



**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: Mary Elizabeth Rygiel**

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**SETTLEMENT AGREEMENT**

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**I. INTRODUCTION**

1. By Notice of Settlement Hearing dated June 12, 2007, the Mutual Fund Dealers Association of Canada (the “MFDA”) announced that it proposed to hold a hearing to consider whether, pursuant to section 24.4 of By-law No. 1, the MFDA should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of the MFDA (“Staff”) and the Respondent, Mary Elizabeth Rygiel (the “Respondent”).

**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 a 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" on the basis of the facts set out in Part IV herein.

### **III. ACKNOWLEDGEMENT**

4. 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 paragraph 26 or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is approved by the MFDA.

### **IV. AGREED FACTS**

#### *Registration History*

5. The Respondent was registered in Ontario as a mutual fund salesperson with Sutherland Investment Corp. from May 1988 to November 1998 and as a mutual fund salesperson and designated compliance officer with The Investment Shop Inc. ("The Investment Shop") from November 1998 to October 14, 2004. From October 14, 2004 to November 18, 2004, the Respondent was registered in Ontario as a mutual fund salesperson and designated compliance officer with Monarch Wealth and Investment Group Inc. The Respondent was also the president of the Investment Shop from January 2002 to October 2004 and registered as a trading officer from January 2002 to November 2004.

6. The Investment Shop became a Member of the MFDA on June 7, 2002. In January 2004, The Investment Shop was purchased by Monarch Delaney Financial Partners Inc. and continued to operate as The Investment Shop. In October 2004, Monarch Delaney Financial Inc., a Member of the MFDA and a subsidiary of Monarch Delaney Financial Partners Inc. merged into The Investment Shop. At that time, The

Investment Shop changed its name to Monarch Wealth and Investment Group Inc. (“Monarch”).

7. In November 2004, the Respondent was dismissed in good standing by Monarch. Since July 2005, the Respondent has been registered in Ontario as a mutual fund salesperson; from July 2005 to February 2006 with Fiscal Agents Ltd. and since February 2006, with FundEX Investments Inc., a Member of the MFDA.

#### *The Investment Shop and JF*

8. The Investment Shop was formed in 1985. The Investment Shop sold mutual funds and deposit instruments and was registered with the Ontario Securities Commission initially as a limited market dealer and in November 1998 as a mutual fund dealer.

9. JF was the president of The Investment Shop from 1985 to 2001 and was registered as a mutual fund salesperson during that time. From 1985 to 1998, JF was a majority shareholder of The Investment Shop. In 1998, JF relinquished his ownership interest in The Investment Shop and at the end of 2001, JF left The Investment Shop. In April 2002, JF voluntarily ceased to be registered to conduct securities related business in Ontario. Since 2005 JF has been registered as a mutual fund salesperson in Ontario with another Member of the MFDA.

10. After JF left the Investment Shop, in January 2002, the Respondent became the president of The Investment Shop and remained so until October 2004. The Respondent was also a director of The Investment Shop and its sole director from January 2004 until October 2004.

#### *The Agreement*

11. In or around December 2001, the Respondent negotiated an agreement (the “Agreement”) on behalf of The Investment Shop whereby JF would, in an unregistered capacity continue to advise between 30 to 35 individuals (the “Clients”) that he had previously advised while registered with The Investment Shop. The Clients were clients

of The Investment Shop. The Agreement was in place from December 2001 to November 24, 2004.

12. At all material times the Respondent knew that JF was not registered to advise or trade securities in Ontario.

13. As set out in the Agreement, JF would take instructions from the Clients and forward the trading instructions directly to the Respondent, or to other registered staff of The Investment Shop or subsequently Monarch, under the direction of the Respondent, who would execute the trades in the accounts and facilities of The Investment Shop or subsequently Monarch.

14. Under the terms of the Agreement, JF was compensated by The Investment Shop for advising the Clients at a rate of \$150 per hour. The Investment Shop would earn for its own account all of the fees and commissions arising from the Clients' accounts. The Investment Shop informed the Clients that JF would continue to act as their financial advisor and that The Investment Shop would pay an advisory fee to JF. The Investment Shop requested that the Clients provide their written authorization to permit The Investment Shop to receive investment instructions directly from JF with respect to the Clients' accounts.

### *The Trading*

15. Between April 2002 and November 2004, JF advised the Clients with respect to their accounts at the Investment Shop and provided trading instructions for the accounts of the Clients to the Respondent or staff under the direction of the Respondent. Those trading instructions, which included instructions for the purchase, redemption and switch of mutual funds, were carried out by the Respondent or by staff under the direction of the Respondent through the accounts and facilities of The Investment Shop and, subsequently, Monarch.

16. Although signed, written instructions for each trade were received by the Investment Shop and subsequently Monarch, neither the Respondent, nor the registered staff of The Investment Shop and subsequently Monarch communicated with the Clients with respect to the trading instructions.

