



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: Blair Stonewall Jackson Roche

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By way of a news release, 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 Prairie 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, Blair Roche.

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 X) 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 December 2003 to June 1, 2011, the Respondent was registered in Alberta as a mutual fund dealing representative¹ with Partners in Planning Financial Services Ltd. (“PIP”), a Member of the MFDA.

7. Effective June 1, 2011, the Respondent became a mutual fund dealing representative with IPC Investment Corporation (the “Member”) as a result of PIP amalgamating with the Member.

8. The Respondent was terminated by the Member as a result of the events described herein, on April 4, 2013.

¹ Formerly referred to as a mutual fund salesperson

9. The Respondent is not currently registered in the securities industry in any capacity.
10. At all material times, the Respondent conducted business in Calgary, Alberta.

Background

11. Prior to April 2011, the Respondent operated out of the Member's location at 6327 Bowness Road in Calgary, Alberta. He serviced approximately 100 client accounts.
12. In April, 2011, the Respondent moved to the Member's sub-branch located at 1529 20th Avenue N.W. in Calgary, Alberta, and began to share office space with TS and KW (the "20th Avenue Sub-Branch").
13. TS and KW had previously been registered with the Member. KW left the Member in October 2010 and TS left the Member in April 2011. Both subsequently joined Privest Wealth Management ("Privest"), an Exempt Market Dealer, as exempt market dealing representatives.
14. In April 2011, the Respondent entered into an agreement with TS to purchase TS's mutual fund book of business which consisted of approximately 400 clients. TS had previously acquired a portion of his book of business from KW in October 2010.
15. On August 22, 2012, the Member conducted a review of the 20th Avenue Sub-Branch. The review uncovered a number of deficiencies, and the Respondent was consequently suspended by the Member on December 19, 2012, pending the outcome of a full investigation by the Member.
16. On December 21, 2012, the Member sent letters to all of the clients whose accounts were serviced by the Respondent, advising them of the Respondent's suspension and its investigation into certain of his business practices.

17. On February 6, 2013, as part of the Member's supervisory investigation of the Respondent's activities, the Member issued letters to 47 clients who had received portfolio summaries prepared by the Respondent without the knowledge or approval of the Member. On March 18, 2013, the Member sent a further 50 such letters to a random sample of the Respondent's clients.

18. On March 4, 2013, the Member lifted the Respondent's suspension and placed him on close supervision. He left the 20th Avenue Sub-Branch and moved to the Member's location at 7015 McLeod Trail South in Calgary, Alberta. The Member subsequently terminated the Respondent on April 4th, 2013.

Contravention #1 - Non-Approved Persons Allowed to Conduct Securities Related Business

19. Following the Member's branch review on August 22, 2012, the Member sent a total of 391 letters to clients whose accounts were serviced by the Respondent.

20. The letters generated 133 responses, of which seven were determined to be instances where the Respondent had permitted non-Approved Persons TS and KW to conduct securities related business with clients for the account and through the facilities of the Member.

21. In each case, the client had telephoned, or met with, TS or KW to request a transaction in their account. TS or KW passed the request on to the Respondent. The Respondent then processed the requested transactions in the client's account, without communicating directly with the client. At the time of each of the transactions, neither TS nor KW were registered as mutual fund dealing representatives.

22. The transactions where the Respondent permitted TS or KW to conduct securities related business with clients are summarized below:

Client	Transaction Date	Transaction Type	Amount
WH	April 20, 2011	Redemption	\$700.00
AW	April 27, 2011	Conversion/Contribution to TFSA	\$5000.00
TR	October 19, 2011	PAC Instructions	\$150.00

Client	Transaction Date	Transaction Type	Amount
CC	February 22, 2012	Redemption	\$3,000.00
KH	March 26, 2012	RDSP Purchase	\$25,823.49
DG/BG	September 12, 2012	SWP Order Form	\$2,400.00
			\$400.00
BR	December 13, 2012	Redemption	\$4000.00

23. During the course of Staff's investigation, the Respondent confirmed that he did not meet with clients DG, TR, or CC to process the above listed transactions. DG, TR, and CC either had telephone calls or meetings with TS or KW in the absence of the Respondent to request their transactions. The Respondent states that he was either unaware of, or was unable to attend, the telephone calls or meetings. During these meetings and telephone calls, the necessary account service documentation was generated by the Respondent's assistant, and passed on to the Respondent for review and processing.

