



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: Peiqing (Anna) He, Christina Lin,
Keith Kee-Peng Tan and Yue Brenda Zhou**

SETTLEMENT AGREEMENT
(Keith Kee-Peng Tan)

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, Keith Kee-Peng Tan (the “Respondent”).

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) 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.

6. Staff and the Respondent agree that this Settlement Agreement is without prejudice to Christina Lin (“Lin”), Peiqing (Anna) He (“Peiqing”) and Yue Brenda Zhou (“Zhou”).

IV. AGREED FACTS

Registration

Tan

7. From April 1, 2002 to May 7, 2009, Keith Kee-Peng Tan was registered in Ontario as a mutual fund salesperson with Info Financial Consulting Group Inc. (“Info Financial”), a Member of the MFDA. Commencing December 1, 2006, the Respondent also became registered as a branch manager with Info Financial. In or around July 2008, the Respondent was assigned as the

branch manager for the Info Financial branch at which Peiqing, Lin and Zhou worked. (The Respondent replaced Joe Feng Deng as the branch manager of this branch just prior to or contemporaneous with Deng's resignation from Info Financial effective July 31, 2008.) On May 7, 2009, the Respondent ceased to be registered with Info Financial in any capacity and he is not currently registered in the securities industry in any capacity.

MP Global Financial Ltd.

8. From June 20, 2006 to July 31, 2008, Joe Feng Deng, also known as Feng Deng and Yue Wen Deng ("Deng"), was registered in Ontario as a mutual fund salesperson with Info Financial. From July 18, 2007 to July 31, 2008, Deng was also registered as the branch manager of the Info Financial branch at which the Respondent, Peiqing, Lin and Zhou worked. Deng is the spouse of Lin. (As noted above, the Respondent replaced Deng as the branch manager at or around the time of Deng's resignation from Info Financial.)

9. On July 31, 2008, Deng ceased to be registered with Info Financial and is not currently registered in the securities industry in any capacity.

10. From May 2004 to June 2006, Deng was registered in Ontario as a mutual fund salesperson with Excel Financial Growth Inc., another Member of the MFDA.

11. Deng was the sole owner, director and controlling mind of MP Global Financial Ltd. ("MP Global"). MP Global was incorporated in Ontario and its head office was in Markham, Ontario. MP Global's office was located in the same building as the branch of Info Financial for which Deng was the designated branch manager. MP Global held itself out to the public on its website and in promotional materials as being in the financial services business, representing that it had more than one billion dollars in assets under management and branches in California, Switzerland, Hong Kong and China. MP Global was not a reporting issuer in Ontario and had never been a registrant pursuant to the Ontario *Securities Act*.¹

12. From 2006 to approximately February 2009, MP Global raised monies through the sale of its own series of debentures ("MP Global Debentures"). MP Global represented to investors that

¹ Ontario *Securities Act*, R.S.O. 1990, c S.5.

it used the proceeds from the sale of the debentures to engage in foreign exchange trading. MP Global Debentures promised investors returns of 1% to 4% per month (12% to 48% annually) depending on the amount invested.

13. In March 2009, MP Global was required to suspend distributions to investors as it no longer had sufficient assets to fund monthly interest payments and redemption requests.

14. On April 13, 2009, the Ontario Securities Commission (the “Commission”) issued a temporary cease trade order against MP Global and Deng. Thereafter, the cease trade order was extended by the Commission.

15. By way of a Notice of Hearing and Statement of Allegations, dated September 10, 2009, the Commission commenced a proceeding against MP Global and Deng alleging, among other things, that MP Global and Deng had engaged in the distribution and sale of the MP Global debentures to investors contrary to the registration and prospectus requirements in the *Securities Act*.²

16. On August 19, 2011, following a hearing which lasted a total of eighteen days, the Commission released its decision in which it found, among other things, that MP Global and Deng had failed to comply with the prospectus and registration requirements under the Ontario *Securities Act* with respect to the distribution and sale of the MP Global Debentures and that Deng, as the “mind and management” of MP Global, was liable for MP Global’s breaches of the *Securities Act*.³

17. The Commission found, among other things, that Deng had sustained significant losses conducting foreign exchange trading with the proceeds raised from the sale of the MP Global Debentures and, as a consequence, had been required to fund interest payments and redemptions to existing investors in part with the proceeds obtained from new investors. The evidence before the Commission was that MP Global had raised in excess of \$20 million from the sale of

² Deng has not been named as a respondent in this MFDA proceeding in light of the proceeding commenced against him by the OSC.

³ On October 1, 2012, the Commission issued its decision with respect to the Sanctions and Costs Hearing and ordered, amongst other things, that Deng and MP Global, cease trading in any securities for a period of 15 years, jointly and severally disgorge \$2,193,873 to the Commission and each pay an administrative penalty of \$250,000.

