Re Jiang

IN THE MATTER OF:

The Mutual Fund Dealers Association of Canada

and

Zhi Cheng (Charles) Jiang

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: December 21, 2022 by electronic hearing in Toronto, Ontario
Decision: December 21, 2022
Reasons for Decision: June 29, 2023

Hearing Panel:
Thomas J. Lockwood, K.C., Chair
Guenther W. K. Kleberg, Industry Representative
Kenneth P. Mann, Industry Representative
Appearances:
Shelly Feld, Director, Chief Litigation Counsel for the Mutual Fund Dealers Association of Canada
Anna Markiewicz, Counsel for the Respondent
Zhi Cheng (Charles) Jiang, Respondent

REASONS FOR DECISION

I. INTRODUCTION

¶ 1 By Notice of Settlement Hearing, dated December 19, 2022, the Mutual Fund Dealers Association of Canada ("MFDA") gave notice that an electronic hearing would be held before a hearing panel of the Central Regional Council of the MFDA ("Hearing Panel") on December 21, 2022, to consider whether, pursuant to Section 24.4 of MFDA By-law No. 1, the Hearing Panel should accept the settlement agreement ("Settlement Agreement") entered into between Staff of the MFDA and Zhi Cheng Charles Jiang ("Respondent").

¶ 2 On December 20, 2022, the MFDA issued a News Release giving public notice of the Settlement Hearing scheduled for December 21, 2022.

¶ 3 On December 21, 2022, the Hearing Panel was formally presented with the executed Settlement Agreement. This Settlement Agreement had been prepared in accordance with Section 24.4 of MFDA By-law No. 1, with the exception that the Notice of Settlement Hearing did not comply with the time provisions set out in Rule 15.2(1) of the MFDA Rules of Procedure.

¶ 4 Rule 15.2(1) provides as follows:

> "15.2 Notice and Public Access
>
> (I) Except where a settlement is reached after the commencement of the hearing of a proceeding on its merits, a Hearing Panel shall not consider a Settlement Agreement unless at least 10 days' notice of the settlement hearing has been given by the Corporation in the same manner as a notice of penalty pursuant to section 24.5 (Publication of Notice and Penalties) of MFDA By-law No. 1 specifying:

(a) the date, time and place of the settlement hearing; and

(b) the purpose of the settlement hearing with sufficient information to identify the Member or person involved and the general nature of the allegations which are the subject matter of the settlement."

¶ 5 At the opening of the Settlement Hearing, MFDA Staff and the Respondent made a joint written and oral request that the Hearing Panel exercise its discretion pursuant to Rules 1.5 and 2.2(1)(a) of the MFDA Rules of Procedure to abridge the ordinary requirement set out in Rule 15.2 that a Settlement Hearing be heard upon 10 days' notice to the public. We were also mindful of the General Principles set out in Rule 1.3 of the MFDA Rules of Procedure.

¶ 6 Rules 1.3(1), 1.5(1)(b) and 2.2(1)(a) of the Rules of Procedure provide as follows:

"1.3 General Principles

(1) These Rules shall be liberally construed to secure the most expeditious and cost-effective determination of every proceeding on its merits consistent with the requirements of fairness."

"1.5 General Powers of a Panel

(1) A Panel may:

(b) waive or vary any of these Rules at any time, on such terms as it considers appropriate."

"2.2 Extension or Abridgement of Time

(1) The time for performance of any obligation under these Rules may be extended or abridged:

(a) by a Panel, at any time on such terms as it considers appropriate;"

¶ 7 The parties jointly submitted that it is in the public interest that this Settlement Hearing be conducted in an expeditious manner and there would be no prejudice caused to members of the public if this request was granted because Settlement Hearings are held *in camera* and, therefore, even if the ordinary notice period was provided, members of the public would be excluded from the proceeding unless and until a settlement agreement is accepted by the Hearing Panel.

¶ 8 It was also submitted that this type of relief has been granted in previous disciplinary proceedings. The cases and orders to which we were referred included the following:

Order dated November 23, 2021, in the matter of *Quadrus Investment Services Ltd.* and Reasons at 2022 LNCMFDA 10 at paras. 4 – 14.

Sun Life Financial Services (Canada) Inc. (*Re*), 2018 LNCMFDA 3 at para. 2.

