



**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: Danny Rana**

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**SETTLEMENT AGREEMENT**

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**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, Danny Rana.

**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. ACKNOWLEDGMENT**

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. The Respondent was registered as a dealing representative with TD Investment Services Inc. (the “Member”), a Member of the MFDA, in Ontario from April 20, 2015 to August 10, 2016, and in British Columbia from July 27, 2016 to January 15, 2018.

7. Prior to April 20, 2015, the Respondent was not registered in the securities industry in any capacity.

8. On January 15, 2018, the Respondent resigned from the Member.

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

10. The Respondent is not currently registered in the securities industry in any capacity.

#### **The Member’s Policies and Procedures**

11. At all material times, the Member’s Mutual Fund Compliance Policies and Procedures (TDIS) Manual provided:

#### **Standards for Personal Investing and Support to Customers**

At TDIS customer interests are paramount and take precedence over the personal interest of employees. ... Conflicts of interest or perceived conflicts of interest must be reported in accordance with this Code.

...

12. The Member's Compliance Regulatory Newsletter of November 2015, Volume 9, Issue 11, provided:

Signature Falsification – Application & Consequences

One example of activity that is not permitted under any circumstance is *signature falsification*, which has fairly broad application and includes:

- Having a customer sign a blank form or multiple blank forms or forms that are partially completed for use in future trading (pre-signed form);

...

- Altering any information on a signed documents, without the customer initialing the documents to show the change was approved; ...

13. The Member's Compliance Regulatory Newsletter of March 2016, Volume 10, Issue 3, provided:

Falsification of a Signature

Any changes made after a document is signed, must not be altered by the use of 'white out' or 'liquid paper'. Any changes must be crossed out visibly and initialed by the customer. This is deemed as an alteration to a document without customer consent.

**Client MIK**

14. On April 7, 2016, client MIK attended a TDIS branch. Client MIK wanted to add a beneficiary to his non-registered investment account and was directed to the Respondent for assistance.

15. The Respondent informed client MIK that he could not designate a beneficiary because his investments were held in a non-registered account. The Respondent recommended to client MIK, and the client agreed, to open a Tax-Free Savings Account (“TFSA”)<sup>1</sup> and transfer a portion of his non-registered holdings to the TFSA with the remaining portion to be rebalanced and held in the non-registered account.

16. The Respondent arranged for client MIK to sign a Transaction and Account Maintenance Form and processed a redemption of the full amount of the non-registered account on April 7, 2016.

17. Client MIK was not available to meet with the Respondent on April 8, 2016 and the Respondent therefore asked client MIK to sign a partially completed manual purchase form which the Respondent could use the next day (once the redemption of the non-registered account had settled) to purchase funds for the non-registered account.

18. The Respondent did not ask client MIK to sign a manual purchase form to purchase funds for the TFSA.

19. On April 8, 2016, after the full unit redemption in the non-registered account had settled, the Respondent processed a purchase in the TFSA of \$23,000 of the TD Comfort Conservative Income Fund (the “Conservative Income Fund”) and a purchase in the non-registered account of \$19,277.70 of the Conservative Income Fund. The purchases settled on April 8, 2016 and April 11, 2016, respectively.

20. The Respondent processed the purchase in the TFSA using a photocopy of the signed manual purchase form described in paragraph 15.

#### **Client FH**

21. On or about April 11, 2016, client FH opened and purchased \$50,000 in mutual fund units in a non-registered account at another TDIS branch.

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<sup>1</sup> The TFSA permitted client MIK to designate a beneficiary in respect of the account.

22. On or about April 18, 2016, client FH attended the Respondent's TDIS branch and was directed to the Respondent for assistance.

23. The Respondent states that client FH wanted to have his non-registered account located at the Respondent's TDIS branch. The Respondent and client FH agreed to close the existing non-registered account by redeeming the mutual funds in the account and depositing the proceeds in a new non-registered account at the Respondent's branch.

24. Client FH was unaware that the existing non-registered account could have been transferred to the Respondent's TDIS branch in-kind without any transaction.

