



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: Marc Joseph Robert Bodson

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 Central 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, Marc Joseph Robert Bodson.

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 X) 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 about February 1, 2012, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a dealing representative) with Investors Group Financial Services Inc. (“IG”), a Member of the MFDA. Since October 2015, Respondent has also been registered in Alberta as a mutual fund salesperson with IG.

7. At all material times, the Respondent conducted business in Val Caron, Ontario.

Discretionary Trading

8. At all material times, IG’s policies and procedures prohibited its Approved Persons from engaging in discretionary trading.

9. An individual who is registered as a mutual fund salesperson is not permitted to accept discretionary trading authority from clients.

10. In December 2016, the Respondent serviced approximately 120 clients and \$8 million in assets under administration.

11. Between 2012 and 2015, the Respondent's general practice was to ask clients to complete a risk tolerance form which contained a scale between 1 and 10. This risk tolerance form had not been approved for use by IG. The Respondent would provide clients with Fund Fact sheets for a standard group of 7 to 9 mutual funds that he recommended to all clients whose accounts he serviced. During the meeting, the Respondent would explain his general approach to asset allocation and reference the percentage of particular types of funds (e.g.; equity funds, fixed income funds, etc.) that he typically recommended.

12. Following his initial meetings with clients, the Respondent's general practice was to determine the client's risk tolerance based on the responses that the client recorded on the risk tolerance form that he had asked them to complete. Based in part upon his determination of the client's risk tolerance, the Respondent exercised his discretion to determine which of the 7 to 9 mutual funds that he had referenced during the meeting should be purchased in the client's accounts and the amount of each mutual fund that should be purchased. The Respondent facilitated the processing of purchases of the mutual funds that he selected in the amounts that he determined would be appropriate without further consultation with the clients.

13. The clients became aware of the specific investment allocations in their portfolios including the specific mutual funds that were purchased and the amounts of each mutual fund that was purchased after the purchase orders had been processed when the clients received their transaction confirmations or quarterly account statements.

Client Complaints

14. On or about July 6, 2015, IG received a written complaint from clients WH and LH. Client WH and client LH are spouses. The Respondent was the Approved Person who serviced their accounts. Clients WH and LH complained that, among other things, the Respondent had processed trades to purchase mutual funds that were subject to deferred sales charge fees ("DSC fees") in their investment accounts without their knowledge, authorization or approval.

15. On or about August 18, 2015, IG received a written complaint from client MS and on or about August 19, 2015, IG received a written complaint from client AS. Client MS and client AS are spouses. The Respondent was the Approved Person who serviced their accounts. Clients MS

and AS also complained that the Respondent had processed trades to purchase mutual funds that were subject to DSC fees in their investment accounts without their knowledge, authorization or approval.

Pre-Signed Account Forms

16. At all material times, IG’s policies and procedures prohibited its Approved Persons from using pre-signed account forms.

17. During IG’s investigation into client complaints described above, IG identified pre-signed account forms in the files of clients whose accounts were serviced by the Respondent as specified below:

Client	Account Form	Date of Account Form	Description of Form
CJ	Ontario LIRA addendum	Not dated	Form signed in blank
CJ	Federal Locked-in RRSP addendum	Not dated	Form signed in blank
MS and AS	Pre-Authorized Contribution agreement	Not dated	Form signed in blank
DT	Client Application for Non-registered account.	Not dated	Form signed in blank
SF	Preauthorized contribution agreement	February 25, 2014	Form signed in blank

18. None of the pre-signed forms that IG found in client files had been used.

Altered Account Forms

19. At all material times, IG’s policies and procedures prohibited its Approved Persons from altering account forms without client authorization.

20. As part of IG’s investigation into client complaints, IG identified altered account forms in the files of clients whose accounts were serviced by the Respondent without evidence of client authorization of the changes that were made to the content of the forms, as specified below:

Client	Account Form	Date of Account Form	Description of Alteration
SF	Preauthorized contribution agreement	March 23, 2016	Form has been altered, no client initials. Liquid paper used to change information on the form.
FA	Transfer documentation	October 9, 2012	Form has been altered, no client initials. Liquid paper used to change information on the form.

FA	Identity verification of agent	October 9, 2012	Form has been altered (address), no client initials. Liquid paper used to change information on the form.
LT	Preauthorized contribution agreement	March 9, 2015	Form has been altered, no client initials. Liquid paper used to change information on the form.
LT	Preauthorized contribution agreement	March 9, 2015	Form has been altered, no client initials. Liquid paper used to change details of the form.

Member Response

22. IG conducted an investigation into the client complaints and the Respondent's practice. As part of its review, IG contacted all of the Respondent's clients with copies of their respective Know Your Client information and financial statements. IG requested that the clients review the materials to confirm that they had authorized the purchase of the mutual funds in their portfolios.