Order dated August 5, 2020, in the matter of *PEAK Investment Services Inc.*

Investia Financial Services Inc. (*Re*), 2019 LNCMFDA 18 at para. 35.

¶ 9 The Hearing Panel is also aware that this type of relief was granted in the following additional cases:

Mackenzie Financial Corp. (Re), 2018 LNONOSC 191;

Royal Mutual Funds Inc. (Re), 2018 LNONOSC 311; and

Steven Jules Rethy, Reasons for Decision, December 7, 2020, MFDA File No. 201965, paras. 9-17.

¶ 10 After considering both the written and oral submissions, as well as the appropriate legislative provisions and the applicable case law, the Hearing Panel was unanimously of the view that this matter should proceed and that we would exercise our discretion to abridge the 10 day notice period in Rule 15.2 of the MFDA Rules of Procedure.

¶ 11 The Hearing Panel then granted the joint request of the parties to move the proceedings "*in camera*" so that the Settlement Agreement could be considered in the absence of the public. This procedure is consistent with Rule 15.2(2) of the MFDA Rules of Procedure.

¶ 12 The Hearing Panel then considered the provisions of the Settlement Agreement. After hearing submissions, both as to the applicable law and as to why this particular Settlement Agreement met the appropriate criteria, the Hearing Panel retired to consider whether we were in a position to accept the Settlement Agreement on the basis of the material before us.

¶ 13 After carefully considering the Settlement Agreement and the submissions of the parties, the Hearing Panel unanimously accepted the Settlement Agreement. We made an Order to this effect on December 21, 2022. At that time, we advised that written Reasons would follow. These are those Reasons.

II. SETTLEMENT AGREEMENT

¶ 14 The salient portions of the Settlement Agreement are as follows:

> **"II. CONTRAVENTIONS**
>
> 4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the MFDA:
>
> Between approximately January 2012 and October 2018, the Respondent:
>
> a) obtained, possessed and, in five cases, used to process transactions, 14 pre-signed account forms in the accounts of 9 clients, and obtained from 2 clients who are spouses and maintained possession of 2 signed and undated cheques payable to a fund company that were never used, contrary to MFDA Rule 2.1.1; and
>
> b) altered 3 account forms in respect of 2 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1.
>
> **III. Terms of settlement**
>
> 5. Staff and the Respondent agree and consent to the following terms of settlement:
>
> a) the Respondent shall pay a fine in the amount of $25,000 in certified funds upon the acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
>
> b) the Respondent shall pay costs in the amount of $5,000 in certified funds upon the acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;
>
> c) the Respondent shall successfully complete the Investment Dealer Supervisors Course offered by the Canadian Securities Institute, or another industry supervision course that is acceptable to Staff of the MFDA, within 6 months of the acceptance of the Settlement Agreement, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;
>
> d) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
>
> e) the Respondent shall attend in person or by teleconference on the date set for the Settlement Hearing.
>
> 6. Staff and the Respondent agree to the settlement on the basis of the facts set out in this Settlement Agreement herein and consent to the making of an Order in the form attached as Schedule "A".
>
> **IV. AGREED FACTS**
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> **Registration History**
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> 7. In December 1998, the Respondent was first registered in the securities industry in Ontario.
>
> 8. Since October 2006, the Respondent has been an Approved Person registered in Ontario as a dealing representative (formerly a mutual fund salesperson) with Queen Financial Group Inc. (the "Member"). Since October 2006, the Respondent has also been the President, Chief Executive Officer, Ultimate Designated Person ("UDP") and the Chief Compliance Officer ("CCO") of the Member. The Respondent has also been registered in British Columbia since February 2008 and in Quebec since December 2014.

9. At all material times, the Respondent conducted business from the Member's head office in the Markham, Ontario area.

Pre-Signed Account Forms And Cheques

10. At all material times, the Member's policies and procedures indicated that the Member will not accept pre-signed forms and that if pre-signed forms are submitted for processing or discovered by other means, the Member will investigate how the forms were obtained, reject the trade that the forms were submitted to process and the account that the forms are associated with will be frozen until further investigation is completed.

11. Between January 2012 and October 2018, the Respondent obtained and possessed 14 pre-signed account forms in the accounts of 9 clients. Five of the pre-signed forms were used to process transactions in the accounts of 4 clients. The Respondent also obtained from 2 clients who are spouses and maintained possession of 2 signed and undated cheques payable to a fund company in the amounts of $10,000 each that were never used and were subsequently destroyed.