25. The Respondent arranged for client FH to sign a Transaction and Account Maintenance Form and processed a redemption of the full amount of the non-registered account on April 18, 2016.

26. The Transaction and Account Maintenance Form initially contained a check mark beside "Purchase" under "Transaction Information" but the Respondent used correction fluid to cover the check mark beside "Purchase" and then placed a check mark beside "Redemption", without obtaining client FH's initials to acknowledge the change to the form.

27. On April 19, 2016, after the full unit redemption in the existing non-registered account had settled, the Respondent processed two purchases of \$25,069.77 each, of the TD Comfort Balanced Income Portfolio Fund ("Comfort Balanced Income Fund") and TD Comfort Balanced Portfolio Fund ("Comfort Balanced Portfolio Fund"), in client FH's new non-registered account at his TDIS branch.

### **Processing Transactions as Redemptions and Repurchases Without Considering the Potential Impact on Clients**

28. Rather than process the transactions for client MIK and client FH described above as switches,<sup>2</sup> the Respondent processed the transactions as redemptions and purchases, which

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<sup>2</sup> All of the funds redeemed and purchased were from the same fund family.

resulted in the transactions counting toward the Member's sales volume and sales revenue when the transactions would not have otherwise done so.

29. By processing the transactions in the manner described above, the Respondent exposed the clients to the risk of a change in the value of the funds as the clients' assets were not invested while the trades settled. Had the Respondent completed the transactions as switches (rather than redemptions and purchases), the transactions would not have exposed the clients to this risk as the assets would have remained invested.

30. The Conservative Income Fund, purchased for MIK, generally provided exposure to 75-95% fixed income and had a risk rating of low. Between April 7, 2016, the date the trades could have been completed if they had been processed as switches, and April 8, 2016 and April 11, 2016, the dates the trades did settle, the price of the Conservative Income Fund fell slightly.

31. As a result of the change in value of the Conservative Income Fund while MIK was not invested, MIK had a total gain of \$96.32.

32. The Comfort Balanced Income Fund, purchased for FH, generally provided exposure to 60-80% fixed income and the risk rating was low to medium. Between April 18, 2016, the date the trade could have been completed if it had been processed as a switch, and April 19, 2016, the date the trade did settle, the price of the Comfort Balanced Income Fund rose slightly.

33. The Comfort Balanced Portfolio Fund, purchased for FH, generally provided exposure to 45-65% fixed income and the risk rating was low to medium. Between April 18, 2016, the date the trade could have been completed if it had been processed as a switch, and April 19, 2016, the date the trade did settle, the price of the Comfort Balanced Income Fund rose slightly.

34. As a result of the changes in value of the Comfort Balanced Income Fund and the Comfort Balanced Portfolio Fund while FH was not invested, FH had a total loss of \$49.54.

### **The Member's Investigation**

35. On April 22, 2016, during a routine branch audit the Member became aware of the pre-signed and altered forms.

36. As part of its investigation, the Member interviewed the Respondent, who admitted the misconduct that is the subject of this Settlement Agreement.

37. The Member further conducted a review of a sample of accounts chosen based on the trades processed by the Respondent from April 22, 2015 and April 22, 2016, which identified no further issues.

38. The Member issued a reprimand letter to the Respondent and imposed a one-day suspension (without pay), and further placed the Respondent on “enhanced” supervision from June 7, 2016 to August 10, 2016, with all trades and documentation reviewed by the Branch Manager.

39. The Respondent was also provided further coaching and training by his branch manager.

40. The Member contacted client MIK and client FH, who both confirmed that the transactions described above were authorized.

#### **Additional Factors**

41. The Respondent was born in 1991 and was 25 years old at the time of the events that are the subject of this proceeding.

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

43. The Respondent states that he intends to seek registration with an IIROC registered dealer.

44. 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.

