



**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: Robert Kelly Kujala**

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**SETTLEMENT AGREEMENT**

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**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 Pacific 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 Robert Kelly Kujala (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. Since 1993, the Respondent has been registered in British Columbia as a mutual fund salesperson (now known as a Dealing Representative) and, since 1997 as a branch manager with PFSL Investments Canada Ltd. (“PFSL”), a Member of the MFDA.

7. At all material times, the Respondent conducted business at a PFSL branch located in Coquitlam, British Columbia.

## **Partially Complete Pre-Signed Letters of Direction**

8. At all material times, PFSL's policies and procedures prohibited its Approved Persons from using pre-signed client forms.

9. On July 31, 2013, PFSL's Field Audit Department conducted a routine on-site audit of the Respondent's Coquitlam branch and found that the Respondent had obtained and used 11 partially complete pre-signed Letters of Direction ("LODs") to process transactions for three clients. As a result, PFSL's Field Audit staff conducted a further review of the Respondent's client files and found 16 additional instances where the Respondent had obtained and used partially complete LODs to process transactions for five clients.

10. The Respondent states that each time he received a partially complete pre-signed LOD to process a redemption request transaction in an affected client's account, he would contact the clients by telephone to obtain further clarification and instructions regarding the amount to be redeemed from the client's account. The Respondent would then fill in the incomplete portions of the LOD based on his conversation with the client.

11. Staff's investigation did not reveal any evidence of misappropriation, unauthorized trading, client harm, or client complaints in this matter.

12. Staff's investigation did not reveal any evidence that the Respondent received any financial benefit from engaging in the misconduct beyond the commissions or fees to which he would have been ordinarily entitled had the transactions in the clients' accounts been carried out in the proper manner.

13. The Respondent has no prior disciplinary history with the MFDA. He cooperated with Staff during the course of the investigation, and by agreeing to this settlement, has avoided the necessity of the MFDA conducting a full hearing on the merits.

## **V. CONTRAVENTIONS**

14. The Respondent admits that, from March 10, 2009 to May 2, 2013, he obtained, and used 27 partially completed, pre-signed LOD redemption requests to process transactions for eight clients, contrary to MFDA Rule 2.1.1.

## **VI. TERMS OF SETTLEMENT**

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

- i). the Respondent shall pay a fine in the amount of \$5,000 pursuant to s. 24.1.1(b) of MFDA By-law No. 1, payable in five (5) monthly installments of \$1,000 commencing one month after the Settlement Agreement is accepted by the Hearing Panel;
- ii). the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1, payable within 30 days of the date the Settlement Agreement is accepted by the Hearing Panel;
- iii). the Respondent shall be prohibited from acting as a branch manager or in any supervisory capacity for a Member of the MFDA for a period of three (3) months commencing upon the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1 of By-law No. 1;
- iv). If the Respondent fails to comply with the provisions of subparagraphs i) and/or ii), the authority of the Respondent to conduct securities related business while in the employ of or associated with a Member of the MFDA shall be immediately suspended without further notice or order of the Hearing Panel until such time as the Respondent demonstrates to the satisfaction of Staff that he has complied with the provisions of subparagraph i);
- v). the Respondent shall attend in person at the Settlement Hearing; and
- vi). the Respondent shall in the future comply with all MFDA By-laws, Rules and Policies, and all applicable securities legislation and regulations made thereunder, including MFDA Rules 2.1.1.

## **VII. STAFF COMMITMENT**

16. 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**

17. 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.

18. 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.

19. 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.

20. 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**

21. 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**

22. 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.

23. 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**

24. 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.

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

**XII. EXECUTION OF SETTLEMENT AGREEMENT**

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

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

**DATED** this 6<sup>th</sup> day of May, 2015.

“Michael Kujala”  
\_\_\_\_\_  
Witness – Signature

Michael Kujala  
\_\_\_\_\_  
Witness – Print name

“Robert Kelly Kujala”  
\_\_\_\_\_  
Robert Kelly Kujala

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



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**ORDER**

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**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 Robert Kelly Kujala (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 March 10, 2009 to May 2, 2013, the Respondent obtained and used 27 partially complete pre-signed LODs to process transactions for eight clients, contrary to MFDA Rule 2.1.1;



**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 \$5,000 pursuant to s. 24.1.1(b) of MFDA By-law No. 1, payable in five (5) monthly installments of \$1,000 commencing one month after the Settlement Agreement is accepted by the Hearing Panel;
2. The Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1, payable within 30 days of the date the Settlement Agreement is accepted by the Hearing Panel;
3. The Respondent shall be prohibited from acting as a branch manager or in any supervisory capacity for a Member of the MFDA for a period of three (3) months commencing upon the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1 of By-law No. 1;
4. If the Respondent fails to comply with the provisions of paragraphs 1 and/or 2, the authority of the Respondent to conduct securities related business while in the employ of or associated with a Member of the MFDA shall be immediately suspended without further notice or order of the Hearing Panel until such time as the Respondent demonstrates to the satisfaction of Staff that he has complied with the provisions of paragraphs 1 and/or 2;
5. The Respondent shall in the future comply with all MFDA By-laws, Rules and Policies, and all applicable securities legislation and regulations made thereunder, including MFDA Rules 2.1.1.
6. 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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