12. During an investigation into the activities of the Member, Staff discovered pre-signed forms in the possession of the Respondent that included:

    a) 2 Know-Your-Client ("KYC") information forms;

    b) 1 redemption form;

    c) 1 account transfer authorization form;

    d) 1 Financial Transaction form;

    e) 2 subscription agreements;

    f) 1 accredited investor certification form;

    g) 5 switch/systematic instructions forms; and

    h) 1 letter of direction.

13. In December 2018, Staff discovered the pre-signed account forms and cheques described in paragraph 11 and 12 above during an attendance at the Member's office.

Altered Account Forms

14. Between approximately January 2012 and October 2017, the Respondent altered 3 account forms in respect of 2 clients by altering information on the account forms using correction fluid without having the clients initial the alterations.

15. The altered account forms included a new account application form (a "NAAF") and 2 KYC information update forms. The Respondent altered the KYC information recorded on a NAAF and on 2 KYC information update forms before submitting the documentation for processing.

16. The Respondent states that he orally discussed with the clients all of the alterations that were made to the account forms before he submitted the forms for processing.

17. In December 2018, Staff discovered the altered account forms described in paragraphs 14 and 15 above during an attendance at the Member's office.

Member's Investigation

18. The Member subsequently contacted all of the clients referred to in paragraphs 11 and 14 above that are still clients of the Member and confirmed that any transactions processed pursuant to the forms at issue were completed with the clients' authorization, that any KYC forms at issue were authorized and accurate, and that the clients do not have any concerns about the manner in which their accounts have been serviced.

Additional Factors

19. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above beyond any commissions and fees that he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

20. To date, the use of the forms described in this Settlement Agreement has not resulted in client complaints to the Member or to the MFDA.

21. There is no evidence of client loss or any lack of client authorization associated with the use of any of the pre-signed forms and cheques or the altered forms described in this Settlement Agreement.

22. The Respondent has not previously been the subject of MFDA disciplinary proceedings.

23. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources and expenses associated with conducting a contested hearing of the allegations."

III. THE LAW

¶ 15 MFDA Rule 2.1.1 states, in part, as follows:

"2.1.1 **Standard of Conduct**. Each Member and each Approved Person of a Member shall:

(a) deal fairly, honestly and in good faith with its clients;

(b) observe high standards of ethics and conduct in the transaction of business;

(c) not engage in any business conduct or practice which is unbecoming or detrimental to the public interest; . . ."

Pre-Signed Account Forms are Not Permissible

¶ 16 "Pre-signed account forms" is a generic term which applies to a variety of situations where an Approved Person seeks to rely on a client's signature on a document when the signature was not provided by the client at the time the document was completed. Most commonly, an Approved Person obtains a client's signature on a partially or completely blank account form, completes the form, then uses the form to process transactions in the client's account.

¶ 17 The MFDA has been warning Approved Persons against the use of pre-signed account forms for a number of years.

Staff Notice #MSN-0035 dated December 10, 2004.

Staff Notice #MSN-0066 dated October 31, 2007, (updated March 4, 2013 and January 26, 2017).

MFDA Bulletin #0661-E dated October 2, 2015.

¶ 18 MFDA Hearing Panels have consistently held that obtaining or using pre-signed forms is a contravention of the standard of conduct prescribed under MFDA Rule 2.1.1.

Wong (Re), 2021 LNCMFDA 21

Lewis (Re), [2018] Hearing Panel of the Prairie Regional Council, MFDA File No. 2017121, Hearing Panel Decision dated March 26, 2018 at para 24.

Bedard (Re), [2018] Hearing Panel of the Central Regional Council, MFDA No. 201772, Reasons for Decision dated February 17, 2018 at para 16.

¶ 19 The use of pre-signed account forms adversely affects the integrity and reliability of account documents, leads to the destruction of the audit trail, has a negative impact on Member complaint handling, and has the potential for misuse in the form of unauthorized trading, fraud and misappropriation. As the Hearing Panel explained in *Price* (*Re*):

"Pre-signed forms present a legitimate risk that they may be used by an Approved Person to engage in discretionary trading . . . At its worst, pre-signed forms create a mechanism for an Approved Person to engage in acts of fraud, theft or other forms of harmful conduct towards a client . . . Pre-signed forms also subvert the ability of a Member to properly supervise trading activity. They destroy the audit trail. The presence of the client's signature on a trade form can no longer be taken as confirmation that the client authorized a particular trade. It also compromises the ability of the Member to subsequently investigate and respond to a client complaint concerning the propriety of trading activity in his or her account."

