Re Palacol

IN THE MATTER OF:

The Mutual Fund Dealer Rules

and

Eugene Patrick Palacol

2026 CIRO 05

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: December 23, 2025, in Toronto, Ontario via videoconference
Decision: December 23, 2025
Reasons for Decision: January 14, 2026

Hearing Panel:
Barry Bresner, Chair, Debbie Archer and Peter Dymott

Appearances:
Tyler Beazer, Enforcement Counsel
Rafal Szymanski, Respondent's Counsel
Eugene Patrick Palacol, (present)

REASONS FOR DECISION ON ACCEPTANCE OF SETTLEMENT

INTRODUCTION

[1] This hearing was held pursuant to Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure (the **Rules of Procedure**) and Rule 7.4.4 of the Mutual Fund Dealer Rules (the **MFD Rules**) to consider whether to accept a settlement agreement negotiated between Staff of the Enforcement Department of CIRO (Enforcement Staff) and Eugene Patrick Palacol (the **Respondent**), dated November 28, 2025 (the **Settlement Agreement**). A copy of the Settlement Agreement is attached as Appendix A to these Reasons. Part III of the Settlement Agreement recites the facts agreed to by the parties (the **Agreed Facts**).[1]

[2] In the Settlement Agreement, the Respondent admitted to having signed a client's electronic signature on twelve (12) account application forms and four (4) beneficiary designation forms during the period from January 10, 2023 to September 2, 2023 and to having submitted those forms to the Dealer Member for processing. Two of the account application forms were used to open a new tax-free savings account (TFSA) without the client's knowledge or authorization.

[3] The Respondent admitted that his conduct constituted a breach of MFD Rule 2.1.1.

[4] The sanction and costs agreed to in the Settlement Agreement were:

(i) a fine of $15,000, pursuant to MFD Rule 7.4.1.1(b); and

(ii) costs of $3,000, pursuant to MFD rule 7.4.2

[5] At the conclusion of the hearing, after due consideration of the Agreed Facts, the submissions of

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[1] Pursuant to Rule 15.3(1) of the Rules of Procedure, the only facts considered by the Hearing Panel were the facts contained in the Settlement Agreement. No additional facts were requested by or disclosed to the Hearing Panel.

Enforcement Staff, which were concurred in by the Respondent, and the Sanction Guidelines, the Panel concluded that the Settlement Agreement was in the public interest and accepted it, with reasons to follow. These are those reasons.

OVERVIEW

[6] The detailed facts are contained in paragraphs 3 to 25 of the Settlement Agreement. Those Agreed Facts are incorporated in these Reasons and need not be repeated here. However, for ease of reference, the material facts are summarized below:

(a) the Respondent had been registered in Ontario as a dealing representative with PFSL Investments Canada Ltd. (the **Dealer Member**), a registered mutual fund dealer, since October 23, 2015;

(b) in June 2017, the Dealer Member implemented an electronic signature platform known as Canada Securities Turbo Applications (TurboApps) which enabled clients to electronically sign investment applications and related account documents during in-person or virtual meetings between the client and an Approved Person. The virtual signing process included the Approved Person sending the client a link to the application form and a PIN to access the form. The client was then required to execute a consent to the use of electronic signatures and to then sign the application or other document by drawing their signature on the screen or by entering their name and date of birth on the 'Client Signatures' section of the form and clicking the 'Sign' icon. After electronic signing by the client, the Approved Person is required to sign the form and a 'Representative Acknowledgement' certifying that they had personally witnessed the client's signature;

(c) he Dealer Member's policies and procedures prohibited its dealing representatives from entering a client's signature on account forms or other documents, regardless of whether the client had authorized that signing as a matter of convenience for the client. That prohibition was also reflected in an annual attestation required of Approved Persons and an MFDA Staff Notice and Bulletin provided to Approved Persons;

(d) the Respondent used the TurboApps platform to sign a client's electronic signature on 16 account forms without the client's knowledge or authorization and submitted those forms to the Dealer Member for processing. He also signed the Representative Acknowledgements, falsely certifying that he had witnessed the client's signatures;

(e) eight of the account forms contained know-your-client (KYC) information which the Respondent completed using existing client information on file without confirming its current accuracy with the client;

(f) twelve of the account forms were used to effect trades in accordance with the client's emailed instructions;

(g) the issue only came to light when the client complained that the Respondent had opened a new TFSA in her name without her knowledge or authorization. The Respondent advised that he had opened the TFSA to replace a prior TFSA which he believed had been closed administratively after the client had made a full redemption of that prior account;

(h) as part of its investigation into the complaint, the Dealer Member sent an audit letter to all clients serviced by the Respondent seeking confirmation that all of the transactions in their accounts had been authorized and that their KYC information was accurate. No clients responded to the audit letters.

