



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: Angie Sau Chu Lau

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, Angie Sau Chu Lau (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.

IV. AGREED FACTS

Registration History

6. From June 2002 to December 31, 2009, and from November 23, 2010 to September 21, 2012, the Respondent was registered in Ontario as a mutual fund salesperson with HSBC Investment Funds (Canada) Inc. (“HSBC”), a Member of the MFDA.

7. The Respondent was terminated by HSBC on September 21, 2012 as a result of the matters described herein.

8. The Respondent is currently not registered in the securities industry in any capacity.

9. At all material times, the Respondent conducted business in the Ottawa, Ontario area.

Settlement of a client complaint without the knowledge or approval of the Member

10. On October 3, 2011, client MS contacted HSBC's head office and complained that she had incurred a \$2,000 market loss upon redeeming a certain mutual fund held in her account at HSBC. Client MS advised HSBC's head office that the Respondent had told her she would only incur a \$1,000 loss as a result of the redemption. Client MS sought compensation from HSBC in respect of these events.

11. Three days later, on October 6, 2011, client MS advised HSBC that the situation had been "resolved", and that she would maintain the Respondent as her advisor.

12. HSBC contacted the Respondent and requested an explanation about the discussions the Respondent had with client MS about her complaint.

13. On October 7, 2011, the Respondent advised HSBC that she had spoken to client MS and clarified the client's misunderstanding of how the market value for the mutual fund was determined. The Respondent advised HSBC that client MS had accepted the clarification provided by the Respondent and the matter was resolved.

14. HSBC was satisfied with the Respondent's explanation.

15. Approximately one year later, on September 7, 2012, client MS advised an HSBC Bank Relationship Manager that client MS had withdrawn her prior complaint against the Respondent because the Respondent had compensated her for the loss she had incurred.

16. On or about September 12, 2012, after reviewing the Respondent's personal bank account statements and those of client MS, HSBC identified that the Respondent had paid client MS \$2,000 from the Respondent's personal bank account on or about October 6, 2011.

17. When confronted by HSBC on September 14, 2012, the Respondent admitted that she personally paid \$2,000 to client MS to compensate the client for the market loss she incurred in

respect of the mutual fund redemption described above. The Respondent further advised HSBC that she did not instruct client MS to withdraw her complaint.¹

18. Neither Staff nor HSBC have received any other client complaints in relation to the Respondent's conduct.

19. The Respondent has not been the subject of previous MFDA disciplinary proceedings.

V. CONTRAVENTIONS

20. On or about October 6, 2011, the Respondent paid compensation directly to client MS to settle the client's complaint, without obtaining the prior written consent of the Member, contrary to MFDA Policy No. 3 and MFDA Rule 2.1.1(a).

VI. TERMS OF SETTLEMENT

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

- a) the Respondent shall pay a fine in the amount of \$2,500 pursuant to s.24.1.1(b) of the MFDA By-Law No. 1;
- b) the Respondent shall pay costs in the amount of \$2,500, pursuant to s.24.2 of the MFDA By-Law No. 1; and
- c) the Respondent shall in the future comply with Policy No. 3 and MFDA Rule 2.1.1(a).

VII. STAFF COMMITMENT

22. 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 contravention described in Part V of this Settlement Agreement, subject to the

¹ The Respondent also admitted to paying another individual \$400 as repayment of a portfolio management fee. This payment was made at a time when the product at issue was sold through a company affiliated with the Member that was not under the jurisdiction of the MFDA.

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

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

24. 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 its her 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.

25. 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.

26. 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 it her.

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

27. 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

28. 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.

29. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that it she 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

30. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated this 18th day of November, 2013.

“Alex Yip”

Witness – Signature

Alex Yip

Witness – Print name

“Angie Sau Chu Lau”

Angie Sau Chu Lau

“Shaun Devlin”

Staff of the MFDA
Per: Shaun Devlin
Senior Vice-President,
Member Regulation – Enforcement



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Re: Angie Sau Chu Lau

ORDER

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 [Respondent] (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 the Respondent, on or about October 6, 2011, the Respondent paid compensation directly to client MS to settle the client's complaint, without obtaining the prior written consent of the Member, contrary to MFDA Policy No. 3 and MFDA Rule 2.1.1(a);

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

1. the Respondent shall pay a fine in the amount of \$2,500 pursuant to s. 24.1.1(b) of the MFDA By-Law No. 1;
2. the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of the MFDA By-Law No. 1;
3. the Respondent shall in the future comply with Policy No. 3 and MFDA Rule 2.1.1(a); and
4. 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]