

IN THE MATTER OF:

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA**

AND

MARK ODORICO

NOTICE OF HEARING

An initial appearance (“Initial Appearance”) will be held before a hearing panel (“Hearing Panel”) of the Investment Industry Regulatory Organization of Canada (“IIROC”) pursuant to Sections 8203 and 8205 of the Consolidated Enforcement, Examination and Approval Rules of IIROC in this matter. The purpose of the Initial Appearance is to schedule a hearing (“Hearing”).

The Initial Appearance will be held by way of videoconference on Tuesday April 27, 2021 at 10:00 am.

The Respondent must serve a Response (“Response”) to this Notice of Hearing and the Statement of Allegations dated February 12, 2021 (“Statement of Allegations”) in accordance with Section 8415 within 30 days from the effective date of service of this Notice of Hearing.

If the Respondent does not file a Response in accordance with Section 8415(1), the Initial Appearance may be immediately converted to a Hearing.

If the Respondent files a Response in accordance with Section 8415(1), the Initial Appearance will be immediately followed by an initial prehearing conference. In preparation for the prehearing conference, the Respondent must serve and file a prehearing conference form in accordance with Section 8416(5).

The purpose of the Hearing will be to determine whether the Respondent has committed the contraventions that are alleged by the staff of IIROC (“Staff”). The alleged contraventions are contained in the Statement of Allegations.

The Hearing will be conducted as: an oral hearing, in-person or by videoconference.

The Initial Appearance, the Hearing and all related proceedings will be subject to the Rules of Practice and Procedure as set out in Section 8400.

Pursuant to the Rules of Practice and Procedure, the Respondent is entitled to attend the Hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, and to make submissions to the Hearing Panel at the Hearing.

If the Respondent fails to serve a Response at the Hearing the Hearing Panel may, pursuant to Section 8415(4):

- (a) proceed with the hearing as set out in this Notice of Hearing, without further notice to the Respondent;
- (b) accept as proven the facts and contraventions set out by Staff in the Statement of Allegations; and
- (c) order sanctions and costs against the Respondent pursuant to Sections 8210 and 8214 and/or IIROC Dealer Member Rule 20.33.

If the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by Staff in the Statement of Allegations, the Hearing Panel may, pursuant to Section 8210 and/or IIROC Dealer Member Rule 20.33, impose any one or more of the following sanctions:

- (a) a reprimand;
- (b) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention;
- (c) a fine not exceeding the greater of:
 - (i) \$5,000,000 per contravention; and
 - (ii) an amount equal to three times the profit made or loss avoided by the person, directly or indirectly, as a result of the contravention.
- (d) suspension of the person's approval or any right or privilege associated with such approval, including access to a Marketplace, for any period of time and on any terms and conditions;
- (e) imposition of any terms or conditions on the person's continued approval or continued access to a Marketplace;

- (f) prohibition of approval in any capacity, for any period of time, including access to a Marketplace;
- (g) revocation of approval;
- (h) a permanent bar to approval in any capacity or to access to a Marketplace;
- (i) permanent bar to employment in any capacity by a Regulated Person, and
- (j) any sanction determined to be appropriate under the circumstances.

If the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by the Staff in the Statement of Allegations, the Hearing Panel may assess and order any investigation and prosecution costs determined to be appropriate and reasonable in the circumstances pursuant to Section 8214 and/or IIROC Dealer Member Rule 20.49.

DATED this 12 day of February 2021.

“National Hearing Coordinator”
NATIONAL HEARING COORDINATOR
Investment Industry Regulatory Organization of Canada
Suite 2000, 121 King Street West
Toronto, Ontario, M5H 3T9

IN THE MATTER OF:

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
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AND

MARK ODORICO

STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated February 12, 2021, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

- (i) Between March 2014 and October 2018, the Respondent misappropriated funds from clients RM and JR/MR, contrary to Dealer Member Rule 29.1 (prior to September 1, 2016) and Consolidated Rule 1400 (after September 1, 2016).
- (ii) Between January 2016 and February 2019 the Respondent effected unauthorized trades in client RM's account, contrary to Dealer Member Rule 29.1 (prior to September 1, 2016) and Consolidated Rule 1400 (after September 1, 2016).
- (iii) In May 2020, the Respondent failed to co-operate with Enforcement Staff who were conducting an investigation, contrary to section 8104 of the Consolidated Rules.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. The Respondent was a Registered Representative (“RR”) at a branch of CIBC World Markets Inc. (“CIBC WM”) between 2013 and April 2019 (the “Relevant Period”). The Respondent has not been an IIROC registrant since leaving CIBC WM on April 30, 2019.
2. During the Relevant Period, the Respondent misappropriated substantial sums of money from clients RM and JR/MR, after advising the clients that he would invest the funds on their behalf.
3. The Respondent also effected unauthorized trades in client RM’s account during the Relevant Period, in that he did not discuss the particulars of trades in advance with the client.
4. When asked to participate in an interview conducted by Enforcement Staff during the course of the investigation, the Respondent failed or refused to answer written questions provided to him in April 2020.

Client RM

5. RM was born in 1956 and did not complete her high school education. RM met the Respondent in November 2013 when he purchased her house. The Respondent then persuaded her to become a client in June 2014.
6. RM provided the Respondent with \$250,000 and he opened a margin account for her as well as a TFSA account. In April 2015 she added another \$300,000 to invest with the Respondent.

Misappropriation of RM's Funds

7. In the spring of 2014, the Respondent suggested that RM give him additional funds that he would invest in his name on her behalf. He told her that he could make more money for her than she could in the investment accounts held with him.
8. RM thought that her funds were invested in the Respondent's name at CIBC WM. On various dates between March 2014 and October 2018, RM provided the Respondent with \$449,000 in total, all based on his assurances that she was making money from these "investments."
9. Other than one re-payment of \$9,000, when RM complained to him about her investments, the Respondent has not returned RM's funds.

Unauthorized Trading in RM's Accounts

10. During the Relevant Period, the Respondent did not contact RM in advance to discuss trades in her account before they were made. She did not understand her monthly account statements. RM trusted and depended on the Respondent to manage her account for her.
11. Between January 2016 and February 2019, there were 43 trades effected in RM's margin account and two trades in her TFSA account.

Misappropriation of Funds From Clients JR/MR

12. JR and MR are a married couple who had been the Respondent's clients for some time. In September 2018, the Respondent called the Rs to recommend an opportunity to purchase a security known as Versabank. He told the clients that it would generate a return of 10%

on an investment of \$150,000 within thirty days. The Rs agreed as they trusted and relied on the Respondent. The Rs gave the Respondent their funds of \$150,000 on September 26, 2018.

13. The Respondent told the Rs that the investment was guaranteed and he provided them with a postdated cheque from himself in the amount of \$165,000 dated October 26, 2018. Shortly after providing them with this cheque, the Respondent told the Rs not to cash the cheque as he did not have sufficient funds to cover it. The Respondent asked the Rs not to report this matter at the time and they agreed, feeling that this was the only way to obtain the return of their funds.
14. The Rs later complained when their funds of \$150,000 were not returned to them by the Respondent.

Failure to Co-operate with Enforcement Staff's Investigation

15. The Respondent was informed of Enforcement Staff's investigation on or about February 2020. Written interview questions were sent to the Respondent on April 3, 2020 and he was asked to respond by May 22, 2020. To date the Respondent has failed or refused to answer the written questions.

DATED at Toronto, Ontario this 12th day of February, 2021.