(i) on April 30, 2024, the Dealer Member placed the Respondent on probation for a period of at least 6 months, during which time his licensed activities and business practices were closely supervised to ensure compliance with all regulatory requirements. As of August 28, 2025, no concerns or further issues had been identified regarding the Respondent's conduct.

ANALYSIS

[7] As noted in *Re Sun Life Financial Investment Services (Canada) Inc.*[2], prior to accepting a settlement agreement a hearing panel should be satisfied that (i) the admitted facts constitute misconduct in contravention of the By-Law, MFDA Rules or policies or provincial securities legislation, and (ii) the proposed penalties fall within a reasonable range of appropriateness. As settlement agreements typically contain an admission by the Respondent of having contravened a regulatory requirement, the first criterion is rarely an issue. In the present matter, the Respondent's conduct in effectively forging a client's signatures and falsely certifying that he witnessed the client's signatures unequivocally supports the Respondent's admission that his conduct was in contravention of MFD Rule 2.1.1[3].

[8] It is well-settled that the signing of account forms in the name of a client constitutes a serious violation of MFD Rule 2.1.1.[4]

[9] On a settlement hearing, the role of a hearing panel, as provided in MFD Rule 7.4.4.3, is to either accept or reject a proposed settlement. The principles applicable to that determination are well-established. Once it is accepted that the admitted facts constitute a regulatory violation, the hearing panel must be satisfied that the sanctions agreed to in the settlement agreement are within a reasonable range of appropriateness and a settlement should not be rejected unless the panel views the penalty as falling clearly outside of that range[5].

[10] It is also an established principle that reasonable settlements serve the public interest by resolving disputes more quickly and less expensively and by freeing up system resources for other matters.[6] Settlements are the result of negotiation and compromise between the parties who are in the best position to address the issues, and it is not the role of the hearing panel to second-guess the parties. As stated in *Re Donnelly*:

> It is usually in the public interest that matters be settled where possible rather than be determined through contested hearings. The reasons for this are often that an earlier determination of a dispute is better than a later determination. Settlements are usually less expensive than contested litigation, and there is less congestion in the dispute settling system when matters are taken out of the system through settlements. Finally, where both parties agree, the result is often more palatable to the parties and society than in a contested hearing where the winner takes all.
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> For these reasons, a panel considering the acceptance of a settlement agreement will try to reach a determination of acceptance. It will recognize that settlements are often hotly debated with much compromise and give-and-take between the parties in order to reach an acceptable position agreeable to both parties. Furthermore, the panel will recognize that it is not privy to all the facts and the motivation and considerations that each of the parties have in coming to a solution of the dispute that is agreeable to them.[7]

[11] In assessing the reasonableness of the sanctions agreed to in the Settlement Agreement, the Hearing Panel considered the CIRO Sanction Guidelines (the Guidelines), which provide the general principles applicable to all disciplinary and settlement proceedings (Part I) and the key factors commonly taken into consideration (Part II). The Guidelines are designed to promote consistency, fairness and transparency in the disposition of such proceedings, but recognize that a sanction which appears reasonable on the particular facts of a given case, may appear unreasonable in the somewhat different context of another. In short, each case turns on its own facts, but some guidance on the reasonable range of sanctions can be provided by prior decisions which address analogous conduct.

[12] The determination of the reasonableness of the proposed sanction requires a balancing of the relevant

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[2] 2015 CanLII 69096 (CMFDA) at para 7

[3] MFD Rule 2.1.1 sets out the Standard of Conduct expected of each Member and Approved Person of a Member, including an obligation to "deal fairly, honestly and in good faith with its clients; observe high standards of ethics and conduct in the transaction of business" and "not engage in any business conduct or practice which is unbecoming or detrimental to the public interest".

[4] *Re Zurevinski ,* 2025 CIRO 30 at para. 26; see also MFDA Staff Notice MSN-0066 and MFDA Bulletin #0661-E.