24. Client WH confirmed to the Member that he had dealt with TS when requesting the transaction to be made in his account, and would meet with TS in person at the 20th Avenue Sub-branch. The Respondent states that he subsequently reviewed the above-noted transaction at the time and considered it appropriate prior to submitting it for processing, but did not directly communicate with the client.

25. Client AW also informed the Member that she only dealt with TS, both in person and on the telephone. The Respondent states that he also reviewed the above noted transaction and considered it appropriate prior to submitting it for processing. The Respondent states that he may not have met or spoken with AW in connection with this transaction.

26. Client KH contacted KW for the above noted RDSP purchase. KW forwarded the request to the Respondent, who determined that a redemption was required and recommended the mutual funds required. The Respondent communicated that advice to KW who informed KH. The Respondent did not speak directly with KH and informed Staff that, due to the nature of the transaction, he did not feel it was necessary to communicate directly with the client.

27. Client BR contacted KW to request the above noted redemption. KW in turn contacted the Respondent and requested that he facilitate the transaction. The Respondent's assistant emailed the redemption form to the client, who signed it and sent it back to the Respondent in a reply email. The Respondent signed the redemption form, and the trade was processed the next day. In a written statement to Staff, the Respondent stated that he did not communicate directly with BR regarding the redemption.

Contravention #2 - Unauthorized Portfolio Summaries

28. The Member's branch review on August 22, 2012 revealed that the Respondent had prepared and delivered at least 45 portfolio summaries to 80 clients (the "Portfolio Summaries"). The Portfolio Summaries were prepared between June 2011 and December 30, 2012, on a quarterly or semi-annual basis, and were supplemental to the Member's official account statements. The Portfolio Summaries did not, however, display any disclaimer stating that they were not official account statements.

29. The following table sets out the Portfolio Summaries produced by the Respondent:

Summary #	Client(s) ²	Portfolio Summary Date (Quarterly/Semi-Annual Statements)
1	KC ¹	June 30, 2012 to September 30, 2012
2	MC	June 30, 2012 to September 30, 2012
3	RD	June 30, 2012 to September 30, 2012
4	LG ¹	June 30, 2012 to September 30, 2012
5	LL	June 30, 2012 to September 30, 2012
6	DR ¹	June 30, 2012 to September 30, 2012
7	DS ¹	December 31, 2011 to June 30, 2012
8	RS	December 31, 2011 to June 30, 2012
9	AW	December 31, 2011 to June 30, 2012
10	TR ¹	June 30, 2012 to September 30, 2012
11	DA/LA	June 30, 2012 to September 30, 2012
12	BB/TB	December 31, 2011 to June 30, 2012
13	BC ¹ /CC ¹	December 31, 2011 to June 30, 2012
14	CC ² /KC ²	June 30, 2012 to September 30, 2012
15	DC/KC ³	December 31, 2011 to June 30, 2012
16	BC ² /LC	June 30, 2012 to September 30, 2012
17	BC ³ /CC ³	December 31, 2011 to June 30, 2012

* Superscript numbers have been included to indicate different clients with identical initials.

