



**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: Grant Wilson**

Heard: February 25, 2016 in Toronto, Ontario  
Reasons for Decision: May 16, 2016

**ORAL REASONS FOR DECISION FOR ACCEPTANCE OF  
SETTLEMENT AGREEMENT**

Hearing Panel of the Central Regional Council:

Paul M. Moore, Q.C.	Chair
Patrick Galarneau	Industry Representative
Brigitte Geisler	Industry Representative

Appearances:

Sarah Glickman	)	Counsel for the Mutual Fund Dealers
	)	Association of Canada
	)	
	)	
Natalia Vandervoort	)	Counsel for the Respondent
Rob Brush	)	

1. We are here in the matter of a Settlement Hearing pursuant to section 24 of By-law No. 1 of the Mutual Fund Dealers Association of Canada (“MFDA”) in the matter of Grant Wilson (the “Respondent”).

### **Reasons**

2. We approve the settlement agreement (the Settlement Agreement”) as being in the public interest in that the agreed penalties are within a reasonable range of appropriateness, based on all the factors; therefore, we accept the Settlement Agreement, a copy of which is attached as Schedule 1.

3. The contravention in this matter is that the Respondent, between January 2012 and February 2014, obtained, possessed, and in some instances, used to process transactions, 20 pre-signed account forms in respect of six clients, contrary to MFDA Rule 2.1.1.

4. The agreed penalties are that the Respondent shall pay a fine of \$5,000 pursuant to section 24.1.1(b) of MFDA By-law No. 1, and the Respondent shall pay costs of \$2,500 pursuant to section 24.2 of MFDA By-law No. 1.

5. The agreed facts are set out in greater detail in section IV of the Settlement Agreement.

6. Staff took into account various factors in agreeing on penalty and the Panel want to mention a few of them:

### **Nature of the misconduct**

7. The use of pre-signed account forms is a serious breach of MFDA Rule 2.1.1 as indicated by various cases.

### **Client harm**

8. There is no evidence of client harm or lack of authorization. The Member sent letters to all clients serviced by the Respondent in order to determine whether the Respondent engaged in any unauthorized trading in their accounts. No clients reported any concerns to the Member.

### **Benefits received by the Respondent**

9. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct at issue in this proceeding, other than the commissions and fees he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

### **Respondent's experience and level of activity in the capital markets**

10. The Respondent has been registered in the mutual fund industry since 1996. He is an experienced dealing representative and ought to have known and respected the compliance requirements of the Member and the MFDA.

### **Deterrence**

11. A fine of \$5,000 and costs of \$2,500 are significant and help the MFDA send a message to the Respondent and others in the capital markets with regard to the seriousness of the misconduct at issue.

### **Respondent's past conduct**

12. The Respondent has not previously been subject to MFDA disciplinary proceedings.

### **Respondent's recognition of the seriousness of misconduct**

13. By entering into this Settlement Agreement, the Respondent has accepted responsibility for his misconduct and avoided the necessity of the MFDA incurring the time and expense of conducting a full disciplinary hearing, and he is present today.

### **Penalty guidelines**

14. The proposed fine of \$5,000 is consistent with the MFDA penalty guidelines. The penalty guidelines suggest a minimum fine of \$5,000 for a Rule 2.1.1 violation.

### **Precedents**

15. We have considered previous decisions made in similar circumstances by MFDA hearing panels, including: *Shaw (Re)*, [2014] MFDA Central Regional Council, File No. 201437; *Weller (Re)* [2015] MFDA Central Regional Council, File No. 21544, and the other cases set out in Staff's Book of Authorities. The agreed penalties are within the reasonable range of appropriateness with regard to other decisions made by MFDA hearing panels in similar circumstances.

16. An award of costs against the Respondent in the amount of \$2,500 is appropriate in the circumstances.

17. For these reasons, we have accepted the Settlement Agreement.

This written version of the oral Reasons for Decision is

**DATED** this 16<sup>th</sup> day of May, 2016.

“Paul M. Moore”

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Paul M. Moore, Q.C.  
Chair

“Patrick Galarneau”

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Patrick Galarneau  
Industry Representative

“Brigitte Geisler”

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Brigitte Geisler  
Industry Representative

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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, Grant Wilson.

**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 XI) 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 has been registered in the mutual fund industry since 1996.

7. Since September 2006, the Respondent has been registered as a mutual fund salesperson in Ontario (now known as a Dealing Representative) with FundEX Investments Inc. (“FundEX”), a member of the MFDA.

8. At all material times, the Respondent conducted business in the Scarborough, Ontario, area.

## **Pre-Signed Account Forms**

9. At all material times, FundEX's policies and procedures prohibited its representatives, including the Respondent, from obtaining, possessing or using, blank or partially incomplete pre-signed forms.