[5] e.g. *Re Milewski* [1999] IDACD No.17, *Re Sterling Mutuals Inc.,* 2008 CanLII 87748 (CMFDA) at 9.

[6] *Re Donnelly* 2016 IIROC 23.

[7] *supra*, at para. 7, 8; see also *Re Canaccord Genuity Corp,* 2025 CIRO 37 at para 25 and *Re Cummins ,* 2017 CanLII 43223 (CMFDA) at para 30.

mitigating and aggravating factors. In the present matter, the relevant factors are as follows:

Mitigating Factors

- The Respondent does not have a prior disciplinary record;
- The Respondent has admitted and accepted responsibility for the contraventions;
- The Respondent's conduct was confined to a limited number of transactions for a single client;
- No client suffered a financial loss and the Respondent did not receive a financial gain from the impugned conduct;
- The falsification of the signatures was done as a matter of convenience to implement actual or assumed client instructions;
- The Respondent was put on probation under close supervision on April 30, 2024 and there has been no conduct of concern since then;

Aggravating Factors

- The Respondent's conduct was intentional and constituted a serious contravention of MFD Rule 2.1.1;
- The Respondent's conduct violated not only the Dealer Member's policies and procedures but also violated MFDA Staff Notice MSN-0066 (Signature Falsification) and MFDA Bulletin #0661-E ("Signature Falsification"). The Respondent knew or clearly ought to have known that signing an account document on behalf of a client was unacceptable and would be considered serious misconduct that could attract significant sanctions[8];
- By failing to properly obtain the client's signature on account forms, the Respondent exposed the Dealer Member to the risk that the client might deny having authorized a transaction or that the KYC information on the form was outdated. The receipt of an email containing instructions is not an adequate substitute, as the email may not have been genuine;
- The falsification of signatures can adversely affect the integrity and reliability of documents, while misleading the Dealer Member's supervisory personnel into believing that the signatures were authentic;
- The Respondent's falsification of signatures only came to light when the client complained about the unauthorized opening of a TFSA.

[13] In considering the reasonableness of a proposed settlement, a fundamental concern is the need to protect the public interest by restraining future conduct that might harm the capital markets by providing sanctions which are significant enough to deter future misconduct by the Respondent (specific deterrence) and others (general deterrence). Given the absence of any misconduct since the falsification of signatures came to light, it appears that the goal of specific deterrence has been achieved. As regards general deterrence, the sanction should be substantial enough to dissuade other Approved Persons from engaging in similar conduct and to maintain public confidence in the integrity of the securities regulatory system. The sanction imposed under the Settlement Agreement serves that purpose and falls within a reasonable range of the sanctions imposed in analogous situations.

[14] Enforcement Staff cited three prior settlement decisions which are somewhat analogous to the present matter. In *Re Heide*[9] the Respondent falsified signatures on 20 account forms. The agreed sanction was a

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[8] MFDA Staff Notice MSN-0066 states that "Hearing Panels of the MFDA Regional Councils have consistently ruled that signature falsification is not permissible under MFDA Rule 2.1.1" regardless of whether it is done for client convenience. MFDA Bulletin #0061-E cautioned Approved Persons that "The MFDA has recently been and will continue seeking increased penalties in upcoming cases involving signature falsification."

[9] 2019 CanLII 34557

penalty of $15,000 and costs of $2,500. In *Re Zurevinski*[10] the Respondent falsified 9 signatures and received a fine of $10,000 and costs of $2,500. In *Re Fulton*[11], the Respondent falsified client signatures on 6 account forms and altered 3 account forms. The penalty was $19,000 and costs of $5,000. As indicated above, the facts are different for each of the prior decisions but they serve to provide a range of reasonableness.

[15] Having considered the mitigating and aggravating factors, the Guidelines and the prior decisions, we are satisfied that the sanctions sit comfortably within the reasonable range of appropriateness and that it is in the public interest to accept the settlement.

CONCLUSION

[16] For the reasons stated above, the Panel accepted the Settlement Agreement.

DATED at Toronto, Ontario this 14th day of January 2026.

