



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: Peiqing (Anna) He, Christina Lin,
Keith Kee-Peng Tan and Yue Brenda Zhou**

SETTLEMENT AGREEMENT
(Peiqing (Anna) He)

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, Peiqing (Anna) He (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 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 X) 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.

6. Staff and the Respondent agree that this Settlement Agreement is without prejudice to Christina Lin, Keith Kee-Peng Tan and Yue Brenda Zhou.

IV. AGREED FACTS

Registration

He

7. From July 4, 2008 to April 27, 2009, the Respondent was registered in Ontario as a mutual fund salesperson with Info Financial Consulting Group Inc. (“Info Financial”), a Member of the MFDA. The Respondent is not currently registered in the securities industry in any capacity.

8. Info Financial has been a Member of the MFDA since July 5, 2002.

MP Global Financial Ltd.

9. From June 20, 2006 to July 31, 2008, Joe Feng Deng, also known as Feng Deng and Yue Wen Deng (“Deng”), was registered in Ontario as a mutual fund salesperson with Info Financial. From July 18, 2007 to July 31, 2008, Deng was also registered as the branch manager of the Info Financial branch located in the same building at which the Respondent worked on behalf of MP Global Financial Ltd. (“MP Global”). Keith Kee-Peng Tan (“Tan”) replaced Deng as the branch manager of this branch just prior to or contemporaneous with Deng’s resignation from Info Financial effective July 31, 2008.

10. On July 31, 2008, Deng ceased to be registered with Info Financial and is not currently registered in the securities industry in any capacity. On May 7, 2009, Tan ceased to be registered with Info Financial in any capacity and he is not currently registered in the securities industry in any capacity.

11. Deng was the sole owner, director and controlling mind of MP Global. MP Global was incorporated in Ontario and its head office was in Markham, Ontario. MP Global’s office was located in the same building as the branch of Info Financial for which Deng was the designated branch manager and where the Respondent worked. MP Global held itself out to the public on its website and in promotional materials as being in the financial services business, representing that it had more than one billion dollars in assets under management and branches in California, Switzerland, Hong Kong and China. MP Global was not a reporting issuer in Ontario and had never been a registrant pursuant to the Ontario Securities Act.¹

12. From 2006 to approximately February 2009, MP Global raised monies through the sale of its own series of debentures (“MP Global Debentures”). MP Global represented to investors that it used the proceeds from the sale of the debentures to engage in foreign exchange trading. MP Global Debentures promised investors returns of 1% to 4% per month (12% to 48% annually) depending on the amount invested.

¹ Ontario *Securities Act*, R.S.O. 1990, c S.5.

13. In March 2009, MP Global was required to suspend distributions to investors as it no longer had sufficient assets to fund monthly interest payments and redemption requests.

14. On April 13, 2009, the Ontario Securities Commission (the “Commission”) issued a temporary cease trade order against MP Global and Deng. Thereafter, the cease trade order was extended by the Commission.

15. By way of a Notice of Hearing and Statement of Allegations, dated September 10, 2009, the Commission commenced a proceeding against MP Global and Deng alleging, among other things, that MP Global and Deng had engaged in the distribution and sale of the MP Global Debentures to investors contrary to the registration and prospectus requirements in the Securities Act.²

16. On August 19, 2011, following a hearing which lasted a total of eighteen days, the Commission released its decision in which it found, among other things, that MP Global and Deng had failed to comply with the prospectus and registration requirements under the Ontario Securities Act with respect to the distribution and sale of the MP Global Debentures and that Deng, as the “mind and management” of MP Global, was liable for MP Global’s breaches of the Securities Act.³

17. The Commission found, among other things, that Deng had sustained significant losses conducting foreign exchange trading with the proceeds raised from the sale of the MP Global Debentures and, as a consequence, had been required to fund interest payments and redemptions to existing investors in part with the proceeds obtained from new investors. The evidence before the Commission was that MP Global had raised in excess of \$20 million from the sale of MP Global Debentures to investors, of which amount approximately \$13.5 million had been used to make interest payments and to return capital to the investors.

² Deng has not been named as a respondent in this MFDA proceeding in light of the proceeding commenced against him by the OSC.

³ On October 1, 2012, the Commission issued its decision with respect to the Sanctions and Costs Hearing and ordered, amongst other things, that Mr. Deng and MP Global, cease trading in any securities for a period of 15 years, jointly and severally disgorge \$2,193,873 to the Commission and each pay an administrative penalty of \$250,000.

18. Shortly after the Commission imposed its temporary cease trade order against Deng, MFDA Staff commenced an investigation into the activities of Approved Persons located at Deng's branch, including the Respondent, with respect to their involvement in the sale of the MP Global Debentures.

Securities related business outside the Member (Peiqing He)

19. MP Global Debentures were not an investment product approved by Info Financial for sale by its Approved Persons. Info Financial also did not have a referral arrangement with MP Global. None of the sales of the MP Global Debentures described in the OSC proceeding or in this proceeding were processed for the account or through the facilities of Info Financial, or were the result of a referral arrangement entered into between Info Financial and MP Global.

