



**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: John Joseph Hanson**

---

**ORDER**

---

**WHEREAS** on June 30, 2010, 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 John Joseph Hanson (the “Respondent”);

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of the MFDA, dated July 2, 2010 (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** Farm Mutual Financial Services Inc. (“Farm Mutual”) has been disciplined for deficiencies in its due diligence assessment of FactorCorp Financial Inc. (“FactorCorp”) debentures, deficiencies in its approval of FactorCorp debentures for sale to clients, and deficiencies in its supervision of such sales, including its failure to conduct second-tier supervisory reviews. The Respondent’s contraventions, as admitted to in this proceeding, occurred in the context of those deficiencies and, in large part, as a result of those deficiencies.

**AND WHEREAS** in making these admissions, the Respondent acknowledges that his regulatory obligations as a mutual fund salesperson and a branch manager were not limited to the training and information he received from Farm Mutual with respect to the risks associated with the FactorCorp debentures but extended to include a knowledge of the essential regulatory framework associated with the sale of exempt securities and an understanding of his Member's capacity to conduct second-tier reviews.

**AND WHEREAS** the Hearing Panel is of the opinion that:

- (i) Between June 25, 2003 and April 1, 2007, the Respondent, in his capacity as an Approved Person of Farm Mutual, conducted sales of exempt securities – specifically FactorCorp debentures – using training and information provided by the Respondent's Member Farm Mutual, and as a result of deficiencies in that training and deficiencies in that information the Respondent sold FactorCorp debentures to clients who did not qualify as accredited investors in accordance with Ontario Securities Commission Rule 45-501 and subsequently National Instrument 45-106 and to clients whose risk tolerance was less than high, thereby contravening MFDA Rule 2.1.1(c) and thereby engaging the jurisdiction of the Hearing Panel to impose a penalty on the Respondent pursuant to s. 24.1.1(h) of By-law No. 1.

**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 requests production of or access to exhibits in this proceeding that contain intimate financial or personal information, 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 intimate financial or personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*;
2. The Respondent shall be reprimanded, pursuant to section 24.1.1 (a) of By-law No. 1;
3. The Respondent shall be prohibited from conducting any securities related business in any capacity while in the employ of, or in association with, any MFDA Member for a period of

one year, pursuant to section 24.1.1(e) of By-law No. 1;

4. In the event that the Respondent seeks to become an Approved Person of a MFDA Member, the Respondent shall successfully complete the IFSE (IFIC) Mutual Fund Dealer Compliance course prior to becoming an Approved Person unless he has already done so within the last three (3) years from the date that the Respondent seeks to become an Approved Person, pursuant to section 24.1.1(f) of By-law No. 1;

5. In the event that the Respondent becomes an Approved Person of a MFDA Member, the Respondent is prohibited from acting in a supervisory capacity including specifically from acting as a branch manager or an alternate branch manager, compliance officer or UDP, for a period of seven (7) years from the date of commencing to be an Approved Person, pursuant to section 24.1.1(f) of By-law No. 1;

6. In the event that the Respondent becomes an Approved Person of a MFDA Member, the Respondent shall successfully complete a six (6) month period of close supervision from the date of commencing to be an Approved Person, pursuant to section 24.1.1(f) of By-law No. 1;

7. The Respondent will attend in person or by teleconference, on the date set for the Settlement Hearing.

**DATED** this 6<sup>th</sup> day July, 2010.

“Edward Saunders”

The Hon. Edward Saunders, Q.C.,  
Chair

“Jeanne Beverly”

Jeanne E. Beverly,  
Industry Representative

“Linda Anderson”

Linda J. Anderson,  
Industry Representative