"Barry Bresner"
Barry Bresner, Chair

"Debbie Archer"
Debbie Archer

"Peter Dymott"
Peter Dymott

[10] *supra*
[11] 2023 CanLII 81955

CIRO · OCRI
Canadian Investment Regulatory Organization
Organisme canadien de réglementation des investissements

IN THE MATTER OF

THE MUTUAL FUND DEALER RULES

AND

EUGENE PATRICK PALACOL

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization ("CIRO")[1] will issue a Notice of Settlement Hearing to announce a settlement hearing pursuant to Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure ("Rules of Procedure") to consider whether a Hearing Panel should accept this Settlement Agreement between Enforcement Staff and Eugene Patrick Palacol (the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Enforcement Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

Registration History

4. Since October 23, 2015, the Respondent has been registered in Ontario as a dealing representative with PFSL Investments Canada Ltd. (the "Dealer Member"), a Dealer Member of CIRO registered as a mutual fund dealer.

5. At all material times, the Respondent conducted business in the North York and Markham, Ontario areas.

TurboApps Electronic Signature Process

6. Beginning June 22, 2017, the Dealer Member implemented an electronic signature platform known as Canada Securities Turbo Applications ("TurboApps"), which permitted its Approved Persons to obtain clients' signatures electronically on investment applications and related account documents when meeting with clients in-person or virtually.

7. To obtain a client's signature using TurboApps, an Approved Person would provide the client with their electronic device to sign the form, or, if meeting the client virtually, email the client a link to the application form which could be accessed with a PIN provided by the Approved Person to sign the completed account form. The client would need to review the account form and confirm their consent to use an electronic signature, following which the client would sign the account form by either electronically drawing their signature on the screen, or typing their name and date of birth on the 'Client Signatures' section of the form and clicking a 'sign' button. The client would select the signature method of their choice and affix their digital signature in that manner. Once the client electronically signs the account form, TurboApps captures the signature, the date and time of signing, and emails the form to the Approved Person.

8. Under the 'Client Signatures' section on TurboApps, when a client selects the signature option to provide their electronic signature using the keyboard, the form states that "by typing my name and date of birth, and clicking 'Sign' below, I will be providing my electronic signature".

9. After the client electronically signed the account form, the Approved Person was also required to electronically sign the account form. As with the client's signature, TurboApps recorded the date and time of the Approved Person's signature.

10. TurboApps documents contained a 'Representative Acknowledgement', which stated that by signing and submitting the application, the Approved Person certified that, among other things, they had personally seen the client and witnessed their signing of the application. Additionally, the Dealer Member's policies and procedures, annual attestations Approved Persons were required to complete, and bulletins provided to Approved Persons prohibited signing a client's name or signature on account forms.

The Respondent Signed a Client's Electronic Signature on Account Forms

11. At all material times, the Dealer Member's policies and procedures prohibited its dealing representatives from signing a client's signature on account forms or any documents. Pursuant to the policies and procedures, this prohibition applied even if the Approved Person signed the client's signature on the form as a matter of convenience for the client.

12. Between January 10, 2023 and September 2, 2023, without the client's knowledge or authorization, the Respondent signed the electronic signature of one client on 16 account forms and submitted the account forms to the Dealer Member for processing. The Respondent signed the client's signature on the forms by typing her name, entering her date of birth and clicking the 'sign' button on TurboApps. By signing the forms as the account representative, the Respondent acknowledged that he personally witnessed the client sign the account forms—which was untrue.

13. The account forms on which the Respondent electronically signed the client's name using TurboApps consisted of 12 account application forms and four beneficiary designation forms.

14. Two of the account forms that the Respondent signed the client's electronic signature on were used to open a new tax-free savings account ("TFSA") in the client's name without her knowledge or authorization. The Respondent stated that he opened this new TFSA for the client to replace a prior TFSA which he believed had been closed administratively following a full redemption made by the client in that prior account.

15. Eight of the account forms that the Respondent signed the client's electronic signature on contained know-your-client ("KYC") information. The Respondent recorded the client's KYC information on these forms based on the client's existing information on file for other accounts, without communicating with the client to ensure the accuracy of the information.

16. The Respondent completed and signed the client's signature on the 16 account forms to give effect to her written trading instructions, which he received by email. Twelve of the account forms were used to conduct trades.

Client Complaint and the Dealer Member's Investigation

17. The Dealer Member received a complaint from client CDJ, stating that the Respondent opened a new TFSA in her name without her knowledge or authorization.

18. In response to the client's complaint, the Dealer Member conducted a full review of all the client files maintained by the Respondent and identified the conduct described above.

