



**IN THE MATTER OF  
THE MUTUAL FUND DEALER RULES  
and**

**Andrew David Tachauer**

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**ORDER**

(ARISING FROM A SETTLEMENT HEARING ON JUNE 23, 2023)

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**WHEREAS** on December 19, 2022, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to sections 20 and 24 of MFDA By-law No. 1 (now Mutual Fund Dealer Rules 7.3 and 7.4) in respect of a disciplinary proceeding commenced against Andrew David Tachauer (the “Respondent”);

**AND WHEREAS** on January 1, 2023, the MFDA and the Investment Industry Regulatory Organization of Canada (“IIROC”) consolidated to form the New Self-Regulatory Organization of Canada, now called the Canadian Investment Regulatory Organization (“CIRO”);

**AND WHEREAS** on February 2, 2023, the first appearance was held electronically by videoconference before a Hearing Panel of the Ontario District Hearing Committee of CIRO (the “Hearing Panel”) in this matter and a schedule was set for the balance of the proceeding including a hearing of the matter on its merits which was scheduled to be heard by videoconference between June 21-23, 2023;

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of CIRO dated June 19, 2023 (the “Settlement Agreement”) in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to sections 20 and 24.1 of MFDA By-law No. 1 (now Mutual Fund Dealer Rules 7.3 and 7.4.1);

**AND WHEREAS** on June 21, 2023, CIRO provided notice to the public of a Settlement Hearing in respect of the Respondent;

**AND WHEREAS** Staff and the Respondent made a joint request pursuant to Rule 2.2(1)(a) of the Mutual Fund Dealer Rules of Procedure (the “ROP”) for the abridgement of the 10-day notice period required by Rule 15.2 of the ROP in order to permit the Hearing Panel to proceed with the Settlement Hearing on June 23, 2023 as scheduled.

**AND WHEREAS** based upon the admissions of the Respondent in the Settlement Agreement, the Hearing Panel is of the opinion that between December 2019 and February 2020, the Respondent failed to:

- (a) accurately record the essential facts relative to a client when opening a new client account for the client;
- (b) update a client’s Know-Your-Client (“KYC”) information when the Respondent became aware of material changes to the client’s circumstances and investment objective;
- (c) ensure that investments that he recommended that a client purchase using borrowed monies were suitable for the client, having regard to the client’s KYC information; and
- (d) report to the Member that a client used borrowed monies to invest;

contrary to the Member's policies and procedures and MFDA Rules 2.2.1<sup>1</sup>, 2.2.4(b)<sup>2</sup>, 2.1.1 and 1.1.2 (as it relates to MFDA Rule 2.5.1) (now Mutual Fund Dealer Rules 2.2.1, 2.2.4(b), 2.1.1, 1.1.2 and 2.5.1).

**IT IS HEREBY ORDERED THAT** the 10-day notice period required by Rule 15.2 of the ROP is abridged in accordance with Rules 1.5 and 2.2(1)(a) of the ROP and the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent shall pay a fine in the amount of \$40,000, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1(b));
2. The Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.2);
3. The payment by the Respondent of the fine and costs shall be payable to CIRO as follows:
  - a) \$25,000 (costs and fine) payable in certified funds on the date of this Order;
  - b) monthly payments of \$3,333.33 (fine) in certified funds payable on or before the first day of every month for 6 consecutive months commencing on the first day of August, 2023;
4. If the Respondent fails to make any of the payments described above in paragraph 3 when the payments become due, then the unpaid balance of the fine and costs owed by the Respondent shall immediately become due and payable to CIRO; and
5. If at any time a non-party to this proceeding, with the exception of the bodies set out in Mutual Fund Dealer Rule 6.3, requests production of or access to exhibits in this proceeding that contain personal information as defined by CIRO's Privacy Policy, then the

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<sup>1</sup>MFDA Rule 2.2.1 was amended on December 31, 2021. As the conduct addressed in this disciplinary proceeding pre-dated the amendment to this Rule, all contraventions addressed in this proceeding that make reference to that Rule concern the version of the Rule that was in effect between December 2019 and December 31, 2021.

<sup>2</sup>MFDA Rule 2.2.1 was amended on December 31, 2021. As the conduct addressed in this disciplinary proceeding pre-dated the amendment to this Rule, all contraventions addressed in this proceeding that make reference to that Rule concern the version of the Rule that was in effect between December 2019 and December 31, 2021.

Corporate Secretary's Office, Mutual Fund Dealer Division of CIRO shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all personal information, pursuant to Rules 1.8(2) and (5) of the ROP.

**DATED** this 23<sup>rd</sup> day of June, 2023.

"Thomas Lockwood"

Thomas Lockwood  
Chair

"Edward Jackson"

Edward Jackson  
Industry Representative

"Joseph Yassi"

Joseph Yassi  
Industry Representative

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