



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: Paul Jerome Edmond

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 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, Paul Edmond.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff conducted an investigation of the Respondent’s activities. The investigation disclosed that the Respondent had engaged in activities 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 XI) 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. Since June 25, 2004, the Respondent has been registered as a mutual fund salesperson (now known as a Dealing Representative) with Quadrus Investment Services Ltd. (“Quadrus”) in the Provinces of Manitoba, Alberta, British Columbia, New Brunswick, Ontario and Saskatchewan.

7. From March 7, 2005 to June 6, 2013 when he voluntarily surrendered his registration as a Branch Manager, the Respondent was registered as a Branch Manager with Quadrus in Manitoba. Despite being registered as a Branch Manager, the Respondent had not acted in that capacity since July 2008.

8. At all material times, the Respondent conducted business in the Winnipeg, Manitoba area.

Pre-Signed and Altered Forms

9. On March 21, 2013, Quadrus commenced a branch compliance review of the Respondent's office, in accordance with its obligations pursuant to MFDA Policy No. 5.

10. During the course of the branch compliance review, Quadrus reviewed 50 client files and identified one blank pre-signed account form, and 20 photocopies of partially completed pre-signed account forms which the Respondent had altered after the clients had signed them in order to process transactions, in respect of eight client accounts.

11. Following the March 2013 compliance review, the Respondent advised Quadrus that it was not his practice to obtain blank pre-signed account forms or to alter account forms after clients had signed them, and that he did this strictly for the convenience of the clients.

12. The Respondent acknowledged that his conduct did not comply with regulatory requirements. Effective March 25, 2013, the Respondent ceased using blank pre-signed account forms or photocopies of account forms.

13. On July 10, 2013, the Respondent's Branch Manager reviewed an additional 50 of the Respondent's client files and identified 29 photocopies of partially complete pre-signed account forms which the Respondent had altered after the clients had signed them in order to process transactions, in respect of 9 client accounts. All of the additional forms detected in July 2013 had been used prior to the compliance review conducted in March 2013.

14. On October 23, 2013, the Respondent's Branch Manager reviewed an additional 50 client files and identified 2 blank pre-signed account forms, and 22 photocopies of partially complete pre-signed account forms which the Respondent had altered after the clients had signed them in order to process transactions, in respect of 13 client accounts. All of the additional forms

detected in October 2013 had been used prior to the compliance review conducted in March 2013.

Quadrus' Response

15. Quadrus issued a disciplinary letter to the Respondent for his use of blank pre-signed and altered account forms. Quadrus also required the Respondent to complete additional training regarding the use of accounts forms.

16. Between May 2013 and April 2014, Quadrus sent letters to each of the 30 clients affected by the Respondent's conduct described above, in order to inform the clients of the Respondent's activities and confirm that the clients had authorized the transactions in their accounts. None of the clients reported any concerns to Quadrus with respect to transactions conducted in their accounts.

Additional

17. There is no evidence that the Respondent continued to obtain, maintain or use blank pre-signed account forms or photocopies of partially completed account forms, after March 2013.

18. No clients serviced by the Respondent have complained about his conduct.

19. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above, beyond the commissions or fees he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

20. The Respondent has expressed remorse for his actions.

21. The Respondent has not previously been the subject of MFDA disciplinary proceedings.

22. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources and expenses associated with conducting a full hearing of the allegations.

V. CONTRAVENTIONS

23. The Respondent admits that, between February 2008 and April 2013, he obtained, maintained, and used to process transactions, a total of 74 blank pre-signed account forms or photocopies of partially complete pre-signed account forms which the Respondent altered after the clients had signed the account forms, in respect of 30 client accounts, contrary to MFDA Rule 2.1.1.

VI. TERMS OF SETTLEMENT

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

- (a) The Respondent is prohibited from acting in a compliance or supervisory capacity with a Member for a period of six (6) months from the date of the acceptance of this Settlement Agreement by the Hearing Panel, pursuant to section 24.1.1(c) of MFDA By-law No. 1;
- (b) the Respondent shall pay a fine in the amount of \$10,000, pursuant to section 24.1.1(b) of By-law No. 1;
- (c) the Respondent shall pay costs in the amount of \$2,500, pursuant to section 24.2 of By-law No. 1;
- (d) the Respondent shall attend the Settlement Hearing in person; and
- (e) 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 Rule 2.1.1.

VII. STAFF COMMITMENT

25. 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

contraventions described in Part VII of this Settlement Agreement, subject to the provisions of Part XI below. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any contraventions that are not set out in Part VII of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the contraventions set out in Part VII, 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

26. 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.

27. 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 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.

28. 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.

29. 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

30. 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

31. 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.

32. 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

33. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 20th day of January, 2015.

“Maureen Fergus”

Witness – Signature

“Paul J. Edmond”

Paul J. Edmond

Maureen Fergus

Witness – Print name

“Shaun Devlin”

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



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Re: Paul Jerome Edmond

ORDER

WHEREAS on January 29, 2015, 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 Paul Jerome Edmond (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated January 20, 2015 (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 February 2008 and April 2013, the Respondent obtained, maintained, and used to process transactions, a total of 74 blank pre-signed account forms or photocopies of partially complete pre-signed account forms which the Respondent altered after the clients had signed the account forms, in respect of 30 client accounts, contrary to MFDA Rule 2.1.1.

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

1. 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*;
2. The Respondent shall be prohibited from acting in a compliance or supervisory capacity with a Member for a period of six (6) months from the date of the acceptance of this Settlement Agreement by the Hearing Panel, pursuant to section 24.1.1(c) of MFDA By-law No. 1;
3. The Respondent shall pay a fine in the amount of \$10,000, pursuant to section 24.1.1(b) of By-law No. 1;
4. The Respondent shall pay costs in the amount of \$2,500, pursuant to section 24.2 of By-law No. 1;
5. The Respondent shall attend the Settlement Hearing in person; and
6. 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 Rule 2.1.1.

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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