Summary #	Client(s) ²	Portfolio Summary Date (Quarterly/Semi-Annual Statements)
18	TD/GH	December 31, 2011 to June 30, 2012
19	LF/HF	December 31, 2011 to June 30, 2012
20	FO-F/RO-F	December 31, 2011 to June 30, 2012
21	TF/CF	June 30, 2012 to September 30, 2012
22	RG ¹ /EL	June 30, 2012 to September 30, 2012
23	AG/FG	June 30, 2012 to September 30, 2012
24	BG/DG ¹	June 30, 2012 to September 30, 2012
25	RG ² /MAG	June 30, 2012 to September 30, 2012
26	LG ² /DG ²	December 31, 2011 to June 30, 2012
27	RG ³ /PG	December 31, 2011 to June 30, 2012
28	MG/JG	December 31, 2011 to June 30, 2012
29	BH/TH	December 31, 2011 to June 30, 2012
30	KK ¹ /KK ²	December 31, 2011 to June 30, 2012
31	GK/DK	December 31, 2011 to June 30, 2012
32	JK/EK	December 31, 2011 to June 30, 2012
33	HL/NL	December 31, 2011 to June 30, 2012
34	RM ¹ /FM ¹	December 31, 2011 to June 30, 2012
35	FM ² /LM	June 30, 2011, to December 31, 2011
36	RM ² /KM	June 30, 2012 to September 30, 2012
37	DO/FO	June 30, 2012 to September 30, 2012
38	KO/BA	June 30, 2012 to September 30, 2012
39	AP/JP	June 30, 2012 to September 30, 2012
40	TR ² /DR ²	December 31, 2011 to June 30, 2012
41	JS/KS	December 31, 2011 to June 30, 2012
42	DS ² /LJ	June 30, 2012 to September 30, 2012
43	ES/DS ³	June 30, 2012 to September 30, 2012
44	DW ¹ /SW	December 31, 2011 to June 30, 2012
45	DW ² /KW	June 30, 2012 to September 30, 2012

30. At all material times, section H1 of the Member's Policies and Procedures Manual (the "PPM") stated that:

- (a) the Member and its representatives may provide consolidated account summaries to clients in addition to, but not in place of the Member's official dealer statements;
- (b) the production and provision of such summaries was conditional on the summaries being produced from the Member's back office system;
- (c) the Member's Head Office Compliance staff was responsible for ensuring that any summaries produced from the Member's back office data complied with the

guidance provided by the MFDA in respect of the preparation and distribution of Portfolio Summaries; and

(d) any independent or unauthorized statements produced by an Approved Person were prohibited.

31. The Member was not aware that the Respondent was preparing and sending Portfolio Summaries to clients and, accordingly, the Member was unable to review the Portfolio Summaries before they were provided to clients.

32. The Portfolio Summaries listed each client's mutual fund holdings in their accounts at the Member as well as the exempt market investments the clients had purchased from Privest. The Portfolio Summaries did not identify which investments were held by the Member and which were held by Privest. Further, the Portfolio Summaries did not state that the MFDA's Investor Protection Corporation may not apply to all of the listed investments, or that the Member could not ensure the accuracy of the information regarding any investments held by Privest.

33. Where the Respondent produced Portfolio Summaries for clients who were spouses, the Portfolio Summaries disclosed each spouse's individual accounts, as well as any joint accounts held between the spouses, on the same Portfolio Summary. The clients had not provided their prior written consent to authorize the sharing of their individual account information to anyone.

34. At all material times, MFDA Rule 2.1.3 prohibited a Member or Approved Person from disclosing information relating to the business and affairs of a client to any other person without the prior written consent of the client, unless otherwise required by law or as reasonably required to provide a product or service that a client has requested.

Additional Factors

35. The Respondent has worked in the financial services industry for 10 years and has no prior disciplinary history with the MFDA.

36. There is no evidence of misappropriation, unauthorized trading, or client harm in this matter.

37. There were no client complaints in respect of the transactions processed by the Respondent on behalf of TS and KW or in respect of the Portfolio Summaries.

38. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct beyond the commissions or fees to which the Respondent would have been ordinarily entitled had the transactions in the clients' accounts been carried out in the proper manner.

39. During the course of the Member's investigation and the corresponding inquiries from the MFDA, the Respondent cooperated fully and answered all questions from both the member and the MFDA. By agreeing to this settlement, the Respondent has and avoided the necessity of a full hearing on the merits.

40. The Respondent has expressed remorse for his misconduct.

V. THE RESPONDENT'S POSITION

41. The Respondent states that at no time did he intend to mislead, hide or otherwise interfere with the Member's regulatory obligations.

