



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A DISCIPLINARY HEARING
PURSUANT TO SECTIONS 20 AND 24 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Cho Shan Yeung

NOTICE OF HEARING

NOTICE is hereby given that a first appearance will take place by teleconference before a hearing panel of the Pacific Regional Council (“Hearing Panel”) of the Mutual Fund Dealers Association of Canada (“MFDA”) in the hearing room located at the MFDA office at 650 West Georgia Street, Suite 1220, Vancouver, British Columbia on May 26, 2015 at 10:30 a.m. (Pacific), concerning a disciplinary proceeding commenced by the MFDA against Cho Shan Yeung (the “Respondent”). The Hearing on the Merits will take place in Vancouver, British Columbia at a time and venue to be announced.

DATED this 13th day of March, 2015.

“Sarah Rickard”

Sarah Rickard
Director of Regional Councils

Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, Ontario
M5H 3T9
Telephone: 416-945-5143
Facsimile: 416-361-9781
Email: corporatesecretary@mfda.ca

NOTICE is further given that the MFDA alleges the following violations of the By-laws, Rules or Policies of the MFDA:

Allegation #1: Between March 5, 2005 and March 20, 2012, the Respondent obtained and used 101 blank or partially complete pre-signed account forms or photocopies of blank or partially complete pre-signed account forms, in order to process transactions in respect of 9 clients, contrary to MFDA Rule 2.1.1.

PARTICULARS

NOTICE is further given that the following is a summary of the facts alleged and intended to be relied upon by the MFDA at the hearing:

Registration History

1. Since December 30, 2002, the Respondent has been registered in British Columbia as a mutual fund salesperson (now known as a mutual fund dealing representative) with PFSL Investments Canada Inc. (“PFSL”), a Member of the MFDA.
2. At all material times, the Respondent has operated out of a PFSL branch location in Richmond, British Columbia (the “Branch”).

Pre-Signed Account Forms

3. At all material times, PFSL’s policies and procedures prohibited the use of blank or partially completed pre-signed account forms.
4. On February 15, 2013, PFSL compliance staff conducted an unannounced on-site audit of the Branch (“Audit”). During the Audit, PFSL compliance staff found that the Respondent had obtained and used 75 blank or partially complete pre-signed account forms, or photocopies of

blank or partially complete pre-signed account forms, in order to process transactions in respect of 8 clients.

5. Following the Audit, PFSL compliance staff commenced an investigation into the Respondent's use of pre-signed account forms. During the investigation, the Respondent disclosed that, in addition to the account forms described in paragraph 3 above, he had obtained and used 23 blank or partially complete pre-signed account forms, or photocopies of blank or partially complete pre-signed account forms, in order to process transactions in respect of one client.

6. As part of its investigation, PFSL compliance staff reviewed all of the client files maintained by the Respondent. During this review, PFSL compliance staff found that the Respondent had further obtained and used 3 additional blank or partially complete pre-signed account forms, or photocopies of blank or partially complete pre-signed account forms, in order to process transactions in the accounts of the clients identified in paragraphs 3 and 4 above.

7. Most of the account forms described herein consisted of trading or Know-Your-Client forms.

8. By engaging in the conduct described above, the Respondent obtained and used blank or partially complete pre-signed account forms, or photocopies of blank or partially complete pre-signed account forms, in order to process transactions, contrary to MFDA Rule 2.1.1.

NOTICE is further given that the Respondent shall be entitled to appear and be heard and be represented by counsel or agent at the hearing and to make submissions, present evidence and call, examine and cross-examine witnesses.

NOTICE is further given that MFDA By-laws provide that if, in the opinion of the Hearing Panel, the Respondent:

- has failed to carry out any agreement with the MFDA;

- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Member or of any regulation or policy made pursuant thereto;
- has failed to comply with the provisions of any By-law, Rule or Policy of the MFDA;
- has engaged in any business conduct or practice which such Regional Council in its discretion considers unbecoming or not in the public interest; or
- is otherwise not qualified whether by integrity, solvency, training or experience,

the Hearing Panel has the power to impose any one or more of the following penalties:

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
 - (i) \$5,000,000.00 per offence; and
 - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- (c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- (d) revocation of the authority of such person to conduct securities related business;
- (e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time;
- (f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel;

NOTICE is further given that the Hearing Panel may, in its discretion, require that the Respondent pay the whole or any portion of the costs of the proceedings before the Hearing Panel and any investigation relating thereto.

NOTICE is further given that the Respondent must **serve a Reply** on Enforcement Counsel and **file a Reply** with the Office of the Corporate Secretary within twenty (20) days from the date of service of this Notice of Hearing.

A **Reply** shall be **served** upon Enforcement Counsel at:

Mutual Fund Dealers Association of Canada
Prairie Regional Office
Suite 860, 800 – 6th Avenue S.W.
Calgary, AB T2P 3G3
Attention: David Babin
Fax: (403) 266-8858
Email: dbabin@mfd.ca

A **Reply** shall be **filed** by:

- (a) providing 4 copies of the **Reply** to the Office of the Corporate Secretary by personal delivery, mail or courier to:

The Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Attention: Office of the Corporate Secretary; or

- (b) transmitting one (1) copy of the **Reply** to the Office of the Corporate Secretary by fax to fax number 416-361-9781, provided that the Reply does not exceed 16 pages, inclusive of the covering page, unless the Office of the Corporate Secretary permits otherwise; or
- (c) transmitting one (1) electronic copy of the **Reply** to the Office of the Corporate Secretary by e-mail at corporatesecretary@mfd.ca.

A **Reply** may either:

- (i) specifically deny (with a summary of the facts alleged and intended to be relied upon by

the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing; or

- (ii) admit the facts alleged and conclusions drawn by the MFDA in the Notice of Hearing and plead circumstances in mitigation of any penalty to be assessed.

NOTICE is further given that the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by the MFDA in the Notice of Hearing that are not specifically denied in the **Reply**.

NOTICE is further given that if the Respondent fails:

- (a) to **serve** and **file** a **Reply**; or
- (b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a **Reply** may have been served,

the Hearing Panel may proceed with the hearing of the matter on the date and the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without any further notice to and in the absence of the Respondent, and the Hearing Panel may accept the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing as having been proven and may impose any of the penalties described in the By-laws.

END.

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