17. Between April 2002 and November 2004, JF submitted written invoices to The Investment Shop and, subsequently, Monarch on a monthly basis in respect of his advising activity. Those invoices were approved and paid by The Investment Shop and, subsequently, Monarch up until July 2004.

18. In November 2004, Monarch hired a new compliance officer. On November 18, 2004, Monarch suspended the Respondent without pay. On November 24, 2004 the Agreement with JF was terminated.

## **V. CONDUCT CONTRARY TO THE PUBLIC INTEREST**

19. The Respondent admits that she facilitated trades in the Clients' accounts as instructed by JF with the full knowledge that JF was an unregistered person and in doing so:

- (a) The Respondent facilitated securities related business on the accounts of The Investment Shop and subsequently Monarch, by an unregistered person, contrary to MFDA Rule 1.1.1 (c); and
- (b) The Respondent failed to carry out her responsibilities as a compliance officer, pursuant to MFDA Rule 2.5.2(b) and as an officer pursuant to MFDA Rules 1.1.2 and 2.5.1.

## **VI. TERMS OF SETTLEMENT**

20. The Respondent and Staff agree to the following terms of settlement:

- (a) The Respondent is prohibited from acting in a compliance or supervisory capacity with a Member for a period of three (3) years from the date of the acceptance of this Settlement Agreement by the Hearing Panel, pursuant to section 24.1.1(c) of MFDA By-law No. 1;
- (b) The Respondent shall rewrite the appropriate proficiency examination prior to becoming registered in any compliance or supervisory capacity with a Member, pursuant to section 24.1.1(c) of MFDA By-law No. 1;
- (c) The Respondent shall pay a fine in the amount of \$5,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1; and
- (d) The Respondent shall pay costs in the amount of \$1000, attributable to conducting the investigation and settlement of this matter, pursuant to section 24.2 of MFDA By-law No. 1.

## **VII. STAFF COMMITMENT**

21. If this Settlement Agreement is accepted by the MFDA, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of any conduct or alleged conduct of the Respondent in relation to the facts set out in Part IV of this Settlement Agreement, subject to the provisions of paragraph 26 below.

## **VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT**

22. 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.

23. 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 MFDA, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive its 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.

24. Staff and the Respondent agree that if this Settlement Agreement is accepted by the MFDA, then the Respondent shall be deemed to have been penalized by the Regional Council 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.

25. Staff and the Respondent agree that if this Settlement Agreement is accepted by the MFDA, 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 it.

26. If this Settlement Agreement is accepted by the MFDA 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 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.

27. If, for any reason whatsoever, this Settlement Agreement is not accepted by the MFDA or an Order in the form attached as Schedule "A" is not made by the MFDA, 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.

28. Whether or not this Settlement Agreement is accepted by the MFDA, the Respondent agrees that it 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.

**IX. DISCLOSURE OF AGREEMENT**

29. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the MFDA, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the MFDA, except with the written consent of both the Respondent and Staff or as may be required by law.

30. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the MFDA.

**X. EXECUTION OF SETTLEMENT AGREEMENT**

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

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

Dated: June 7, 2007

"Silvana Dagevic"

Witness - Silvana Dagevic

"Mary Elizabeth Rygiel"

Mary Elizabeth Rygiel

"Shaun Devlin"

Staff of the MFDA

Per: Shaun Devlin

Vice-President, Enforcement





Order

File No. 200708

**SCHEDULE "A"**

**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: Mary Elizabeth Rygiel**

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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 Mary Elizabeth Rygiel (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 UPON** reviewing the Settlement Agreement and the Notice of Settlement Hearing, and upon hearing submissions from counsel for the Respondent and for Staff of the MFDA;

**AND WHEREAS** the Hearing Panel is of the opinion that the Respondent has facilitated securities related business by an unregistered person, contrary to MFDA Rule

1.1.1(c) and has failed to carry out her responsibilities as a compliance officer, pursuant to MFDA Rule 2.5.2(b) and as an officer pursuant to MFDA Rules 1.1.2 and 2.5.1;

**IT IS HEREBY ORDERED THAT** the Settlement Agreement is accepted, as a consequence of which, the following penalties shall be imposed upon the Respondent:

- (a) The Respondent is prohibited from acting in a compliance or supervisory capacity with a Member for a period of three (3) years from the date of this Order, pursuant to section 24.1.1(c) of MFDA By-law No. 1;
- (b) The Respondent shall write the appropriate proficiency examination prior to becoming registered in any compliance or supervisory capacity with a Member, pursuant to section 24.1.1(c) of MFDA By-law No. 1;
- (c) The Respondent shall pay a fine in the amount of \$5,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1; and
- (d) The Respondent shall pay costs in the amount of \$1,000 attributable to the investigation and settlement of this matter, pursuant to section 24.2 of MFDA By-law No. 1.

**DATED** at Toronto this [day] day of [month], 2007.

Per: " \_\_\_\_\_ "  
[Name of Public Representative], Chair

Per: " \_\_\_\_\_ "  
[Name of Industry Representative]

Per: " \_\_\_\_\_ "  
[Name of Industry Representative]