



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: Stephanie See-Wing Ho

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (“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 (“Hearing Panel”) of the MFDA should accept the settlement agreement (“Settlement Agreement”) entered into between Staff of the MFDA (“Staff”) and the Respondent, Stephanie See-Wing Ho (“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 MFDA 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. From January 18, 2012 to November 30, 2015, the Respondent was registered in Ontario as a dealing representative with Investia Financial Services Inc. (“Investia” or the “Member”), a mutual fund dealer and Member of the MFDA. During various periods of time between January 2012 and November 2015, the Respondent was also registered as a dealing representative in Alberta, British Columbia, Prince Edward Island, Quebec and Saskatchewan.

7. After the Respondent’s involvement with the MIC, as described below, was discovered by Investia, Ms. Ho resigned from Investia effective November 30, 2015.

8. The Respondent has not been registered in the securities industry in any capacity since her resignation from Investia.

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

Background

10. At all material times, the policies and procedures of the Member required Approved Persons to submit an OBA Approval Form disclosing any outside business activity or voluntary activity that they intended to engage in, which would include service on a board of directors, and to obtain prior authorization before engaging in such activities.

11. Prior to becoming an Approved Person of the Member, the Respondent was informed that she was required to:

- a) submit to the Member an “Outside Business / Volunteer Activity Approval Form” (an “OBA Approval Form”) in respect of each and every outside business and volunteer activity that she intended to engage in,
- b) obtain prior approval from the Member prior to engaging in any particular outside business activity or voluntary activity; and
- c) comply with any conditions of approval established by the Member’s compliance department if approval to engage in an outside activity was granted by the Member.

12. The Respondent submitted an OBA Approval Form dated December 13, 2011 to request and obtain approval to serve as “Business Development Manager” for the Torce Financial Group (“Torce”) managing general agency that was owned and operated by her father. Torce was operated out of the same office premises in which the branch office was located. On December 28, 2011, she received approval from the Member to continue in her role at Torce subject to the condition that she provide individuals that she dealt with in that role with dual occupation disclosure that had been approved by the Member.

13. The Respondent submitted an OBA Approval Form dated December 13, 2011 to request and obtain approval to serve as a volunteer with Opportunity International/Young Ambassadors Opportunity program, a not-for-profit organization that supports microfinance projects in developing countries. On December 30, 2011, she received approval from the Member to engage in that volunteer activity subject to the condition that she provide any clients of the Member who she encountered in her role with dual occupation disclosure that had been approved by the Member.

14. During a Policy No. 5 Branch Review of her branch office, the Respondent and a compliance auditor discussed that the Respondent was receiving referrals for transfer of pension portfolios. The Respondent informed the auditor that she did not receive these referrals pursuant to any kind of referral agreement and did not make payments of any referral fees. The Respondent was asked to submit an OBA Approval Form regarding this business relationship as well. On December 18, 2012, the Respondent submitted an OBA Approval Form, as requested.

Unapproved Outside Business Activities

15. In November 2013, the Respondent accepted an appointment as a director of a MIC called RESCO Mortgage Investment Corporation (“RESCO”). Between November 2013 and May 2015, the Respondent was a Member of the board of directors of RESCO and fulfilled her duties as a director including attendance at board meetings. The Respondent was not paid any compensation for her role as a RESCO director.

16. RESCO opened a small office within the office premises shared by Torce and the Member.

17. In November 2013, the Respondent also received 25% of the issued and outstanding common voting shares of RESCO when it was incorporated.

18. On March 31, 2014, the Respondent paid \$20,000 to purchase 2,000 Class “B” Preferred Shares of RESCO. The Preferred Shares were the means by which investors could invest in RESCO and offered investors a monthly dividend at a target net rate of return of 8% per year.

19. The Respondent’s father was the founder, president and principal shareholder of RESCO. He also owned 25% of the issued and outstanding common shares of RESCO.

20. An Offering Memorandum that was issued by RESCO identified the Respondent as a director and promoter of RESCO. The Offering Memorandum described some of the Respondent’s educational and work experience but did not reference her role as an Approved Person of the Member.

21. On March 18, 2014, an e-mail was circulated to investment advisors including Approved Persons of the Member inviting them to attend a 1 hour optional “Special Training” session that was held on March 26, 2014 in a boardroom located in the office premises shared by Torce and the Member to learn about opportunities for investors to invest with RESCO. The Respondent attended the training session. The Member was not informed about this meeting or the invitation that was sent to its Approved Persons.

22. During 2014 and prior to April 2015, without the authorization of the Member, posters were displayed in the office premises that were shared by Torce and the Member advertising the opportunity to earn up to an 8% annual return by investing in RESCO.

23. The Respondent did not draft or send the March 18, 2014 e-mail and she was not involved in the preparation of marketing materials for RESCO such as the posters that were displayed in the branch office, or the decision to post them in the office.

24. There is no evidence that any Approved Person of the Member sold investments in RESCO to any client of the Member.

25. None of the clients whose accounts with the Member were serviced by the Respondent invested in RESCO.

26. On one occasion, the Respondent provided marketing material about the RESCO investment to clients (a married couple) whose accounts had recently been transferred to her to service. The Respondent informed the clients that RESCO was not an Investia product. The clients did not invest in RESCO.