19. On January 23, 2024, as part of its investigation into the Respondent's conduct, the Dealer Member sent audit letters to all clients whose accounts the Respondent serviced, along with copies of their account transaction histories, to confirm that the transactions processed in their accounts were authorized and the KYC information on file was accurate. No clients responded to the Dealer Member's audit letters.

20. On April 30, 2024, the Dealer Member issued a probationary letter to the Respondent in respect of the conduct described in the Settlement Agreement. Pursuant to the terms and conditions of the letter, the Respondent was placed on probation for a minimum six-month period, during which time all of his licensed activities and business practices were subject to close supervision to ensure compliance with all regulatory rules.

21. On November 28, 2024, the Dealer Member conducted a follow-up audit of all client files maintained by the Respondent. The Dealer Member reported that no deficiencies were found during this audit.

22. As of August 28, 2025, the Respondent remained on probation. The Dealer Member advised Enforcement Staff that no concerns or further issues have been identified during the Respondent's probationary period.

Additional Factors

23. The Respondent has not been the subject of prior MFDA or CIRO disciplinary proceedings.

24. There is no evidence of client financial loss or lack of authorization for the underlying transactions with respect to the completion of the account forms.

25. By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources, and expenses associated with conducting a contested hearing of the allegation.

PART IV – CONTRAVENTIONS

26. By engaging in the conduct described above, the Respondent committed the following contravention of CIRO requirements:

    (i) Between January 10, 2023 and September 2, 2023, the Respondent failed in his obligations regarding the proper execution of client account documents, by signing a client's signature on account forms and submitting them to the Dealer Member for processing, contrary to Mutual Fund Dealer Rule 2.1.1.

PART V – TERMS OF SETTLEMENT

27. The Respondent agrees to the following sanctions and costs:

    (i) a fine in the amount of $15,000, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b); and

    (ii) costs in the amount of $3,000, pursuant to Mutual Fund Dealer Rule 7.4.2.

28. The Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1.

29. If this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees to pay the amounts referred to above immediately upon such acceptance, unless otherwise agreed between Enforcement Staff and the Respondent.

PART VI – STAFF COMMITMENT

30. If the Hearing Panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.

31. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Mutual Fund Dealer Rule 7 against the Respondent. These proceedings may be based on, but not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

32. This Settlement Agreement is conditional on acceptance by the Hearing Panel.

33. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with Mutual Fund Dealer Rule 7.4.4, and Rules of Procedure 14 and 15, in addition to any other procedures that may be agreed upon between the parties.

34. Enforcement Staff and the Respondent agree that this Settlement Agreement will form all the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the Hearing Panel.

35. If the Hearing Panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules and By-law No. 1 of CIRO, and any applicable legislation to any further hearing, appeal, and review.

36. If the Hearing Panel rejects this Settlement Agreement, Enforcement Staff and the Respondent may enter into another settlement agreement or Enforcement Staff may proceed to a disciplinary hearing based on the same or related allegations.

37. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

38. This Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and CIRO will post a copy of this Settlement Agreement on the CIRO website. CIRO will publish a notice and news release of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement and the Hearing Panel's written reasons for its decision to accept this Settlement Agreement.

39. If this Settlement Agreement is accepted, the Respondent agrees that neither they nor anyone on their behalf, will make a public statement inconsistent with this Settlement Agreement.

40. This Settlement Agreement is effective and binding upon the Respondent and Enforcement Staff as of the date of its acceptance by the Hearing Panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

41. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.

42. An electronic copy of any signature will be treated as an original signature.

DATED this 28th day of November 2025.

"Witness"
Witness

"Eugene Patrick Palacol"
Eugene Patrick Palacol

"Tyler Beazer"
Tyler Beazer
Enforcement Counsel on behalf of
Enforcement Staff of the
Canadian Investment Regulatory
Organization

The Settlement Agreement is hereby accepted this 23rd day of December, 2025 by the following Hearing Panel:

Per: "Barry Bresner"
Chair

Per: "Debbie Archer"
Industry Member

Per: "Peter Dymott"
Industry Member

[1] Where the rules, by-laws, and policies of the Mutual Fund Dealers Association of Canada (the "MFDA") that were in force immediately prior to amalgamation of the Investment Industry Regulatory Organization of Canada and the MFDA have been incorporated into the Mutual Fund Dealer Rules, Enforcement Staff have referenced the relevant section of the Mutual Fund Dealer Rules.