

Notices/News Releases 1.2 -- Bruce Allan Warrington and Moneysem Financial Consultants Inc.

Issue: March 21, 1997

Citation: 20 O.S.C.B 1454

March 19, 1997

Re: Bruce Alan Warrington and Moneysem Financial Consultants Inc.

Toronto -- On March 14, 1997, Bruce Warrington ("Warrington") was sentenced to 9 months in jail. Warrington was charged with:

(1) trading in securities, namely promissory notes issued by Warrington or Moneysem Financial Consultants Inc. ("Moneysem"), without being registered to trade in such securities as required by the *Securities Act*;

(2) being a director or officer of Moneysem and authorizing, permitting or acquiescing in the offence committed by Moneysem described in (1);

(3) trading in securities, namely promissory notes issued by Warrington or Moneysem, where such trading was a distribution without having filed a preliminary prospectus or obtaining receipts as required by the *Securities Act*; and

(4) being a director or officer of Moneysem and authorizing, permitting or acquiescing in the offence committed by Moneysem described in (3).

Warrington, a registered mutual fund salesperson in Hamilton, borrowed approximately \$700,000 from 17 former clients and issued promissory notes to these clients. Approximately \$500,000 is still owing to these former clients. Warrington pleaded guilty to the charges on the sixth day of trial and after 16 witnesses had testified, 14 of whom were his former clients. Warrington had persuaded some of his clients to redeem mutual funds in order to loan him the money.

In passing sentence, Her Worship Justice of the Peace Casey found that Warrington had breached the trust of his clients, the majority of whom had little, if any, knowledge of the investment market. Her Worship stated that Warrington's sentence is to serve not only as a deterrent to him but also serve as a deterrent to others who may be tempted by the same circumstances to engage in similar practices. Her Worship considered Warrington's ability to repay his clients and found that he would not be able to generate enough revenue to "make even a dent in the nearly \$500,000 he owes to his clients". As a result of Warrington's impecuniosity and an ongoing civil action, Her Worship declined to order restitution of the monies owed to former clients. Her Worship stated that Warrington's actions inflicted great financial and emotional hardship on retirees who could not replenish the money Warrington took from them. The fact that Warrington pleaded guilty was not considered as a mitigating circumstance because the plea came after the Crown closed its case and because Warrington "put his clients through the trauma of testifying before this Court and before he (Warrington) had to give his own testimony". Her Worship rejected the submission of counsel for the defence for a suspended sentence or a home confinement type of punishment.

After serving his sentence, Warrington will be subject to a two year probation order and will be prohibited from trading in a security or working for any investment firm accepting investments.

Copies of the Reasons on Sentencing are available at 20 Queen Street West, 8th Floor, Toronto, Ontario.

Reference:

Derek Ferris

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