27. In June 2014, the Respondent prepared and submitted an application on behalf of RESCO to open a corporate bank account. For opening the bank account, she earned a nominal monthly commission income. The Respondent was one of the individuals who was granted signing authority on RESCO's corporate bank account. She signed one or more cheques on behalf of RESCO.

28. Prior to April 2015, the Respondent did not submit an OBA Approval Form to the Member or to her branch manager to request or obtain authorization to serve as a director of RESCO.

29. In April 2015, the Respondent's involvement with RESCO was reported to the MFDA and the MFDA commenced an investigation.

30. In response to inquiries from the MFDA, the Member commenced its own investigation into the Respondent's conduct and discovered that she had been engaging in the undisclosed and unapproved outside business activity described above.

31. The Respondent cooperated with the Member in its investigation.

32. Following inquiries from the Member about her involvement in RESCO, the Respondent submitted an OBA Approval Form to the Member dated April 28, 2015 requesting approval of her involvement with RESCO. She also informed the Member of her intention to resign from her position as a director of RESCO.

33. On May 25, 2015, the Respondent's OBA Approval request was declined by the Member.

34. On June 1, 2015, RESCO relocated its office and no longer shares space with a branch office of the Member.

35. On June 2, 2015, the Respondent resigned her position on the board of directors of RESCO.

36. On July 20, 2015, the Respondent transferred her common voting shares in RESCO to another individual for no consideration (\$0).

37. By engaging in the conduct described above without the knowledge or prior approval of the Member, the Respondent engaged in an undisclosed and unapproved outside business activity and failed to comply with the policies and procedures of the Member, contrary to MFDA Rules 1.2.1(c).

Additional Factors

38. The Respondent is in her early 30s, and was relatively new to the mutual fund business during the material time.

39. There is no evidence that any client suffered harm as a consequence of the Respondent's conduct.

40. The Respondent cooperated with Staff's investigation of her conduct.

41. The Respondent has not previously been the subject of an MFDA disciplinary proceeding.

V. CONTRAVENTIONS

42. Between November 2013 and June 2015, the Respondent engaged in outside business activities by among other things, serving as a director of a mortgage investment corporation (the “MIC”), and by opening a bank account for the MIC without obtaining prior approval from the Member to engage in such conduct, contrary to former MFDA Rule 1.2.1(c)¹ and the policies and procedures of the Member.

VI. TERMS OF SETTLEMENT

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

- a) the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any Member of the MFDA for a period of three months commencing from the date of a Hearing Panel’s Order accepting this Settlement Agreement, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
- b) the Respondent shall pay a fine in the amount of \$10,000 on the date that the Hearing Panel issues an Order accepting this Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
- c) the Respondent shall pay costs to the MFDA in the amount of \$5,000 on the date that the Hearing Panel issues an Order accepting this Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;
- d) the Respondent shall in the future comply with MFDA Rule 1.3 and the policies of any Member with whom she is registered if she becomes an Approved Person again in the future;
- e) the Respondent will attend in person, on the date set for the Settlement Hearing.

¹In this Settlement Agreement, Staff is relying on MFDA Rule 1.2.1(c) that was in effect during the material time. Former Rule 1.2.1(c) has been amended and renumbered as MFDA Rule 1.3.

VII. STAFF COMMITMENT

44. 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 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 referenced 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 such facts are 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

45. Acceptance of this Settlement Agreement shall be sought at a hearing of the Central Regional Council of the MFDA on a date agreed to by counsel for Staff and the Respondent. MFDA Settlement Hearings are typically held in the absence of the public pursuant to section 20.5 of MFDA By-law No. 1 and Rule 15.2(2) of the MFDA Rules of Procedure. If the Hearing Panel accepts the Settlement Agreement, then the proceeding will become open to the public and a copy of the decision of the Hearing Panel and the Settlement Agreement will be made available at www.mfda.ca.

46. 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 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.

47. 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. 24.1.1 of MFDA 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.

48. 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 her.

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

49. 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 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

50. 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.

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

52. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 20th day of December, 2017.

“Stephanie See-Wing Ho”

Stephanie See-Wing Ho

“DL”

Witness – Signature

DL

Witness – Print Name

“Shaun Devlin”

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

Schedule “A”

Order

File No. 2017120



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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
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Re: Stephanie See-Wing Ho

ORDER

(ARISING FROM SETTLEMENT HEARING ON FEBRUARY 5, 2018)

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (“MFDA”) issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of Stephanie See-Wing Ho (“Respondent”);

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated [date] (“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 based upon the admissions of the Respondent, the Hearing Panel is of the opinion that between November 2013 and June 2015, the Respondent engaged in outside business activities by among other things, serving as a director of a mortgage investment corporation (the “MIC”), and by opening a bank account for the MIC without obtaining prior

approval from the Member to engage in such conduct, contrary to former MFDA Rule 1.2.1(c) [now MFDA Rule 1.3] and the policies and procedures of the Member;

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

1. the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any Member of the MFDA for a period of three months commencing from the date of this Order, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
2. the Respondent shall pay a fine in the amount of \$10,000, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
3. the Respondent shall pay costs to the MFDA in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1;
4. if at any time a non-party to this proceeding, with the exception of the bodies set out in section 23 of MFDA By-law No. 1, requests production of or access to exhibits in this proceeding that contain personal information as defined by the MFDA Privacy Policy, then the MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from the requested documents any and all 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]

DM 599289