

MFDA Investor *Bulletin*



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JUNE 2016 **SENIORS MONTH**

June is Seniors' Month and to mark the occasion the MFDA is issuing its **first Investor Bulletin** with a focus on seniors' issues. The Investor Bulletin provides general investor news, alerts, notable cases and information on how investors can better protect themselves from financial harm.



Protecting Seniors

The protection of seniors from financial harm is a priority for the MFDA under its [Strategic Plan](#). In 2015 40% of proceedings commenced involved seniors or vulnerable persons¹. As part of its initiative to protect seniors, the MFDA places a priority on cases involving senior investors, and provides assistance to seniors in documenting and filing their [complaints](#) with the MFDA. In addition to the assistance seniors receive in documenting their complaint, all complainants receive a phone call from MFDA case assessment staff to explain the MFDA's complaint process and the services offered by the Ombudsman for Banking Services and Investment ("OBSI"). OBSI can make a non-binding recommendation for compensation (up to \$350,000) if it determines that an investor has been treated unfairly, taking into account the criteria of good financial services and business practice, relevant codes

of practice or conduct, industry regulation and the law. For seniors or otherwise vulnerable clients who wish to pursue a claim through OBSI, MFDA staff are able to directly transfer their calls to OBSI staff. This direct transfer process limits the need for complainants to make multiple phone calls to various organizations, and helps to simplify the complaints process for those investors.



**Mutual Fund Dealers Association of Canada Association
canadienne des courtiers de fonds mutuels**



Investor Alerts and Notices

POWERS OF ATTORNEY AND EXECUTORS

MFDA rules prohibited mutual fund advisors from acting upon any power of attorney or similar authorization. **You should never name your mutual fund advisor as your power of attorney or an executor** in your will because it is contrary to MFDA rules, and may put your advisor in an irreconcilable conflict of interest. When selecting a person to act under a power of attorney or as an executor, it is best to consult with a lawyer, notary or another professional who deals in estate matters. The two cases highlighted below involve senior investors and situations where advisors appointed under a power of attorney or an executor under a will acted inappropriately and to the detriment of their clients or their estates.

BLANK SIGNED FORMS

You should never sign a blank form. When a blank form is signed it affects the integrity and reliability of documents and destroys necessary audit trails. Signing a blank form poses similar risks to signing a blank cheque, which is something most Canadians would never do. The MFDA has prosecuted cases where blank signed forms were used in unauthorized trading, fraud and

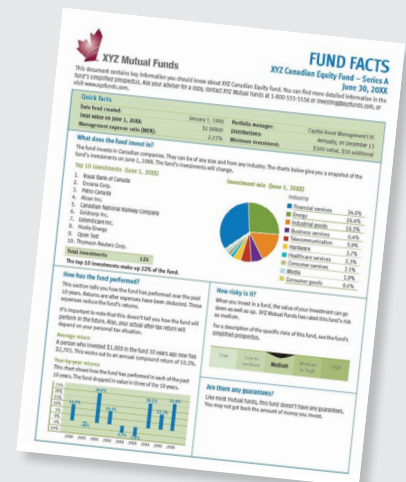
misappropriation of funds from investors. While investors who travel frequently or reside out-of-country for large portions of the year may be concerned about processing any necessary trades while away, signing a blank form is not the solution. If you are concerned about processing trades while you will be away, speak to your advisor about the proper procedure that can be used so that trades can be accepted with your verbal instruction.

PROTECT YOUR PERSONAL INFORMATION

You should never provide confidential or personal information to someone over the phone unless you know the person you are dealing with. In particular, you should never deal with individuals who call you and use high pressure sales tactics and ask for information such as your name, date of birth, social insurance number or credit card number. Additionally, you should never provide confidential or personal information over unsecure email. Unsecure email can be intercepted by third parties or redirected to unknown individuals without your knowledge. A good practice to protect yourself when providing personal information to your advisor is to use secure methods such as by providing the information in-person at a business location, over the phone where you have initiated the call, or over a secure digital portal.

PRE-SALE DELIVERY OF FUND FACTS

As of May 30, 2016 your dealer is now required to provide you with a document called “Fund Facts” **before** you purchase a mutual fund. **Your mutual fund purchase cannot be completed until your dealer delivers Fund Facts to you.** The change has been made to ensure you can review important information about a mutual fund before you buy it. Fund Facts could be delivered to you in-person, through email, or through other means. The method used will depend on how your dealer interacts with you. You can contact your dealer for further details on how Fund Facts will be delivered to you. For more information on Fund Facts please visit www.aboutfundfacts.com.



IOANA BECKFORD

The client in this case was a senior investor. The client appointed Ioana Beckford as her power of attorney for property and personal care, and appointed Beckford as the executrix and sole beneficiary of her estate. Beckford engaged in a number of personal financial dealings with the client that included transferring ownership of the client's home to herself and the client as joint tenants, and borrowing about \$120,000 through a line of credit secured against the client's home and transferring the funds into her own personal bank account. The Hearing Panel imposed the following penalties on Beckford: (i) a permanent prohibition on Beckford's authority to conduct securities-related business while in the employ of or associated with any MFDA Member; (ii) a fine of \$200,000; and (iii) costs of \$10,000.



CONRAD EAGAN

Eagan misappropriated at least \$3 million dollars from a number of clients and one individual. He generally did this by approaching elderly clients and seeking to draft their wills, appointing himself as executor of their estates, and upon their death would misappropriate assets from the estate through his role as estate executor. In addition, Eagan misappropriated monies from clients through falsifying signatures on client redemption forms. The Hearing Panel imposed the following penalties against Eagan: (i) a permanent prohibition of the authority of Eagan to conduct securities-related business in any capacity over which the MFDA has jurisdiction; (ii) a fine of \$5,000,000; and (iii) costs of \$15,000.

¹ Other than signature falsification cases that do not involve a client complaint or harm to a client.



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