

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO
CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

DISCIPLINE COMMITTEE

IN THE MATTER OF: A proposed Settlement Agreement between the Professional Conduct Committee of the Chartered Professional Accountants of Ontario and **EDWARD A. REMPEL, CPA, CMA.**

TO: Edward A. Rempel, CPA, CMA

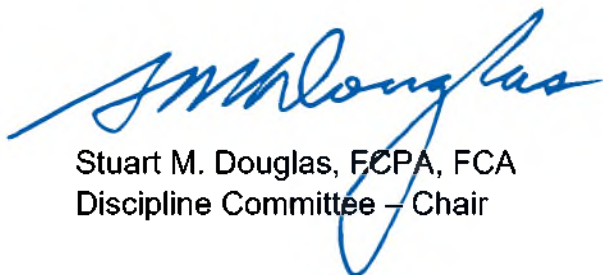
AND TO: The Professional Conduct Committee

DECISION MADE JUNE 29, 2020

DECISION

After considering the submissions of the parties and the proposed Settlement Agreement itself, the Panel hereby approves the Settlement Agreement, dated March 19, 2020.

DATED at Toronto, this 29th day of June 2020.



Stuart M. Douglas, FCPA, FCA
Discipline Committee – Chair

THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

IN THE MATTER OF:

ALLEGATIONS OF PROFESSIONAL MISCONDUCT
AGAINST EDWARD A. REMPEL, CPA, CMA
MEMBER OF CPA ONTARIO,
BEFORE THE DISCIPLINE COMMITTEE

SETTLEMENT AGREEMENT

*Made pursuant to Section 34 (3) (c) of the Chartered
Professional Accountants of Ontario Act, 2017 and to
CPAO Regulation 7-1, s.22.4*

Introduction

1. The Professional Conduct Committee ("PCC") has approved draft Allegations (the "Allegations") against Edward A. Rempel ("Rempel") which are contained in the Document Brief at TAB 1.
2. The Allegations are founded upon a Settlement Agreement entered into by Rempel and the Financial Planning Standards Council ("FPSC"), a professional regulatory body, and executed on March 12, 2018. The FSPCA Settlement Agreement and the documents attached to it are contained in the Document Brief at TAB 2 and include Sub Tabs A, B, and C.
3. The FPSC Settlement Agreement is, in turn, supported by allegations of professional misconduct brought by the Mutual Fund Dealers Association ("MFDA"), a national professional regulatory body, (TAB 2 A, p. 10) and the findings by an MFDA

disciplinary tribunal that Rempel breached the MFDA Rules as alleged (TAB 2 B, p.p. 23-63).

4. Rempel and the PCC agree that the findings of fact made by the MFDA disciplinary tribunal and the facts agreed to in the FPSC Settlement Agreement are accurate for the purposes of this proceeding.
5. The PCC and Rempel agree with the facts and conclusions set out in this Settlement Agreement (the "Agreement") for the purpose of this proceeding only, and further agree that this agreement of facts and conclusions is without prejudice to Rempel in any other proceedings of any kind, including, but without limiting the generality of the foregoing, any civil or other proceedings which may be brought by any other person, corporation, regulatory body or agency.

The Member

6. Rempel obtained his Certified Management Accountant's ("CMA") designation in 1983 and has been self-employed, in part, as Unconventional Wisdom & Advice Inc. ("Unconventional Wisdom") in Brampton Ontario since that time. In addition, Rempel currently maintains a financial blog entitled "Unconventional Wisdom – Insights from experience on building financial security." Rempel is identified as a CPA, CMA on this website and offers financial advice as well as tax preparation and filing services.
7. From September 19, 1994, Rempel was also registered with the Ontario Securities Commission ("OSC") as a mutual fund sales person, and was employed with Armstrong & Qualie Associated Inc. ("A&Q" or the "Firm") from November 2001 to August 5, 2015. Rempel was also the registered with the OSC as A&Q's "Approved Person" and operated a subbranch office for A&Q under the trade name of Ed Rempel & Associates ("ERA").