23. No responses were received from the Respondent's clients.

24. IG reimbursed clients WH, LH, AS and MS for DSC fees incurred.

25. IG fined the Respondent \$1,000 as a result of the above conduct and placed the Respondent on close supervision for a period of six months.

V. THE RESPONDENT'S POSITION

26. Since January 2016 the Respondent no longer conducts his general practice as set out in paragraphs 6 to 8 of this Agreement and is conducting client transactions in accordance with IG's policies and procedures.

VI. CONTRAVENTIONS

27. The Respondent admits that:

- a) Between February 2012 to October 2015, the Respondent processed transactions in client accounts without obtaining client instructions in respect of the amount of the transaction and the specific mutual fund purchased, thereby engaging in discretionary trading contrary to MFDA Rules 2.3.1 and 2.1.1, and acting beyond the scope of his registration category as a mutual fund salesperson.

- b) Between about 2012 and 2015, the Respondent obtained and possessed 5 pre-signed account forms in respect of 5 clients, contrary to MFDA Rule 2.1.1 and the policies and procedures of the Member.
- c) Between October 2012 to March 2016, the Respondent or other persons acting on his behalf altered information on 5 account forms in respect of 3 clients without obtaining the clients' initials or other evidence recording the clients' authorization of changes to information on the form, contrary to MFDA Rule 2.1.1 and the policies and procedures of the Member.

VII. TERMS OF SETTLEMENT

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

- a) the Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with a Member of the MFDA for a period of one month commencing from the date of the final Order, pursuant to s. 24.1.1(c) of MFDA By-law No. 1.
- b) the Respondent shall pay a fine in the amount of \$10,000 (the "fine"), pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
- c) the fine shall be paid in monthly instalments starting on January 19, 2019 with the payment of \$1666.70 followed by five equal monthly payments of \$1666.66;
- d) the fine shall be paid in full by June 19, 2019.
- e) the Respondent shall pay costs in the amount of \$5,000 at the date of the final Order,
- f) pursuant to s. 24.2 of MFDA By-law No 1.
- g) the Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.3.1.
- h) the Respondent will attend via telephone, on the date set for the Settlement Hearing.

VIII. STAFF COMMITMENT

29. 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 VII of this Settlement Agreement, subject to the provisions of Part X 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 VII 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 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.

IX. PROCEDURE FOR APPROVAL OF SETTLEMENT

30. 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.

31. 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.

32. 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 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.

33. 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.

X. FAILURE TO HONOUR SETTLEMENT AGREEMENT

34. 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.

XI. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

35. 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.

36. 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.

XII. DISCLOSURE OF AGREEMENT

37. 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.

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

XIII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 19th day of December, 2018.

“Marc Joseph Robert Bodson”

Marc Joseph Robert Bodson

“MV”

Witness – Signature

MV

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.**



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**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: Marc Joseph Robert Bodson

ORDER

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 Marc Joseph Robert Bodson (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:

- a) between February 2012 to October 2015, the Respondent processed transactions in client accounts without obtaining client instructions in respect of the amount of the transaction and the specific mutual fund purchased, thereby engaging in discretionary trading contrary to MFDA Rules 2.3.1 and 2.1.1, and acting beyond the scope of his registration category as a mutual fund salesperson.

- b) between about 2012 and 2015, the Respondent obtained and possessed 5 pre-signed account forms in respect of 5 clients, contrary to MFDA Rule 2.1.1 and the policies and procedures of the Member.
- c) between October 2012 to March 2016, the Respondent or other persons acting on his behalf altered information on 5 account forms in respect of 3 clients without obtaining the clients' initials or other evidence recording the clients' authorization of changes to information on the form, contrary to MFDA Rule 2.1.1 and the policies and procedures of the Member.

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, 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;
2. The Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with a Member of the MFDA for a period of one month commencing from the date of the final Order, pursuant to s. 24.1.1(c) of MFDA By-law No. 1.
3. The Respondent shall pay a fine in the amount of \$10,000 (the "fine"), pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
4. The fine shall be paid in monthly instalments starting on January 19, 2019 with the payment of \$1666.70 followed by five equal monthly payments of \$1666.66;
5. The fine shall be paid in full by June 19, 2019.

6. The Respondent shall pay costs in the amount of \$5,000 at the date of the final Order, pursuant to s. 24.2 of MFDA By-law No 1.

7. The Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.3.1.

8. The Respondent will attend via telephone, on the date set for the Settlement Hearing.

DATED this [day] day of [month], 20[].

Per: _____
[Name of Public Representative], Chair

Per: _____
[Name of Industry Representative]

Per: _____
[Name of Industry Representative]

DM 654185