10. Between January 2012 and February 2014, the Respondent obtained, maintained, and in some instances, used to process transactions, a total of 20 pre-signed account forms in respect of 6 clients.

11. The 20 pre-signed account forms included order entry forms and Know-Your-Client update forms, 6 of which were used by the Respondent to process trades.

12. The Respondent had not obtained limited trade authorizations for any of the transactions set out above at paragraphs 10 and 11.

## **FundEX's Investigation**

13. FundEX's compliance staff detected the conduct that is the subject of this Settlement Agreement as a result of a compliance review of the Respondent's client files on April 1, 2014.

14. As part of its investigation, FundEX sent letters to all clients serviced by the Respondent to determine whether the Respondent has engaged in any unauthorized trading in their accounts. None of the clients reported any concerns to FundEX.

15. There is no evidence that the transactions in question were not authorized by the clients.

16. On July 17, 2014, the Respondent provided a written statement to FundEX in which he explained that the pre-signed account forms were used for the purposes of efficiency and to reduce the length of client meetings.



17. The Respondent states that his actions coincided with a period of significant health problems, including a traumatic brain injury and post-traumatic stress disorder. The Respondent switched to a part-time work schedule during this period due to his medical issues.

18. FundEX placed the Respondent under strict supervision for the period of April 28, 2014 to March 30, 2015.

### **Additional Factors**

19. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above beyond the commissions and fees that he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

20. The Respondent cooperated with FundEX's investigation into his conduct.

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

22. 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. CONTRAVENTIONS**

23. The Respondent admits that between January 2012 and February 2014, the Respondent obtained, maintained, and in some instances, used to process transactions, a total of 20 pre-signed account forms in respect of 6 clients, contrary to MFDA Rule 2.1.1.

### **VI. TERMS OF SETTLEMENT**

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

- a) the Respondent shall pay a fine in the amount of \$5,000 pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (the “Fine”);
- b) the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1 (“Costs”);
- c) the Fine and Costs shall be payable in 5 installments of \$1,500 each, the first of which shall be paid on the date of the settlement hearing, the remaining four installments payable on or before the final business day of the four months that follow the date of the acceptance of the settlement agreement by the Hearing Panel;
- d) if the Respondent fails to make any of the installment payments described in subparagraphs (a)-(c), above, when the payments become due, then without further notice to the Respondent, the Respondent shall summarily be suspended from conducting securities related business in any capacity while in the employ of, or associated with, any MFDA Member, until the full amount of the Fine and Costs have been paid;
- e) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- f) the Respondent will attend in person, on the date set for the Settlement Hearing.

## **VII. STAFF COMMITMENT**

25. 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 V of this Settlement Agreement, subject to the provisions of Part XI 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 V 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 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**

26. 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.

27. 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.

28. 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. 24.1.2 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.

29. 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**

30. 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 proceedings 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**

31. 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.

32. 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**

33. 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.

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

## **XII. EXECUTION OF SETTLEMENT AGREEMENT**

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

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

**DATED** this 18<sup>th</sup> day of November, 2015.

“Debbie Wilson”  
\_\_\_\_\_  
Witness – Signature

Debbie Wilson  
\_\_\_\_\_  
Witness – Print name

“Grant Wilson”  
\_\_\_\_\_  
Grant Wilson

“Shaun Devlin”  
\_\_\_\_\_  
Staff of the MFDA  
Per: Shaun Devlin  
Senior Vice-President,  
Member Regulation – Enforcement



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**ORDER**

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**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 Grant Wilson (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 between January 2012 and February 2014, the Respondent obtained, maintained, and in some instances, used to process transactions, a total of 20 pre-signed account forms in respect of 6 clients, 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 shall pay a fine in the amount of \$5,000 pursuant to s. 24.1.1.(b) of MFDA By-law no. 1 (the “Fine”);
2. The Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1 (“Costs”);
3. The Fine and Costs shall be payable pursuant to 5 installments of \$1,500 each, the first of which shall be paid on the date of the settlement hearing, the remaining four installments payable on or before the final business day of the four months that follow the acceptance of the settlement agreement by the Hearing Panel;
4. If the Respondent fails to make any of the installment payments ordered in paragraphs 1-3, above, when the payments become due, then without further notice to the Respondent, the Respondent shall summarily be suspended from conducting securities related business in any capacity while in the employ of, or associated with, any MFDA Member, until the full amount of the Fine and Costs have been paid;
5. The Respondent shall in future comply with MFDA Rule 2.1.1; and
6. If at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, then the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents 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*.

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

Per: \_\_\_\_\_

[Name of Public Representative], Chair

Per: \_\_\_\_\_

[Name of Industry Representative]

Per: \_\_\_\_\_

[Name of Industry Representative]