Price (*Re*), [2011] Hearing Panel of the Central Regional Council, MFDA File No. 200814, Decision and Reasons (Misconduct) dated April 18, 2011 at paras. 122-124.

¶ 20 The prohibition on the use of pre-signed account forms applies regardless of whether:
the client was aware, or authorized the use, of the pre-signed account forms; and

the forms were used by the Approved Person for discretionary trading or other improper purposes.

Byce (*Re*), [2013] LNCMFDA 59.

Price (*Re*), *supra*.

¶ 21 In the present case, as reflected in paragraph 4(a) of the Settlement Agreement, the Respondent admits that he obtained and possessed and, in five cases, used to process transactions, 14 pre-signed account forms in the accounts of 9 clients, and obtained from 2 clients, who are spouses, and maintained possession of 2 signed and undated cheques payable to a fund company that were never used, contrary to MFDA Rule 2.1.1.

Altered Forms are not Permissible

¶ 22 When an Approved Person alters information on an account form without having the client initial the form to show that the client is aware of the change and has authorized it, the Approved Person engages in conduct that is contrary to MFDA Rule 2.1.1.

Lewis, supra at para. 29.

Lok (Re), [2020] Hearing Panel of the Central Regional Council, MFDA File No. 202011, Hearing Panel Decision dated May 11, 2020 at para. 9.

¶ 23 As with "pre-signed forms", the MFDA has previously warned Approved Persons against altering account forms without having the client initial the form to show that they are aware of the change.

MFDA Notice #MSN-0066 dated October 31, 2007 (updated March 4, 2013 and January 26, 2017).

MFDA Bulletin #0661-E dated October 2, 2015.

¶ 24 The above reasoning in *Price*, as to why pre-signed forms affect the integrity and reliability of account documents, also applies to altered forms. Unlike pre-signed account forms, where the client knows he or she is signing an incomplete form to be used in some way, in the case of a form altered by the Approved Person, the possibility exists that the client is unaware of the Approved Person's actions.

¶ 25 In both MFDA Bulletin #0661-E, dated October 2, 2015, and Staff Notice #MSN-0066, updated on January 26, 2017, Approved Persons were advised that Staff would be seeking enhanced penalties for conduct which occurred after October 2, 2015.

¶ 26 Hearing Panels have accepted that conduct occurring post-Bulletin is an aggravating factor:

"In the view of this Hearing Panel, the amount of the fine in this instance together with the extent of the suspension are appropriate, taking into account the nature of the conduct, as well as the aggravating factor of its occurrence subsequent to the issuance of MFDA Bulletin #0661-E on October 2, 2015, the contents of which, the Respondent was, or should have been, well aware."

Owen (*Re*), [2017] Hearing Panel of the Prairie Regional Council, MFDA File No. 201784, Panel Decision dated December 7, 2017, at para. 44.

¶ 27 In the present case, as stated in paragraph 4(b) of the Settlement Agreement, the Respondent admits that he altered 3 account forms in respect of 2 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1.

¶ 28 The date range of the misconduct in the present case spans the period during which various versions of Notice #0066 and Bulletin #0661E, regarding pre-signed forms and signature falsification, were issued.

IV. PRINCIPLES AND FACTORS REGARDING THE ACCEPTANCE OF SETTLEMENT AGREEMENTS

¶ 29 Investor protection is the primary goal of securities regulation. Settlements play an important and necessary role in meeting this objective.

Pezim v. British Columbia (Superintendent of Brokers), [1994] 2 S.C.R. 557 at para. 59.

¶ 30 In our view, the role of a Hearing Panel in a Settlement Hearing is not the same as its role in making a penalty determination after a contested Hearing. In a contested Hearing, the Hearing Panel attempts to determine the correct penalty. In a Settlement Hearing, the Hearing Panel takes into account the settlement process itself and the fact that the parties have agreed to the penalties set out in the Settlement Agreement. In our view, a Hearing Panel should not interfere lightly in a negotiated settlement and should not reject a Settlement Agreement unless it views the penalty as clearly falling outside a reasonable range of appropriateness.

