



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: Roberto Gabriel Mammone

SETTLEMENT AGREEMENT

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, Roberto Gabriel Mammone.

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 IX) 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. From July 3, 2007 to May 13, 2009, the Respondent was registered in Ontario as a mutual fund salesperson with Royal Mutual Funds Inc. (“Royal”). The Respondent was terminated by Royal as a result of the events described herein and is not currently registered in the securities industry in any capacity.

7. The Respondent was previously registered in Ontario as a mutual fund salesperson with TD Investment Services Inc. from February 2002 to June 2007.

Background

8. On or about April 17, 2009, the Respondent was requested by his branch manager to obtain client signatures on six account documents that had been identified as missing in Royal's monthly Missing Accounts Documentation Aging Report (the "Report") generated by Royal's head office, in preparation for an upcoming internal operational audit commencing on or about May 5, 2009. The six account documents that were identified in the Report as missing were:

Client	Description of Form	Date on form
DL	1 "account opening information (KYC)" form	March 2, 2009
DL	2 "registered retirement income fund (RRIF) investment switch" forms	March 2, 2009
LL	1 "client acknowledgement" form	January 30, 2009
PC/AC	1 "account opening information (KYC)" form	March 6, 2009
EM	1 "account opening information (KYC)" form	March 3, 2009

9. The Report is produced monthly as a means of identifying instances where account documents required for a particular transaction may have not been completed or, if completed, may have been misfiled, lost or were otherwise not scanned into Royal's back office system located at its head office

10. Later that same day (i.e. on or about April 17, 2009), the Respondent advised his branch manager that he had obtained all of the required client signatures.

11. The branch manager was suspicious that the Respondent had apparently obtained the signatures so quickly and advised the manager of financial planning of her concern.

12. On or about April 24, 2009, the manager of financial planning met with the Respondent and asked him how he had managed to obtain the client signatures in such a short period of time and apparently without the clients visiting the branch. The Respondent admitted to the manager of financial planning that he had falsified the signatures of clients DL, LL, PC and EM on the six account documents.

13. All six of the account documents related to trading activity initiated by the client. There were no client complaints. There was no evidence that the Respondent had used the account documents to conduct unauthorized or discretionary trading in the clients' accounts. In the case of the three "account opening information (KYC)" forms, the Respondent had re-created the content of the "account opening information (KYC)" forms by using the existing information on file that had previously been scanned into Royal's back office system and then falsifying the clients' signatures on the new forms.

14. The Respondent provided the MFDA with the following explanations for falsifying the signatures on the account documents:

- (a) Client DL: the Respondent states that on or about March 2, 2009, DL completed and signed the "account opening information (KYC)" form and two "registered retirement income fund (RRIF) investment switch" forms that were subsequently identified as missing in the Report. On or about April 17, 2009 (i.e. the date the Respondent was requested by his branch manager to obtain the client's signatures on the forms), the Respondent states that he completed new forms to the best of his recollection, falsified the signature of DL on the forms, and then placed the forms in the client file until the Respondent could locate DL's original forms or DL could return to the branch to complete the forms again;
- (b) Client LL: the Respondent states that on or about January 30, 2009, LL met with the Respondent to discuss her existing RSP account and decided to purchase a market-linked GIC. The Respondent states that he forgot to ask LL to sign a "client acknowledgement" form in respect of her GIC purchase. On or about April 17, 2009, the Respondent states that he falsified the signature of LL on the form and then placed the form in the client file until LL could return to the branch to sign the form;
- (c) Clients PC and AC: the Respondent states that on or about March 6, 2009, PC and his mother, AC met with the Respondent to review AC's accounts. The Respondent states that the "account opening information (KYC)" form subsequently identified as missing in the Report was signed by PC and AC on that date. On or about April 17, 2009, the Respondent states that he completed a new form, falsified the signature of

- PC only on the form, and then placed the falsified form in the client file until PC could return to the branch to complete the form again;¹ and
- (d) Client EM: EM is the Respondent's father. The Respondent has power of attorney over EM's financial matters. On or about March 3, 2009, CM, the Approved Person responsible for servicing EM's accounts, conducted a series of transactions involving EM's RSP account at the request of the Respondent on behalf of EM. The Respondent states that he forgot to ask EM to sign an "account opening information (KYC)" form in respect of one of the transactions. The form was subsequently identified as missing in the Report. On or about April 17, 2009, the Respondent states that he falsified the signature of EM on the form and submitted it to the branch manager.