42. The Respondent states that neither TS nor KW solicited any of the clients listed in paragraph 22 to make the transactions listed therein. None of the transactions noted in paragraph 22 involved either TS or KW providing investment advice to the above noted client.

43. The Respondent further states that he reviewed the documentation related to each transaction in paragraph 22 to ensure that such transaction met the Know-your-client investment objects and risk tolerances of the affected clients.

44. Finally, the Respondent states that all of the Portfolio Summaries used information generated from the Member's book of record.

VI. CONTRAVENTIONS

45. Between April 2011 and April 2013, the Respondent permitted non-Approved Persons TS and KW to conduct securities related business with clients for the account and through the facilities of the Member, contrary to MFDA Rules 1.1.1(c), 1.1.2 and 2.1.1

46. Between April 2011 and April 2013, the Respondent failed to comply with the policies and procedures of the Member by producing and distributing approximately 80 portfolio summaries to approximately 45 clients without the knowledge or involvement of the Member, thereby:

- a) interfering with the ability of the Member to supervise the Respondent, contrary to MFDA Rules 1.1.2 and 2.5.1, and MFDA Rule 2.1.1; and
- b) failing to comply with MFDA Rule 2.1.3.

VII. TERMS OF SETTLEMENT

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

- (a) the Respondent shall pay a fine in the amount of \$12,500 pursuant to section 24.1.1(b) of By-law No. 1;
- (b) the Respondent shall pay costs in the amount of \$2,500, pursuant to section 24.2 of By-law No. 1;
- (c) the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of three months, commencing from the date of the Hearing Panel's Order, pursuant to s.24.1.1(e) of MFDA By-law No. 1;
- (d) in the future, the Respondent shall comply with all MFDA By-laws, Rules and Policies and all applicable securities legislation and regulations made thereunder, including MFDA Rules 1.1.2, 2.1.1, 2.1.3 and 2.5.1; and

(e) the Respondent will attend in person, on the date set for the Settlement Hearing.

VIII. STAFF COMMITMENT

48. 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 VI of this Settlement Agreement, subject to the provisions of Part X 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 VI 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 VI, 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.

IX. PROCEDURE FOR APPROVAL OF SETTLEMENT

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

50. 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.

51. 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.

52. 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.

X. FAILURE TO HONOUR SETTLEMENT AGREEMENT

53. 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.

XI. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

54. 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.

55. 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.

XII. DISCLOSURE OF AGREEMENT

56. 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.

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

XIII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 30th day of September, 2014.

“Warren White”

Witness – Signature

“Blair Stonewall Jackson Roche”

Blair Stonewall Jackson Roche

Warren White

Witness – Print name

“Shaun Devlin”

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



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: Blair Stonewall Jackson Roche

ORDER

WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated September 30th, 2014 (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:

Between April 2011 and April 2013, the Respondent permitted non-Approved Persons TS and KW to conduct securities related business with clients for the account and through the facilities of the Member, contrary to MFDA Rules 1.1.1(c), 1.1.2 and 2.1.1 ; and

Between April 2011 and April 2013, the Respondent failed to comply with the policies and procedures of the Member by producing and distributing approximately 80 portfolio summaries to approximately 45 clients without the knowledge or involvement of the Member,

thereby:

- a) interfering with the ability of the Member to supervise the Respondent, contrary to MFDA Rules 1.1.2 and 2.5.1, and MFDA Rule 2.1.1; and
- b) failing to comply with MFDA Rule 2.1.3.

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 \$12,500 pursuant to section 24.1.1(b) of By-law No. 1;
- 2. the Respondent shall pay costs in the amount of \$2,500, pursuant to section 24.2 of By-law No. 1;
- 3. the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of three months, commencing from the date of the Hearing Panel's Order, pursuant to s.24.1.1(e) of MFDA By-law No. 1; and
- 4. in the future, the Respondent shall comply with all MFDA By-laws, Rules and Policies and all applicable securities legislation and regulations made thereunder, including MFDA Rules 1.1.2, 2.1.1, 2.1.3 and 2.5.1.

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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