8. In April 1998, Rempel was certified as a Certified Financial Planner (“CFP”).

The Complaint

9. On April 4, 2019 CPA Ontario became aware that on May 28, 2018, the FSPCA approved a settlement agreement (TAB 3, p. 75), wherein Rempel admitted to the allegations of misconduct underlying a MFDA decision dated September 3, 2015 (Tab 2 B, p.p. 23-63) and to the violation of his professional obligations as a CFP.

10. As a result of becoming aware of the FSPC settlement agreement, CPA Ontario learned that a hearing panel of the MFDA, in a decision issued on September 3, 2015 (the “MFDA Decision” (TAB 2 B, p.p. 23-63), found Rempel guilty of misconduct, and on November 2, 2015, sanctioned Rempel (TAB C, p. 69, para. 11). The reasons for the penalty decision were issued December 18, 2015 (TAB 2 C p.p. 65-74).

11. The conduct underlying the MFDA Decision and the FPSC Settlement Agreement occurred while Rempel was a CFP, a CMA and later a CPA. Rempel’s conduct is, therefore, governed by the CMA Rules of Professional Misconduct and Code of Professional Ethics Regulation (TAB 4), as well as the Rules of Professional Conduct of CPA Ontario, as amended from time to time. Accordingly, CPA Ontario initiated the complaint and investigation that resulted in the Allegations.

The Allegations

12. The first draft Allegation pertains to Rempel’s conduct in the period in or about September 19, 2011 through November 28, 2011, as outlined in the MFDA Notice of Hearing (TAB 2 A, p.p. 10- 21) and the MFDA Decision and Reasons (TAB 2 B, p.p. 23-63). The second and third Allegations pertain to Rempel’s conduct from November 14, 2011 through April 4, 2019 during which time Rempel was a member of CPA Ontario, a registered mutual fund salesperson, and a CFP.

Allegation 1: Acts Discreditable to the Profession

13. Rempel was registered as a mutual fund salesperson from September 1994 to December 2015 when he was suspended by the MFDA (TAB 2 D, p. 67, para. 11(2)). He worked as a mutual fund salesperson with A&Q from July 9, 2008 to May 25, 2011. During the time Rempel worked with A&Q, he employed an unlicensed employee referred to in the MFDA Settlement Agreement as "KS" within the A&Q subbranch, ERA. KS worked in ERA's office providing administrative and information technology support services.
14. While Rempel employed KS, he opened an account for KS with A&Q and provided KS with financial planning and tax preparation services. In October 2009, Rempel recommended to KS a leveraged investment strategy, for which KS obtained two loans totaling \$100,000. In each instance the money was invested in mutual funds that were purchased in KS's account on a deferred sales charge fee ("DSC fees") basis.
15. Between late 2010 and early 2011 the relationship between KS and Rempel deteriorated and on May 25, 2011 Rempel terminated KS' employment with ERA.
16. On August 31, 2011, KS sent a letter of complaint to A&Q setting out a number of allegations of misconduct against Rempel. These allegations made by KS were investigated but, ultimately, not pursued by the FSPC nor by the MFDA.
17. On or about September 19, 2011, Rempel contacted KS by phone, without the approval of the Firm, in order to:
 - (a) persuade client KS to withdraw part of his complaint against the Respondent;

(b) offer to compensate client KS for the deferred sales charges he would incur if he withdrew his complaint and collapsed the leveraged investment strategy that was the subject matter of the complaint; and

(c) impose conditions on this proposal such as keeping the proposal secret.

18. On November 14, 2011, KS submitted a complaint to the MFDA. During the MFDA investigation, on or about November 28, 2011, Rempel sent a written statement to the MFDA in which he falsely denied that he had attempted to persuade KS to withdraw his complaint, or that he had attempted to negotiate a settlement without the prior written consent of the Firm. Rempel sent the letter prior to learning that KS had recorded the telephone conversation of September 19, 2011 and had provided that recording to the MFDA. (Tab 2 B, p.p. 49-50, para. 137)

19. As a result of the conduct described above, the MFDA found that Rempel acted contrary to Mutual Fund Dealers Association ("MFDA") Rules, By-laws and Policies as well as the Policies and Procedures of A&Q. (TAB 2 B, p.p.51, para. 143 – p. 62, para. 209)

