



**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: Roderick Iain McLeod

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (the “MFDA”) will announce that it proposes to hold a hearing to consider whether, pursuant to section 24.4 of By-law No. 1, a hearing panel of the Central Regional Council (the “Hearing Panel”) of the MFDA should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of the MFDA (“Staff”) and the Respondent, Roderick Iain McLeod.

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 Part IX herein) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

IV. AGREED FACTS

Registration History

6. From April 16, 2002 to December 2009, the Respondent was registered in Ontario as a mutual fund salesperson with FundEX Investments Inc. (“FundEX”), a Member of the MFDA since May 30, 2002.

7. The Respondent is 65 years old, and tendered his mutual fund resignation to FundEX in December 2009. He states that he has no intention of returning to the mutual fund industry.

8. The Respondent is licensed to sell insurance in Ontario. At the material time, his managing general agent was PanFinancial Insurance Agencies (“PanFinancial”).

9. The Respondent has had no prior disciplinary history with the MFDA.

The Maypoint Debentures

10. Maypoint Investments Inc. (“Maypoint”) is an Ontario company incorporated on July 14, 2004.

11. At the material time, Maypoint purportedly carried on business raising funds through the sale of debentures to investors (the “Maypoint debentures”).

12. The Maypoint debentures were for a term of one year, required a minimum investment of \$25,000 and paid investors 14% annually.

13. The proceeds from the sale of the Maypoint debentures were purportedly invested by Maypoint in the secured notes of an entity known as GTA Financial Inc. (“GTA”), which in turn purportedly used those proceeds to advance consumer loans to individuals to finance the purchase of used vehicles.

14. The Maypoint debentures were sold by way of an offering memorandum in reliance upon the exemptions from the prospectus and registration requirements in the Securities Act (Ontario). The Maypoint debentures were distributed to investors in Ontario through limited market dealers, including PanFin Equicap, an entity related to PanFinancial.

15. The Maypoint debentures were not an investment product approved by FundEX for sale by its representatives.

16. In Fall 2004, the Respondent attended a meeting at the PanFinancial office in Toronto at which Maypoint made a presentation about the Maypoint debentures and provided attendees, including the Respondent, with details about the Maypoint debentures, including the term of the debenture, the interest rate, the minimum investment required, and the accredited investor requirement. The Respondent was advised that if he referred people to Maypoint, he would be financially compensated.

17. In late 2004, following the Maypoint presentation, the Respondent was in contact with two individuals, MM and BS (neither of whom were clients of FundEX), and provided an outline of the Maypoint debentures and the attendant risks.

18. The Respondent assisted in arranging separate private meetings between MM and BS and Maypoint representatives, and also attended those meetings where Maypoint debentures were discussed in more detail, including how the Maypoint debentures worked, the length of time the funds would be invested, the interest that would be paid, and what the underlying nature of the business was.

19. On or about December 13, 2004, the Respondent referred or facilitated the sale of \$25,000 of Maypoint debentures to BS.

20. On or about December 14, 2004, the Respondent referred or facilitated the sale of \$100,000 of Maypoint debentures to MM.

21. The Respondent was paid fees in respect of the sales of the Maypoint debentures to BS and MM as follows:

(a) \$625 on BS's investment; and

(b) \$2,500 on MM's investment.

22. Neither of the Maypoint transactions nor the resulting referral fees received by the Respondent were carried on for the account or through the facilities of FundEX.

23. GTA filed for bankruptcy in or about June 9, 2006. Maypoint has not made interest or principal payments to Maypoint debenture holders in several years and there is no reasonable prospect of it doing so.

V. CONTRAVENTIONS

24. The Respondent admits that in December 2004, he engaged in securities related business that was not carried on for the account of the Member and through the facilities of the Member by referring or facilitating the sale of a total of \$125,000 of an investment product to two individuals, when that investment product had not been approved for sale by the Member, contrary to MFDA Rule 1.1.1.

VI. TERMS OF SETTLEMENT

25. The Respondent agrees to the following terms of settlement:

- (a) The Respondent shall pay a fine in the amount of \$7,000.00, pursuant to section 24.1.1(b) of MFDA By-law No. 1;
- (b) The Respondent shall be permanently prohibited from acting as a mutual fund salesperson while in the employ of or associated with a Member of the MFDA, pursuant to section 24.1.1(e) of MFDA By-law No. 1;
- (c) The Respondent shall pay costs of the investigation and the hearing in the amount of \$2,500.00, pursuant to section 24.2 of MFDA By-law No. 1; and
- (d) The Respondent shall attend in person at the Settlement Hearing.

VII. STAFF COMMITMENT

26. 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 the facts set out in Part IV and the contraventions described in Part V of this Settlement Agreement, subject to the provisions of Part IX below. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any facts and contraventions that are not set out in Parts IV and V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the facts and contraventions set out in Parts IV and V, whether known or unknown at the time of settlement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

27. 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.

28. 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.

29. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, 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.

30. 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 him.

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

31. 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. If such

additional enforcement action is taken, the Respondent agrees that the proceedings may be heard and determined by a hearing panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

32. 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.

33. 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.

XI. DISCLOSURE OF AGREEMENT

34. 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 Respondent and Staff or as may be required by law.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated: May 17, 2010

Witness Signature: “Arnold Augustin”

“Roderick McLeod”
Roderick Iain McLeod

Witness Name (print): Arnold Augustin

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



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

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Re: Roderick Iain McLeod

ORDER

WHEREAS on _____, the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of Roderick Iain McLeod (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated _____ (the "Settlement Agreement"), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to ss. 20 and 24.1 of By-law No. 1;

AND WHEREAS the Respondent has delivered certified cheques to the MFDA in the amounts of \$7,000.00 and \$2,500.00 representing the fine and costs to be paid, being held in escrow by the MFDA, pending acceptance of the Settlement Agreement;

AND WHEREAS the Hearing Panel is of the opinion that in December 2004, the Respondent engaged in securities related business that was not carried on for the account

of the Member and through the facilities of the Member by referring or facilitating the sale of a total of \$125,000 of an investment product to MM and BS, when that investment product had not been approved for sale by the Member, contrary to MFDA Rule 1.1.1;

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent is permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
2. The Respondent shall pay a fine in the amount of \$7,000.00, pursuant to section 24.1.1(b) of MFDA By-law No. 1;
3. The Respondent shall pay costs of the investigation and hearing in the amount of \$2,500.00, pursuant to section 24.2 of MFDA By-law No. 1; and
4. If at any time a non-party to this proceeding requests production of or access to exhibits in this proceeding that contain intimate financial or personal information, the Corporate Secretary shall prepare copies of the requested exhibits, redact any and all intimate financial or personal information therefrom, and provide the redacted copies to the non-party, pursuant to Rules 1.8(2) and (5) of the MFDA Rules of Procedure.

DATED this day of June, 2010.

Per: _____
The Honorable John B. Webber, Q.C., Chair

Per: _____
Selwyn Kossuth, Industry Representative

Per: _____
Heather A. Phillips, Industry Representative

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