15. By falsifying the signatures of clients DL, LL, PC and EM on the account documents in the manner described above, the Respondent engaged in conduct contrary to MFDA Rule 2.1.1.

V. CONTRAVENTIONS

16. The Respondent admits that on or about April 17, 2009, he falsified client signatures on six account documents pertaining to the accounts of clients DL, LL, PC and EM, contrary to MFDA Rule 2.1.1.

VI. TERMS OF SETTLEMENT

17. The Respondent agrees to the following terms of settlement:
- (a) The Respondent shall pay a fine of \$5,000, pursuant to section 24.1.1(b) of By-law No. 1;
 - (b) The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of, or in association with, any MFDA Member for a period of six months from the date on which the Settlement Agreement is accepted by

¹ The Respondent states that he suspected (incorrectly, as it turned out) that the form had been identified as missing in the Report because a separate "account opening information (KYC)" form was required for each of PC and AC. As a consequence, the Respondent states that he falsified the signature of PC alone on the new form he created.

- the Hearing Panel, pursuant to section 24.1.1(e) of MFDA By-law No. 1;
- (c) In the event that the Respondent seeks to become an Approved Person of a MFDA Member, the Respondent shall successfully complete an ethics course prior to becoming an Approved Person unless he has already done so within the last three (3) years from the date the Respondent seeks to become an Approved Person, pursuant to section 24.1.1(f) of By-law No. 1;
 - (d) The Respondent shall pay \$1,500 in respect of the costs of the investigation and settlement of this matter, pursuant to section 24.2 of By-law No. 1;
 - (e) The Respondent will attend in person, on the date set for the Settlement Hearing.

VII. STAFF COMMITMENT

18. 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 V of this Settlement Agreement, subject to the provisions of Part IX 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 V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the contraventions set out in Part 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

19. 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.

20. 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.

21. 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 section 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with section 24.5 of By-law No. 1.

22. 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

23. 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

24. 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.

25. 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

26. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated: February 17, 2012.

“Emilio Mammone”

Witness- Signature

“Robert Mammone”

Roberto Mammone

Emilio Mammone

Witness – Print Name

“Mark Gordon”

Staff of the MFDA
Per: Mark T. Gordon
Executive Vice-President

Schedule "A"

Order

File No. 201113



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: Roberto Gabriel Mammone

ORDER

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 Roberto Gabriel Mammone (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 sections 20 and 24.1 of By-law No. 1;

AND WHEREAS the Hearing Panel is of the opinion that on or about April 17, 2009, the Respondent falsified client signatures on six account documents pertaining to the accounts of clients DL, LL, PC and EM, 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 of \$5,000, pursuant to section 24.1.1(b) of By-law No. 1.

2. The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of, or in association with, any MFDA Member for a period of six months from the date on which the Settlement Agreement is accepted by the Hearing Panel, pursuant to section 24.1.1(e) of MFDA By-law No. 1;
3. In the event that the Respondent seeks to become an Approved Person of a MFDA Member, the Respondent shall successfully complete an ethics course prior to becoming an Approved Person unless he has already done so within the last three (3) years from the date the Respondent seeks to become an Approved Person, pursuant to section 24.1.1(f) of By-law No. 1;
4. The Respondent shall pay \$1,500 in respect of the costs of the investigation and settlement of this matter, pursuant to section 24.2 of By-law No. 1;
5. 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]

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