20. On November 2, 2015 Rempel was subject to sanctions imposed by the MFDA which included the following:

(a) a prohibition from conducting securities related business in any capacity as an Approved Person of, or in association with, any Member of the MFDA until August 5, 2018, pursuant to section 24.1.1(e) of MFDA By-law No. 1;

(b) a fine of \$100,000, pursuant to s. 24.1.1(b) of MFDA By-law No 1

(c) costs in the amount of \$25,000, pursuant to s. 24.2 of MFDA By-law No. 1; and

(d) a requirement that if, after August 5, 2018, the Respondent applies to become re-registered to conduct securities related business while in the employ of, or associated with a Member of the MFDA, the Respondent shall be subject to strict supervision by the Member with which he becomes re-registered for a period of twelve (12) months from the date that he becomes re-registered. (TAB 2 C, p. 69, para. 11)

21. It is agreed that by contacting KS after KS made the complaint to the Firm in an attempt to convince KS to withdraw a part of his complaint in the circumstances described in Allegation 1(i), and by making false and misleading statements to the MFDA during their investigation in the circumstances described in Allegation 1 (ii), Rempel, as a CMA during the relevant period of time, committed acts discreditable to the profession and contrary to Rule 3.4(b) of the CMA Rules of Professional Misconduct and Code of Professional Ethics Regulation (TAB 4)

Allegation 2: Failure to Notify CPA Ontario of MFDA Disciplinary Process

22. Rempel was required, by Rule 102.4 of the Rules of CPA Ontario in effect at the time, to promptly notify CPA Ontario that, while he was a member of the MFDA and acting in a professional capacity as a registered mutual fund salesperson, he was subject to a disciplinary process and was found guilty of a failure to comply with the requirements of the MFDA.

23. By November 24, 2011 the MFDA had launched its investigation into the conduct of Rempel and made a request for information from Rempel. (TAB 2 B, p. 48, para. 136)

24. The MFDA issued a Notice of Hearing detailing allegations of misconduct against Rempel on October 15, 2013. (TAB 2 A)

25. The MFDA released their decision and Reasons on September 3, 2015 (TAB 2 B) and their decision on penalty on December 18, 2015. (TAB 2 C)
26. On April 4, 2019, CPA Ontario became aware, through sources other than Rempel, of the disciplinary matters involving Rempel with the MFDA and the FPSC.
27. Rempel admits that, in the more than 4 years that had lapsed since he was sanctioned by the MFDA and CPA Ontario becoming aware of these disciplinary matters involving him, he failed to promptly notify CPA Ontario, and in failing to so do breached Rule 102.4 of the Rules of Professional Conduct of CPA Ontario, as amended from time to time.

Allegation 3: Failure to Notify CPA Ontario of FPSC Disciplinary Process

28. On May 28, 2018, a FPSC Discipline Hearing Panel accepted a Joint Settlement Agreement between FPSC and Rempel in which Rempel admitted that he: (1) Breached Rules 101 and 606 of the Code of Ethics; and Rules 1 and 18 of the Standards of Professional Responsibility; (2) engaged in conduct that reflects adversely on his integrity as a CFP professional; and (3) failed to meet his disclosure obligations from 2011 to 2015, and misled FPSC, by failing to report the underlying client complaint or the review of his conduct by the MFDA to FPSC. (TAB 3)
29. As part of the FPSC Settlement Agreement, Rempel was subject to the following sanctions:
- a. Mr. Rempel's CFP certification and entitlement to use the CFP marks be suspended for a period of six (6) months commencing June 1, 2018 and ending November 30, 2018. During the suspension Mr. Rempel shall cease to use the CFP marks and/or hold himself out as a CFP professional;

