



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: Percy Kwun Chung Poon

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 MFDA By-law No. 1, a hearing panel of the Central Regional Council (the “Hearing Panel”) of the MFDA should accept the settlement agreement entered into between Staff of the MFDA (“Staff”) and the Respondent, Percy Kwun Chung Poon (the “Settlement Agreement”).

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 section 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 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. Between February 8, 2006 and March 2017, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a dealing representative) with Investia Financial Services Inc. (“Investia”), a Member of the MFDA.

7. Between August 2004 and February 1, 2006, the Respondent was registered in Ontario as a mutual fund salesperson with WFG Securities of Canada Inc. (now known as WFG Securities Inc.), a Member of the MFDA.

8. The Respondent resigned from Investia on March 30, 2017 and is not currently registered in the securities industry in any capacity.

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

Misleading the Member

10. In or about December 2013, Approved Person HL provided the Respondent with promotional material from Titan Equity Group Ltd. (“Titan”), a real estate and development company which offered a syndicated mortgage investment (the “Investment”) in a property identified as Britannia Block. Approved Person HL was the Respondent’s branch manager.

11. In December 2013, the Respondent invested at least \$50,000 in the Investment through Approved Person HL. Approved Person HL received a referral fee as a result of the Respondent’s participation in the Investment. The Respondent states that he was not aware of Approved Person HL’s referral arrangement with Titan.

12. On or about April 11, 2014, the Respondent received \$2,500 from Approved Person HL’s company, Kirin Capital Corporation (“Kirin”), which represented a portion of the referral fee received by Approved Person HL arising from the Respondent’s participation in the Investment. The Respondent states that Approved Person HL told him that the \$2,500 was a rebate on his investment of \$50,000.

13. The Investment was not an approved product permitted to be offered to investors by Investia’s Approved Persons, including Approved Person HL. The sale of the Investment was not carried on for the account of Investia or through its facilities.

14. The activities of Approved Person HL were subsequently investigated by Investia, and in or about February 2016, Investia required the Approved Persons at the Respondent’s branch to complete an online Questionnaire (the “Questionnaire”), which included the following questions from Investia and corresponding answers provided by the Respondent:

	Question	Response
1.	Are you aware of Titan Equity Group Ltd., Kirin Capital Corporation, TREAD Finance Corporation or Sloane Capital Corp.?	No
2.	Have you solicited or referred Member and/or non-Member clients to invest in Titan Equity Group Ltd., Kirin Capital Corporation TREAD Finance Corporation or Sloane Capital Corp.?	No
3.	Advise if you were supplied with promotional materials for Titan Equity Group Ltd., Kirin Capital Corporation, TREAD Finance Corporation or Sloane Capital Corp. If yes, please confirm whether you provided these materials to any Member clients, and the names of these clients.	No
4.	Advise if you maintained copies of the Titan Equity Group Ltd., Kirin Capital Corporation, TREAD Finance Corporation or Sloane Capital Corp. promotional materials provided to you, and if so, if you would provide them to Head Office for review.	No
5.	Are you aware of any clients or non-clients who invested with Kirin Capital Corporation, TREAD Finance Corporation or Sloane Capital Corp.?	No
6.	I acknowledge that I have read Investia's CPPM with respect to the policies and procedures surrounding outside business activities (OBA), referral arrangements and product approvals and have complied with the applicable policies (reference: Chapters 2 and 6).	Yes
7.	I have fully disclosed any outside business activities and referral arrangements to Head Office and submitted the approval requests to Head Office for the activities that I am involved in.	Yes

15. The Respondent's responses to questions 1, 3 and 4 in the Questionnaire were false and misleading.

16. By providing false answers to the Questionnaire, the Respondent misled Investia during its investigation with respect to Titan and Kirin, and the Respondent having received promotional materials from Titan.

17. The Respondent states that he misunderstood the purpose of the Questionnaire and did not intend to mislead Investia.

V. CONTRAVENTIONS

18. The Respondent admits that on or about February 11, 2016, the Respondent misled the Member during an investigation with respect to the Respondent's knowledge about investments being sold outside the accounts and facilities of the Member, contrary to MFDA Rule 2.1.1.

VI. TERMS OF SETTLEMENT

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

- a) the Respondent's authority to conduct securities related business in any capacity while in the employ of or associated with any MFDA Member shall be prohibited for a period of six months from the date of the order, pursuant to section 24.1.1(e) of MFDA By-law No. 1;
- b) the Respondent shall pay a fine in the amount of \$1,000, payable on or before the date of the Settlement Hearing, pursuant to section 24.1.1(b) of MFDA By-law No. 1;
- c) the Respondent shall pay costs in the amount of \$2,500, payable on or before the date of the Settlement Hearing, pursuant to section 24.2 of MFDA By-law No. 1;
- d) the Respondent shall in the future comply with all MFDA By-laws, Rules and Policies, and all applicable securities legislation and regulation made thereunder, including MFDA Rule 2.1.1; and
- e) the Respondent will attend in person, on the date set for the Settlement Hearing.

VII. STAFF COMMITMENT

20. 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 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 contraventions that are not set out in Part V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the contraventions set out in Part 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

21. 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.

22. 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.

23. 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 section 24.1.1 of MFDA By-law No. 1 for the purpose of giving notice to the public thereof in accordance with section 24.5 of MFDA By-law No. 1.

24. 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

25. 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

26. 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 MFDA By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

27. 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

28. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 27th day of August, 2018.

“Percy Poon”

Percy Kwun Chung Poon

“RS”

Witness – Signature

RS

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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Re: Percy Kwun Chung Poon

ORDER

(ARISING FROM SETTLEMENT HEARING ON SEPTEMBER 28, 2018)

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 Percy Kwun Chung Poon (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 sections 20 and 24.1 of MFDA By-law No. 1;

AND WHEREAS the Hearing Panel is of the opinion that on or about February 11, 2016, the Respondent misled the Member during an investigation with respect to the Respondent’s knowledge about investments being sold outside the accounts and facilities of the Member, 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's authority to conduct securities related business in any capacity while in the employ of or associated with any MFDA Member shall be prohibited for a period of six months from the date of the order, pursuant to section 24.1.1(e) of MFDA By-law No. 1;
2. The Respondent shall pay a fine in the amount of \$1,000, payable on or before the date of the Settlement Hearing, pursuant to section 24.1.1(b) of MFDA By-law No. 1;
3. The Respondent shall pay costs in the amount of \$2,500, payable on or before the date of the Settlement Hearing, pursuant to section 24.2 of MFDA By-law No. 1;
4. The Respondent shall in the future comply with all MFDA By-laws, Rules and Policies, and all applicable securities legislation and regulation made thereunder, including MFDA Rule 2.1.1; and
5. 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]

DM 639248