



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: Bjorn Ho Hon Kwok

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Bjorn Ho Hon Kwok (“Respondent”), consent and agree to settlement of this matter by way of this agreement (“Settlement Agreement”).

2. Staff conducted an investigation of the Respondent’s activities which disclosed 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.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the MFDA:

- a) in or around October 2015, the Respondent misappropriated \$13,750 of client monies by falsifying client account forms and a letter of direction in order to direct the proceeds of a redemption from the client's mutual fund account to the Respondent's bank account, contrary to MFDA Rule 2.1.1 .

5. Staff and the Respondent agree and consent to the following terms of settlement:

- a) the Respondent is permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
- b) the Respondent shall pay costs of this proceeding in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1; and
- c) the Respondent will attend in person, on the date set for the Settlement Hearing.

6. Staff and the Respondent agree to the settlement on the basis of the facts set out in Part III herein and consent to the making of an Order in the form attached as Schedule "A".

III. AGREED FACTS

Registration History

7. Between November 21, 2011 and November 20, 2015, the Respondent was registered in Ontario as a Dealing Representative with PFSL Investments Canada Ltd. ("PFSL"), a Member of the MFDA.

8. Between June 9, 2014 and November 20, 2015, PFSL designated the Respondent as a branch manager.

9. At all material times, the Respondent was also licensed to sell insurance with Primerica Life Insurance Company of Canada (“Primerica”), an insurance company licensed by the Financial Services Commission of Ontario.

10. On November 20, 2015, PFSL terminated the Respondent as a result of the conduct that is the subject of this Settlement Agreement. The Respondent is not registered in the securities industry in any capacity.

11. At all material times, the Respondent conducted business in the Toronto, Ontario area.

Misappropriated Client Monies

12. On or about October 5, 2015, without the knowledge of client EA, the Respondent completed the following 4 account forms in client EA’s name, which he submitted to PFSL in order to effect the transfer of Client EA’s monies invested in a segregated funds account with Primerica (the “Insurance Account”) into a new mutual fund account with PFSL (the “Mutual Fund Account”):

- a new account application form;
- an application form for a retirement income fund;
- a transfer authorization for registered investments; and
- a Disclosure and Authorization form for the transfer of investments between financial institutions.

13. The Respondent falsified client EA’s signature on each of the account forms described above.

14. On or about October 27, 2015, without the knowledge of client EA, the Respondent sent a letter of direction to a fund company purporting to be from client EA (the “Letter”), which requested that the fund company process a \$11,000 net redemption from the Mutual Fund

Account (the “Redemption”), and deposit the proceeds of the Redemption into a bank account that belonged to the Respondent.

15. PFSL’s policies and procedures prohibited its Approved Persons from directing any transaction directly through a fund company. The Respondent submitted the Letter directly to the fund company for processing in order to circumvent PFSL’s ability to review the Redemption.

16. The fund company processed the \$13,750 (gross) Redemption and deposited the net amount of \$11,000 into the Respondent’s bank account.

17. The Respondent used \$2,000 of the Redemption monies prior to PFSL becoming aware of the Respondent’s activities and reversing the Redemption as described below.

PFSL’s Investigation

18. On November 17, 2015, PFSL’s compliance staff became aware of the conduct that is the subject of this Settlement Agreement when the fund company that processed the Redemption provided PFSL with documentation related to the Redemption and PFSL identified no record of the Redemption in its back office.

19. PFSL reviewed all redemptions processed by the Respondent during the period of his registration and identified no other concerns. PFSL also sent letters to all clients serviced by the Respondent in order to determine whether he had engaged in any other unauthorized conduct or misappropriation. PFSL received no responses from the clients.

20. On November 20, 2015, PFSL terminated the Respondent as a result of the conduct that is the subject of this Settlement Agreement.

21. On November 26, 2016, PFSL reversed the \$13,750 Redemption and the transfer of the monies from the Insurance Account to the Mutual Fund Account.

Additional Factors

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

23. The Respondent is now a student attending a post-secondary institution. He states that he impecunious and unable to pay any additional amounts towards either a fine or costs. The Respondent acknowledges that absent his inability to pay, it would have been appropriate for him to be subject to penalty that included a fine and increased costs due to the seriousness of the misconduct that is the subject of this Settlement Agreement.

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

IV. ADDITIONAL TERMS OF SETTLEMENT

25. This settlement is agreed upon in accordance with section 24.4 of MFDA By-law No. 1 and Rules 14 and 15 of the MFDA Rules of Procedure.

26. The Settlement Agreement is subject to acceptance by the Hearing Panel which shall be sought at a hearing (“Settlement Hearing”). At, or following the conclusion of, the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement. 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.

27. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately, and any

suspensions, revocations, prohibitions, conditions or other terms of the Settlement Agreement shall commence, upon the effective date of the Settlement Agreement.

28. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel:

- a) the Settlement Agreement will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter;
- b) the Respondent waives any 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;
- c) Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any contraventions that are not set out in this Settlement Agreement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations;
- d) 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; and
- e) 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 the Respondent.

29. If, for any reason, this Settlement Agreement is not accepted 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 the Settlement Agreement or the settlement negotiations.

30. Staff and the Respondent agree that the terms of the 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.

31. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile copy of any signature shall be effective as an original signature.

DATED this 6th day of March, 2017.

“Bjorn Ho Hon Kwok”

Bjorn Ho Hon Kwok

“PL”

Witness – Signature

PL

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. 201730



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: Bjorn Ho Hon Kwok

ORDER

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 Bjorn Ho Hon Kwok (“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 the Hearing Panel is of the opinion that in or around October 2015, the Respondent misappropriated \$13,750 of client monies by falsifying client account forms and a letter of direction in order to direct the proceeds of a redemption from the client’s mutual fund account to the Respondent’s bank account, 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 is permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;

2. the Respondent shall pay costs of this proceeding in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1; and

3. 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 them 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]