20. From August 2008 to February 2009, while registered as a mutual fund salesperson with Info Financial, the Respondent admits that she referred the sale of MP Global Debentures to the following four individuals (all of whom were not clients of Info Financial):

Name	Amount	Date
W.J.	\$20,000.00	August 2008
	\$70,000.00	Fall 2008
X.B.Y.	\$50,000.00	February 2009
H.M.J.	\$10,000.00	November 2008
Z.C.	\$10,000.00	November 2008
TOTAL	\$160,000.00	

21. The Respondent states that she received fees or commissions in the amount of \$2,000 directly from MP Global in respect of these sales.

22. The Respondent also purchased \$20,900 of MP Global Debentures for herself. The Respondent states that \$20,000 of her investment in MP Global Debentures was repaid by Deng.

V. THE RESPONDENT'S POSITION

23. The following are representations made by the Respondent. Staff is unable to confirm or verify the accuracy of the representations:

- a) The Respondent states that she shared the commissions she received with three of the four individuals (excluding Z.C.) in respect of whom she referred the MP Global Debentures.
- b) The Respondent states that she was hired by Deng to work as an in-house accountant on behalf of MP Global. At Deng's suggestion, knowing that the Respondent had been previously registered by PFSL Investments Canada Inc., she sought and obtained registration as a mutual fund salesperson with Info Financial. Despite being so registered, the Respondent states that she never engaged in any securities related business on behalf of Info Financial.
- c) At the time when she was hired by Deng to work as an accountant at MP Global Financial, the Respondent states that Deng advised that in addition to her salary of \$2000 per month as an accountant, she could also earn referral fees by selling MP Global.
- d) The Respondent states that the four individuals who the Respondent referred to MP Global were family and friends of the Respondent. Each individual asked the Respondent if she knew of an investment vehicle that may provide a greater return than e.g. GIC's. The Respondent suggested they could meet with Deng. The Respondent informed each of the four individuals that Deng was engaged in foreign currency trading and that she (the Respondent) had personally invested in the MP Global Debentures. All other information pertaining to MP Global was provided to the four individuals by Deng.
- e) At the time of making the referrals to the four individuals the Respondent was aware that the branch manager of Info Financial (Tan) had referred investors to MP Global which led the Respondent to believe that such a referral was not inappropriate.
- f) The Respondent states that she was one of a number of employees MP Global who had previously purchased MP Global Debentures who Deng decided to repay.

VI. CONTRAVENTIONS

24. From August 2008 to February 2009, the Respondent engaged in securities related business that was not carried on for the account and through the facilities of the Member by referring the sale of an investment product to four individuals outside the Member, contrary to MFDA Rules 1.1.1(a) and 2.1.1.

VII. TERMS OF SETTLEMENT

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

- a) The Respondent shall be suspended for a period of five years from conducting securities related business while in the employ of or associated with any Member of the MFDA pursuant to s. 24.1.1(c) of the MFDA By-Law No. 1;
- b) The Respondent shall pay a fine in the amount of \$5,000 pursuant to s. 24.1.1(b) of the MFDA By-Law No. 1; and
- c) The Respondent shall pay costs in the amount of \$5,000 pursuant to s. 24.2 of the MFDA By-Law No. 1.

VIII. STAFF COMMITMENT

26. 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 VI of this Settlement Agreement, subject to the provisions of Part X 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 VI 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 VI, 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.

IX. PROCEDURE FOR APPROVAL OF SETTLEMENT

27. 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.

28. 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 her 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.

29. 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.

30. 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 her.

X. FAILURE TO HONOUR SETTLEMENT AGREEMENT

31. 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.

XI. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

32. 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.

33. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that she 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.

XII. DISCLOSURE OF AGREEMENT

34. 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.

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

XIII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated: January 17, 2013.

“Carol Annali”

Witness – Signature

Carol Annali

Witness – Print name

“Peiqing He”

Peiqing (Anna) He

“Shaun Devlin”

Staff of the MFDA

Per: Shaun Devlin

Vice-President, Enforcement

Schedule “A”

Order

File No. 201211



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**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
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**Re: Peiqing (Anna) He, Christina Lin,
Keith Kee-Peng Tan and Yue Brenda Zhou**

ORDER WITH RESPECT TO PEIQING HE

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 Peiqing (Anna) He (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 from August 2008 to February 2009, the Respondent, engaged in securities related business that was not carried on for the account and through the facilities of the Member by selling, referring or facilitating the sale of an investment product to four individuals outside the Member, contrary to MFDA Rules 1.1.1(a) and 2.1.1;

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent shall be suspended for a period of five years from conducting securities related business while in the employ of or associated with any Member of the MFDA pursuant to s. 24.1.1(c) of the MFDA By-Law No. 1;
2. The Respondent shall pay a fine in the amount of \$5,000 pursuant to s. 24.1.1(b) of the MFDA By-Law No. 1;
3. The Respondent shall pay costs in the amount of \$5,000 pursuant to s. 24.2 of the MFDA By-Law No. 1; and
4. 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]