MP Global Debentures to investors, of which amount approximately \$13.5 million had been used to make interest payments and to return capital to the investors.

18. Shortly after the Commission imposed its temporary cease trade order against Deng, MFDA Staff commenced an investigation into the activities of Approved Persons located at Deng's branch, including the Respondents, with respect to their involvement in the sale of the MP Global debentures.

Referral fees

19. MP Global Debentures were not an investment product approved by Info Financial for sale by its Approved Persons. Info Financial also did not have a referral arrangement with MP Global. None of the sales of the MP Global Debentures described in the OSC proceeding or in this proceeding were processed for the account or through the facilities of Info Financial, or were the result of a referral arrangement entered into between Info Financial and MP Global.

20. In or around July 2008, following Deng's resignation from Info Financial, the Respondent replaced Deng as branch manager. At all material times, the Respondent was aware that MP Global and Deng were engaged in foreign currency trading and further that brochures for MP Global were on display in the reception area of the branch.

21. In or around August 2008, two clients of Info Financial, client FT and client VL, whose accounts were serviced by the Respondent, purchased MP Global Debentures from Deng (who had ceased to be registered as of July 31, 2008). Client FT purchased \$50,000 and client VL purchased \$20,000 of the MP Global Debentures.

22. Commencing September 2008 up to and including March 2009, the Respondent received monthly referral fees from MP Global in the form of cheques in the amount of approximately \$350 in respect of these sales.⁴ The Respondent deposited the cheques in his personal bank account. In March 2009, at or around the same time that MP Global suspended distributions to its

⁴ The \$350 referral fee was calculated on the basis of a .05% referral fee applied to the total amount of \$70,000 invested by clients FT and VL.

debenture holders and the OSC commenced its investigation of MP Global, the Respondent states that he returned \$2,739.45 to MP Global on account of the referral fees he had been paid.

23. Info Financial did not have a referral arrangement with MP Global and, in any event, MP Global was not licensed or registered under Ontario securities law and did not otherwise qualify as an entity with which Info Financial would have been permitted to enter into a referral arrangement having regard to the requirements of MFDA Rule 2.4.2.

24. The Respondent did not disclose to Info Financial that he was receiving the referral fees in respect of the sales of the MP Global Debentures by Deng to clients FT and VL.

V. CONTRAVENTIONS

25. From September 2008 to March 2009, the Respondent received referral fees in the amount of approximately \$2,800 in respect of the sale of a security by another individual to two clients outside the Member, contrary to MFDA Rules 2.4.2 and 2.1.1.

VI. TERMS OF SETTLEMENT

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

- a) The Respondent shall be permanently prohibited from conducting securities related business while in the employ of or associated with any Member of the MFDA pursuant to s. 24.1.1(e) of the MFDA By-Law No. 1; and
- b) The Respondent shall pay costs in the amount of \$5,000 pursuant to s. 24.2 of the MFDA By-Law No. 1.

VII. STAFF COMMITMENT

27. 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

28. 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.

29. 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.

30. Staff and the Respondent agree 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.

31. 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

32. 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 section 24.3 of 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 proceeding(s) 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

33. 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.

34. 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

35. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated: January 3, 2013.

“Lee C. Chew”
Witness – Signature

Lee C. Chew
Witness – Print name

“Keith Kee-Peng Tan”
Keith Kee-Peng Tan

“Shaun Devlin”
Staff of the MFDA
Per: Shaun Devlin
Vice-President, Enforcement

Schedule “A”

Order

File No. 201211



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: Peiqing (Anna) He, Christina Lin,
Keith Kee-Peng Tan and Yue Brenda Zhou**

ORDER
(Keith Kee-Peng Tan)

WHEREAS on [date], 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 Keith Kee-Peng Tan (the “Respondent”);

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated [date] (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 Hearing Panel is of the opinion that from September 2008 to March 2009, the Respondent received referral fees in the amount of approximately \$2,800 in respect of the sale of a security by another individual to two clients outside the Member, contrary to MFDA Rules 2.4.2 and 2.1.1.

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

- 1) The Respondent shall be permanently prohibited from conducting securities related business while in the employ of or associated with any Member of the MFDA pursuant to s. 24.1.1(e) of the MFDA By-Law No. 1;
- 2) The Respondent shall pay costs in the amount of \$5,000 pursuant to s. 24.2 of the MFDA By-Law No. 1; and
- 3) If at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, then the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents to the non-party without first redacting from them any and all intimate financial or personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this [day] day of [month], 20[].

Per: _____
[Name of Public Representative], Chair

Per: _____
[Name of Industry Representative]

Per: _____
[Name of Industry Representative]

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