¶ 31 Previous MFDA Hearing Panels have determined the factors which should be considered in determining whether a Settlement Agreement should be accepted. These include the following:

a) Whether acceptance of the Settlement Agreement would be in the public interest and whether the penalty imposed will protect investors;

b) Whether the Settlement Agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the Settlement Agreement;

c) Whether the Settlement Agreement addresses the issues of both specific and general deterrence;

d) Whether the proposed settlement will prevent the type of conduct described in the Settlement Agreement from occurring again in the future;

e) Whether the Settlement Agreement will foster confidence in the integrity of the Canadian capital markets;

f) Whether the Settlement Agreement will foster confidence in the integrity of the MFDA;

g) Whether the Settlement Agreement will foster confidence in the regulatory process itself.

Jacobson (Re), [2007], Hearing Panel of the Prairie Regional Council, MFDA File No. 200712, Reasons for Decision, dated July 13, 2007, at para. 70.

¶ 32 Previous Hearing Panels have also identified a number of additional factors which should be considered when determining whether the penalty sought to be imposed is appropriate. These include:

a) The seriousness of the allegations proved against the Respondent;

b) The Respondent's past conduct, including prior sanctions;

c) The Respondent's experience in the capital markets;

d) The level of the Respondent's activity in the capital markets;

e) Whether the Respondent recognizes the seriousness of the improper activity;

f) The harm suffered by investors as a result of the Respondent's activities;

g) The benefits received by the Respondent as a result of the improper activity;

h) The risk to investors and the capital markets in the jurisdiction, were the Respondent to continue to operate in capital markets in the jurisdiction;

i) The damage caused to the integrity of the capital markets in the jurisdiction by the Respondent's improper activities;

j) The need to deter not only those involved in the case being considered, but also any others who participate in the capital markets, from engaging in similar improper activity;

k) The need to alert others to the consequences of inappropriate activities to those who are permitted to participate in capital markets; and

l) Previous decisions made in similar circumstances.

Headley [*Re*], 2006, Hearing Panel of the Central Regional Council, MFDA File No. 200509, Reasons for Decision dated February 21, 2006 at para. 85.

¶ 33 When determining whether a penalty agreed upon by the parties is appropriate, the Hearing Panel may also consider the MFDA's Sanction Guidelines ("Guidelines") which came in to effect on November 15, 2018. The Guidelines are not mandatory or binding on the Hearing Panel, but provide a summary of the key factors upon which discretion can be exercised consistently and fairly. Many of the same factors that are listed above, which have been considered in previous decisions of MFDA Hearing Panels, are also reflected and described in the Guidelines.

V. CONSIDERATIONS IN THE PRESENT CASE

¶ 34 Staff made very detailed written and oral submissions as to how these principles and factors applied to the case before us. These included the following:

(a) Nature of the Misconduct

¶ 35 We agree with the submissions of Staff that the use of pre-signed forms and altered forms, as detailed in the Settlement Agreement, are serious breaches of MFDA Rule 2.1.1.

¶ 36 Aggravating factors in this case include:

i) The fact that the Respondent was the President, Chief Executive Officer, Ultimate Designated Person and Chief Compliance Officer of the Member and, therefore, had primary responsibility for compliance at the dealer is an extremely aggravating factor.

ii) The fact that some of the account forms were obtained after the MFDA issued guidance, including MFDA Bulletin #0661-E is also an aggravating factor.

(b) The Respondent's Past Conduct Including Prior Sanctions

¶ 37 The Respondent has not previously been the subject of MFDA disciplinary proceedings.

(c) The Respondent's Recognition of the Seriousness of his Misconduct

¶ 38 By entering into this Settlement Agreement, the Respondent has accepted responsibility for his misconduct and avoided the necessity of the MFDA incurring the time and expense of conducting a lengthy disciplinary hearing.

¶ 39 Staff advised the Hearing Panel that the Respondent fully co-operated with the MFDA's investigation of his misconduct. In Staff's view, the Respondent understands the seriousness of his misconduct.

(d) Harm Suffered by Investors

¶ 40 As indicated in paragraph 18 and 21 of the Settlement Agreement, there is no evidence of client loss, complaints or lack of authorization resulting from the Respondent's conduct. The Member subsequently contacted all of the clients affected by the Respondent's conduct. The clients confirmed that the transactions processed in their accounts using the forms at issue were completed with their authorization, the KYC forms at

issue were authorized and accurate. The clients did not express any concerns about the manner in which their accounts were serviced.

