



Market Technicians Association, Inc.

Professionals Managing Market Risk • Incorporated in 1973

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Market Technicians Association Board Meeting

September 2, 2014, 1:33 PM ET, ending at 2:33 PM ET, conducted by teleconference

Board Attendees:

President Craig Johnson, CFA, CMT
Vice President Katie Stockton, CMT
Secretary Brett Villaume, CMT, CAIA
Director Timothy Braun, CMT
Director James Brodie, CMT
Director Carson Dahlberg, CMT
Director Ross Leinweber, CMT
Director Sam Levine, CFA, CMT
Executive Director, Tim Licitra
Past President David Keller, CMT

Absent:

Director Patrick Oberhaensli, CFA, CMT, CAIA, FRM
Director Scott Richter, CFA, CMT
Treasurer J. Timothy Snavelly, CFA, CMT

The purpose of this meeting of the Board was to discuss the findings and recommendations of the Ethics Committee regarding violations by Mr. JC Parets, and determine if any disciplinary action should be enacted.

- Prior to this call, a formal hearing was held where the Board listened to and reviewed the details of this violation as presented by Michael Carr, Chair of the MTA Ethics & Standards Committee, heard from the accused, JC Parets, and had the opportunity to ask both parties (the committee and accused) any questions.
- Craig Johnson noted that he knows of no precedent for an ethics issue like this faced by the MTA. He also asked how the MTA learned about the violation. Tim Licitra said there was an article on the MarketWatch website that was brought to our attention by a Member.
- Mr. Parets made mention of the FINRA issue in his Chapter Chair application form, however he did not disclose this on the professional conduct statement (PCS) over the last three years. Making mention of the issue in the Chapter Chair form is not the proper channel and it was not disclosed with enough information either. Tim Licitra was asked by the Board to read aloud the PCS disclosure in detail, so that the Board had common knowledge of what is asked of each Member.

- Tim Licitra also recited the three (3) justifications that can lead to a member being suspended, as described in the MTA's governing documents. Mr. Parets violated two (2) of them.
- Dave Keller pointed out that Mr. Parets' duplicity is obvious due to the fact that he admitted that he failed to fill out the PCS correctly.
- Tim Braun noted that the FINRA sanction is very important and should be respected due to the MTA's relationship with the organization.
- Sam Levine covered the recommendation of the Ethics Committee in regards to the violations by Mr. Parets, which called for the following:
 - A six (6) month suspension for each year that the violation occurred. With three separate occurrences of the PCS not being completed properly, the suspension would therefore last for 18 months.
 - Mr. Parets would be barred from referencing his prior membership in the MTA during the suspension period.
 - Mr. Parets would be barred from using the CMT designation during the suspension period.
 - Mr. Parets would no longer be able to participate at MTA events nor would he be able to take advantage of all other member benefits.
 - Mr. Parets would be eligible to apply for membership reinstatement after the suspension period has concluded.
- Sam Levine said that there was a low level disclosure made to Tyler Wood, Managing Director of Global Business Development at the MTA, but that this disclosure (which was not the proper channel) did not factor into the Ethics Committee's recommendation on the suspension. The committee felt it would be appropriate to align our disciplinary action with the FINRA sanction (18 months).
- Sam Levine said a proposed method of disseminating the news of the violation and suspension to MTA Members would be to publish it in the *Technically Speaking* newsletter and on the MTA website.
- James Brodie noted that disclosing it more publicly, such as to send the news to Bloomberg, could be a second form of punishment, but could also be considered excessive.
- Katie Stockton stated her belief that there should not be an announcement made in the *Technically Speaking* newsletter, just on the website. Sam Levine noted that because we are setting precedence it will display our intention to deal with members in a strict manner and show the high priority that we have set on Ethics.
- Brett Villaume asked whether the Ethics Committee considered the FINRA sanction a reasonable action. Sam Levine responded that they considered it reasonable to do the same as FINRA because doing so lets the regulator be the ultimate judge and also shows we can be fair (by not being more strict than FINRA).
- Craig Johnson asked to make a motion to accept the recommendation of the Ethics Committee as it is laid out in the report submitted to the Board. *Tim Braun made the motion and it was seconded by James Brodie. All members voted to approve the motion, none opposed, and none abstained.* **Craig Johnson then noted that the vote passed and that Tim Licitra will notify Mr. Parets of the outcome by sending a letter.**

- Craig Johnson then opened the floor to discussion about disclosure of the violation and suspension.
- The Board discussed various options for disclosing the violation and suspension to the membership. The Board was in agreement that an announcement was necessary and that it would not only be used to identify the infraction, but to show the membership what is expected from them regarding the truthful completion of the PCS.
- It was noted by several members that the CFA Institute publishes the name of the violator and the violation in both its magazine and on the website.
- Craig Johnson asked for someone to make a motion to vote on the decision to announce the violation and the suspension of Mr. Parets in the *Technically Speaking* newsletter and on the MTA website. *Sam Levine made the motion, Brett Villaume seconded. All members voted to approve, Katie Stockton voted to oppose the motion and no members abstained. Craig Johnson then noted that the vote passed and that the violation and suspension of Mr. Parets would be published in the MTA Technically Speaking newsletter and on the MTA website.*

James Brodie motioned to adjourn, Katie Stockton seconded, and the meeting was adjourned at 2:33 PM ET.

Respectfully submitted,

Brett Villaume, CMT, CAIA
Secretary of the Board