



**Mutual Fund Dealers Association of Canada**  
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A SETTLEMENT HEARING  
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF  
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**Re: Dylan Brown**

---

**SETTLEMENT AGREEMENT**

---

**I. INTRODUCTION**

1. By Notice of Settlement Hearing dated October 17, 2008, the Mutual Fund Dealers Association of Canada (the “MFDA”) announced that it proposed to hold a hearing to consider whether, pursuant to section 24.4 of By-law No. 1, a hearing panel of the MFDA Central Regional Council (the “Hearing Panel”) should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of the MFDA (“Staff”) and the Respondent, Dylan Brown as set out in the Notice of Hearing issued by the MFDA against Dylan Brown and Ronald Lindsay Brown (“Ronald Brown”) dated May 14, 2008.

**II. JOINT SETTLEMENT RECOMMENDATION**

2. Staff conducted an investigation of the Respondent’s activities. The investigation disclosed that the Respondent had engaged in activity for which the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to s. 24.1 of By-law No.1.

3. Staff and the Respondent recommend settlement of the matters disclosed by the investigation in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule “A”.

4. Staff and the Respondent agree that the terms of this Settlement Agreement, including the attached Schedule “A”, will be released to the public only if and when the Settlement Agreement is accepted by the Hearing Panel.

### **III. ACKNOWLEDGEMENT**

5. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the MFDA (subject to paragraph 18) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is approved by the MFDA.

### **IV. AGREED FACTS**

6. The Respondent Dylan Brown is the son of Ronald Brown. At the material times, Dylan Brown was registered as a mutual fund salesperson in Ontario and British Columbia with Independent Planning Group Inc. (“IPG”) and as a co-branch manager along with Ronald Brown at their shared Ontario branch office.

7. In October 2002, in the process of transferring from another mutual fund dealer to IPG, Ronald Brown sought permission from IPG to sell units in limited partnership investments offered by the Jaymor Group of Companies (“Jaymor”). Ronald Brown had previously sold Jaymor products while at the other mutual fund dealer. Jaymor invested in real estate properties located in Florida. On or about October 22, 2002, Ronald Brown was advised by IPG that the sale of Jaymor products was not permitted.

8. Between November 2002 and November 2005, Ronald Brown sold \$233,339.75 of units in the Atrium Limited Partnership (“ALP”), the Villabar Properties (2003) Limited Partnership (“VPLP2003”), the Lighthouse Pointe Limited Partnership (“LPLP”) and the Villabar Properties (2005) Limited Partnership (“VPLP2005”) issued by Villabar Properties Inc. (“Villabar”) to clients and other individuals. The sales were not carried on for the account of IPG or through the facilities of IPG, contrary to MFDA Rule 1.1.1.

9. In or about November 2002, Dylan Brown was the payee of a sales commission cheque for \$9,408.42 issued by Jaymor in relation to Ronald Brown’s sale of the ALP units to an individual. Dylan deposited the sales commission monies into his personal bank account.

10. By no later than Dylan Brown’s receipt and acceptance of the commission cheque, he should have been aware of and did not report or disclose to IPG Ronald Brown’s sale of securities outside IPG. As co-branch manager, Dylan Brown did not notify IPG head office that Ronald Brown was selling investment products that IPG had not approved for sale by its Approved Persons, nor did he take any other steps to restrain Ronald Brown from selling any further Jaymor products or to inquire into Ronald Brown’s activities.

## **V. CONDUCT CONTRARY TO THE PUBLIC INTEREST**

11. The Respondent Dylan Brown admits that he knew or ought to have known that Ronald Brown was engaging in securities related business that was not carried on for the account of the Member or through the facilities of the Member and failed to take appropriate supervisory action, contrary to MFDA Rule 2.5.3 and MFDA Policy No. 2.

## **VI. TERMS OF SETTLEMENT**

12. The Respondent Dylan Brown agrees to the following terms of settlement to be effective immediately upon approval by the Hearing Panel of this Settlement Agreement:

- (a) a fine in the amount of \$10,000;
- (b) a prohibition from acting as a Branch Manager for a period of 3 years;

- (c) a suspension from acting as a mutual fund salesperson for a period of 1 month; and
- (d) Costs in the amount of \$2,500.

## **VII. STAFF COMMITMENT**

13. If this Settlement Agreement is accepted by the Hearing Panel, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of any conduct or alleged conduct of the Respondent in relation to the facts set out in Part IV of this Settlement Agreement, subject to the provisions of paragraph 33 below.

## **VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT**

14. Acceptance of this Settlement Agreement shall be sought at a hearing of the Central Regional Council of the MFDA on a date agreed to by counsel for Staff and the Respondent.

15. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the settlement hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive his rights to a full hearing, a review hearing before the Board of Directors of the MFDA or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction.

16. Staff and the Respondent agrees that if this Settlement Agreement is accepted by the Hearing Panel, then the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of By-law No. 1.

17. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, neither Staff nor the Respondent will make any public statement

inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against them.

18. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under the By-laws of the MFDA against the Respondent based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement.

19. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule "A" is not made by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to sections 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

20. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

## **IX. DISCLOSURE OF AGREEMENT**

21. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondents and Staff or as may be required by law.

22. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel.

**X. EXECUTION OF SETTLEMENT AGREEMENT**

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

24. A facsimile copy of any signature shall be effective as an original signature.

Dated: October 15, 2008

“Sandra Brown”  
Witness- Print name

“Dylan Brown”  
Dylan Brown

“Mark T. Gordon”  
Staff of the MFDA  
Per: Mark T. Gordon  
Executive Vice-President

End.  
Doc # 152507