#### **V. THE RESPONDENT’S POSITION**

45. The Respondent states that prior to completing the transactions with client MIK, the Respondent contacted the help line set up by the Member to inquire whether there would be no tax consequences to MIK if the Respondent proceeded with a redemption and purchase as opposed to a switch. The Respondent was advised that there would be no difference in the tax consequences.

46. When processing the transaction for client FH, the Respondent believed that he would similarly not suffer any adverse tax consequences, as the advice from the help line concerning client MK had been obtained just 10 days earlier.

47. The Respondent states that given the risk ratings of “low” and “low to medium” of the funds purchased for client MIK and client FH, the Respondent did not consider either client was at risk of loss from the time required to process the transactions as redemptions and purchases.

## **VI. CONTRAVENTIONS**

48. The Respondent admits that in April 2016, he processed transactions in two client accounts as redemptions and purchases rather than as switches, to ensure that the transactions counted towards the Member’s sales targets for the Respondent, thereby engaging in conduct which gave rise to a conflict of interest that the Respondent failed to disclose to the Member, or address by the exercise of responsible business judgement influenced only by the best interests of the client, contrary to the Member’s policies and procedures and MFDA Rules 2.1.4 and 1.1.2 and 2.5.1.

49. The Respondent admits that in April 2016, he obtained, photocopied and used a partially completed signed account form in order to process a transaction on behalf of client MIK, contrary to the Member’s policies and procedures and MFDA Rules 2.1.1 and 1.1.2 and 2.5.1.

50. The Respondent admits that in April 2016, he altered and used an account form to process a transaction without having client FH initial the alteration, contrary to the Member’s policies and procedures and MFDA Rules 2.1.1 and 1.1.2 and 2.5.1.

## **VII. TERMS OF SETTLEMENT**

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

- a) the Respondent shall pay a fine in the amount of \$12,500, in certified upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;



- b) the Respondent shall pay costs in the amount of \$5,000, in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1; and
- c) the Respondent will attend by teleconference, on the date set for the Settlement Hearing.

## **VIII. STAFF COMMITMENT**

52. 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 VI 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 contraventions that are not set out in Part VI of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the contraventions set out in Part VI, 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**

53. 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](http://www.mfda.ca).

54. 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.

55. 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.

56. 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.

57. 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**

58. 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.

59. 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**

60. 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.

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

**XII. EXECUTION OF SETTLEMENT AGREEMENT**

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

63. An electronic copy of any signature shall be effective as an original signature.

**DATED** this 7<sup>th</sup> day of January, 2019.

“Danny Rana”

\_\_\_\_\_  
Danny Rana

“PS”

\_\_\_\_\_  
Witness – Signature

PS

\_\_\_\_\_  
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. 201871**



**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: Danny Rana**

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**ORDER**

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**WHEREAS** on [date], the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a News Release announcing 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 entered into between Staff of the MFDA (“Staff”) and the Respondent, Danny Rana (the “Respondent”);

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff, 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 the Respondent, in April 2016:

- a) processed transactions in two client accounts as redemptions and purchases rather than as switches, to ensure that the transactions counted towards the Member’s sales targets for the Respondent, thereby engaging in conduct which gave rise to a conflict of interest that the Respondent failed to disclose to the Member, or address by the exercise of responsible business judgement influenced only by the best

interests of the client, contrary to the Member's policies and procedures and MFDA Rules 2.1.4 and 1.1.2 and 2.5.1;

- b) obtained, photocopied and used a partially completed signed account form in order to process a transaction on behalf of client MIK, contrary to the Member's policies and procedures and MFDA Rules 2.1.1 and 1.1.2 and 2.5.1; and
- c) altered and used an account form to process a transaction without having client FH initial the alteration, contrary to the Member's policies and procedures and MFDA Rules 2.1.1 and 1.1.2 and 2.5.1.

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

1. The Respondent shall pay a fine in the amount of \$12,500 in certified funds, pursuant to s. 24.1.1(b) of MFDA By-law No. 1.
2. The Respondent shall pay costs in the amount of \$5,000 in certified funds, pursuant to s. 24.2 of MFDA By-law No. 1.
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]

DM 657462