- b. In addition to completing the annual 25 hours of Continuing Education (CE) activities required of every FPSC certificant in 2018, prior to November 30, 2018, Mr. Rempel, shall, at his own expense, successfully complete an additional two (2) hours of FPSC-accredited CE in the Professional Responsibility category;
 - c. Mr. Rempel shall provide proof of completion of the three (3) FPSC-accredited CE in the category of Professional Responsibility to FPSC by November 30, 2018; d. Mr. Rempel shall pay costs to FPSC of \$2,250, which costs are due to FPSC on or before June 28, 2018.(TAB 3)
30. Rempel was required by the CPA Ontario Code of Professional Conduct, Rule 102.3 (b) to promptly notify CPA Ontario that he had been subject to the disciplinary or similar process of another professional regulatory body, including the FSPC, and of having:
- (a) been found guilty of a failure to comply with the requirements of that professional regulatory body;
 - (b) entered into a settlement agreement with that professional regulatory body with respect to a matter referred to in (a);
31. During the relevant period of time Rempel was registered with four regulatory or self-regulatory bodies and had been sanctioned by two of those regulatory bodies between 2015 and 2018, including the sanction by the FPSC for his failure to report to the FPSC the review of his conduct by the MFDA and the resultant disciplinary hearing.
32. It is agreed that Rempel failed to promptly notify CPA Ontario that he had entered into a Settlement Agreement with respect to a failure to comply with the requirements of the FPSC, contrary to Rule 102.3(b) of the CPA Ontario Code of Professional Conduct.

Acknowledgement

33. Rempel admits and acknowledges that he committed acts discreditable to the profession contrary to Rule 3.4(b) of the CMA Rules of Professional Misconduct and Code of Professional Ethics Regulation by contacting KS, after KS made the complaint to the Firm, and by making false and misleading statements to the MFDA during their investigation.
34. Rempel acknowledges and admits that he failed to promptly notify CPA Ontario that while he was acting in a professional capacity as a registered mutual fund salesperson, he was subject to a disciplinary process and was found guilty of a failure to comply with the requirements of the MFDA, as required by Rule 102.4 of the CPA Code of Professional Conduct.
35. Rempel acknowledges and admits that he failed to promptly notify CPA Ontario that he had entered into the FPSC Settlement Agreement as required by Rule 102.3(b) of the CPA Code of Professional Conduct.

Terms of Settlement

36. Rempel and the Professional Conduct Committee agree to the following Terms of Settlement:
- a. A written reprimand;
 - b. Payment of a fine in the amount of \$10,000;
 - c. A suspension from membership in CPA Ontario for a period of one year with full publicity in accordance with the provisions of CPA Ontario Regulation 6-2, section 48 in the Globe and Mail Newspaper with costs of publication to be borne by the member.

- d. Notice of the terms of this Settlement is to be published in accordance with the provisions of CPA Ontario Regulation 6-2, section 45, including notice to be given to all members of CPA Ontario and to all provincial bodies;
 - e. Payment of costs in the amount of \$7,500;
 - f. Rempel will be allowed 12 months from the time the Discipline Committee accepts this Agreement to pay the fine and costs referred to herein.
26. A failure by Rempel to comply with any of the terms of settlement will result in his suspension from membership in CPA Ontario which suspension will continue until he complies PROVIDED THAT if his suspension under this section continues for more than 3 months his membership in CPA Ontario will be revoked with full publicity in accordance with Regulation 6-2, section 48.
37. Should the Discipline Committee accept this Agreement, Rempel agrees to waive his right to a full hearing, judicial review or appeal of the matter subject to the Agreement. Upon the member fulfilling the requirements of this Agreement, the draft allegations approved by the Professional Conduct Committee in December 2019, shall be forever stayed.
38. If for any reason this Agreement is not approved by the Discipline Committee, then:
- a. This Agreement and its terms, including all Settlement Negotiations between the Professional Conduct Committee and Rempel leading up to its presentation to the Discipline Committee, shall be without prejudice to the Professional Conduct Committee and Rempel; and
 - b. The Professional Conduct Committee and Rempel shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations, or negotiating a new Agreement, unaffected by this Agreement or the Settlement Negotiations.

Disclosure of the Agreement

39. This Agreement and its terms will be treated as confidential by the Professional Conduct Committee and Rempel, until approved by the Discipline Committee, and forever if for any reason whatsoever this Agreement is not approved by the Discipline Committee, except with the written consent of the Professional Conduct Committee and Rempel, or, as may be required by law.

40. Any obligations of confidentiality shall terminate upon approval of the Agreement by the Discipline Committee.

All of which is agreed to for the purpose of this proceeding alone this 19th day of March 2020.



Paul F. Farley
On behalf of:
THE PROFESSIONAL CONDUCT
COMMITTEE



Edward L. Rempel
On his own behalf