(e) Benefits Received by the Respondent

¶ 41 There is no evidence that the Respondent received any financial benefit from engaging in the misconduct at issue in this proceeding beyond commissions and fees that he would ordinarily be entitled to had the transactions been carried out in the proper manner.

(f) Deterrence

¶ 42 Deterrence is intended to capture both specific deterrence of the wrongdoer as well as general deterrence of other participants in the capital markets in order to protect investors.

¶ 43 We agree with the submission of Staff that the proposed penalty will ensure deterrence to both the Respondent and to the mutual fund industry.

¶ 44 In our view, the proposed penalty will specifically deter the Respondent from engaging in similar activity by imposing a meaningful sanction upon him which reflects the seriousness of the misconduct at issue.

¶ 45 The proposed penalty will also act as a general deterrent by reinforcing the message that obtaining and using pre-signed forms and altering account forms without obtaining client initials will not be tolerated within the mutual fund industry and will result in both a fine and prohibition against Approved Persons who engage in this misconduct.

¶ 46 In its written and oral submissions, Staff noted that ordinarily in circumstances where a respondent in a supervisory role contravenes the prohibition on the use of pre-signed and altered forms, a supervisory suspension is imposed for a period of time. In this case, the Respondent serves in critical roles for a small dealer and the Member does not have other staff with the necessary proficiency requirements and experience to serve in those roles if the Respondent was suspended. Accordingly, due to these unique circumstances, Staff submitted that a supervisory suspension was not required to fulfill the need for deterrence in this case but a higher monetary fine should be imposed than what is ordinarily imposed on respondents in supervisory roles in previous cases who served a suspension.

¶ 47 The Hearing Panel was prepared to agree with this submission, owing to the unique circumstances, but wants to make it clear that it ordinarily regards the imposition of a supervisory suspension as an appropriate sanction in cases where Approved Persons with compliance or supervisory responsibilities breach fundamental regulatory obligations.

(g) Previous Decisions Made in Similar Circumstances

¶ 48 Staff provided the Hearing Panel with a detailed chart seeking to show that the proposed resolution is within the reasonable range of appropriateness with regard to other decisions made by MFDA Hearing Panels in similar circumstances.

¶ 49 The following cases were discussed:

a) Marshall (Re) [Tradex Management Inc.], 2018 LNCMFDA 52.

b) Hillsdon (Re), 2022 LNCMFDA 2.

c) Sopel (Re), 2022 LNCMFDA 42.

d) Koo (Re), 2021 LNCMFDA 37.

e) Collier (Re), [2019] Hearing Panel of the Central Regional Council, MFDA File No. 2018126, Reasons for Decision dated May 15, 2019.

f) Bast (Re), 2019 LNCMFDA 191.

g) Riewe (Re), 2018 LNCMFDA 39.

h) Laskey (Re), 2022 LNCMFDA 134.

i) Wong (Re), 2021 LNCMFDA 32.

VI. DECISION

¶ 50 After a thorough review of the factors by which we should be guided, and the facts of this case, as reflected in the Settlement Agreement, we were, unanimously, of the view that this Settlement Agreement was reasonable and in the public interest and should be accepted by the Hearing Panel. We so informed the parties at the conclusion of the Settlement Hearing.

VII. ORDER

¶ 51 After accepting the Settlement Agreement, we made the following Order:

a) The Respondent shall immediately pay a fine in the amount of $25,000 in certified funds, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;

b) The Respondent shall immediately pay costs in the amount of $5,000 in certified funds, pursuant to s. 24.2 of MFDA By-law No. 1;

c) The Respondent shall successfully complete the Investor Dealer Supervisors Course offered by the Canadian Securities Institute, or another industry supervision course that is acceptable to Staff of the MFDA, within 6 months of the acceptance of the Settlement Agreement, pursuant to s. 24.1.1(f) of MFDA By-law No. 1; and

d) If at any time a non-party to this proceeding, with the exception of the bodies set out in section 23 of MFDA By-law No. 1, requests production of or access to exhibits in this proceeding that contain personal information as defined by the MFDA Privacy Policy, then the MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this 29 day of June, 2023.

Thomas J. Lockwood, K.C.

Guenther W. K. Kleberg

Kenneth P. Mann

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