

IN THE MATTER OF  
THE SECURITIES ACT, 1988, S.S. 1988, c. S-42.2

AND

IN THE MATTER OF  
GRANT ALBIN SWANSON

D E C I S I O N

Hearing Held January 22, 1992

Before: Barbara L. Shourounis, Director

Appearances: James Hall representing Commission staff

Grant Swanson represented himself

Ken McEachern representing PFSL Investments Canada Ltd.

Decision dated January 30, 1992

## DECISION

### Issue

The question I must determine is whether Grant Swanson is suitable for registration as a mutual fund salesperson. The Commission registration staff has alleged that:

1. Mr. Swanson is not able to manage his personal financial affairs, and therefore is not competent to give advice to others in the course of selling mutual funds; and
2. Mr. Swanson requires supervision and will not get it from his employer, PFSL Investment Canada Ltd. ("PFSL").

### Facts

Grant Swanson has applied for registration as a mutual fund salesperson. PFSL sponsors his registration and will employ him.

PFSL was registered as a mutual fund dealer in Saskatchewan on December 4, 1991. The registration staff were originally concerned about how the firm would supervise its sales force in Saskatchewan. When PFSL addressed these concerns by making certain management changes, the firm was registered.

Grant Swanson, with his wife and other partners, entered the real estate business in the early 1980s. He would buy residential revenue properties financed by mortgages, renovate these properties and rent them. He hoped for long-term capital gains on the properties, with rents paying off the mortgages. At his high point he owned about 40 properties with an equity of almost \$500,000.

His problems began in 1988 when a new bank manager cut off his line of credit and also reversed long-term loan commitments. At the same time, vacancy rates began to increase. He missed mortgage payments and the mortgage companies started to foreclose.

Mr. Swanson chose not to declare bankruptcy, but began to sell off the properties. He took until 1991 to complete this. He settled most of the actions or claims against him, and has plans to retire the rest over the next two years.

### Decision

Registration staff argues that Mr. Swanson was an aggressive real estate investor who got in over his head to the point where he could not service his

mortgages. They question whether he will have good judgement in advising clients. They speculate that he may suggest to his clients that they invest in overly "aggressive" mutual funds or borrow to purchase mutual funds.

They also argue that because of these tendencies, Mr. Swanson requires close supervision which he will not get from PFSL.

I cannot accept staff's argument. I find Mr. Swanson to be a thoughtful, well educated person who expresses himself well. In his business activities, he showed an aggressive approach, but not the extent of being fool-hardy. His business enterprise failed for reasons which are not unusual. He accepted responsibility for his debts and wound up his business affairs in an orderly fashion.

In his written submission, Mr. Swanson argues that just because a person has had financial difficulty does not mean that they are unfit or dishonest people.


I agree with him.

He also asks, "Would you rather get business advice from one who has succeeded and then failed, or one who has never tried at all?"

There is nothing in Mr. Swanson's past actions or business conduct from which I can conclude that he will not conduct himself appropriately as a mutual fund salesperson or discharge his obligations to his clients. I also find that there is nothing to indicate that he will require special supervision from PFSL.

Accordingly, I direct that Grant Swanson be registered as a mutual fund salesperson without restriction or condition.

DATED at Regina, Saskatchewan this 30th day of January, 1992.

  
Barbara L. Shourounis, Director