only involved one client and that generally the Respondent did not treat his clients dishonestly. Further, the Panel recognized the Respondent's cooperation with the investigation (likely at a significant cost) to be somewhat of a mitigating factor.

The Panel recognized that the permanent ban might impose substantial economic hardship on the Respondent and therefore reduced the fine which would otherwise have been levied for such misconduct.

#### Author

**Sandi J. Shannon**

Calgary

403.232.9872

sshannon@blg.com