



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: Michael Lawrence Dunn

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 s. 24.4 of MFDA By-law No. 1 (“By-law No. 1”), a hearing panel of the Central Regional Council (the “Hearing Panel”) of the MFDA should accept the settlement agreement (“Settlement Agreement”) entered into between Staff of the MFDA (“Staff”) and the Respondent, Michael Lawrence Dunn (“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.

IV. AGREED FACTS

REGISTRATION HISTORY

6. Since 1985, the Respondent has been registered in Ontario as a mutual fund salesperson with De Thomas Financial Corp. (“De Thomas Financial”), a Member of the MFDA.

7. In 1997, the Respondent also became registered as a branch manager with De Thomas Financial. The Respondent did not, however, supervise any Approved Persons.

8. At all material times, the Respondent operated out of a De Thomas Financial sub-branch located in Mississauga, Ontario.

PRE-SIGNED FORMS

9. On March 14, 2011, MFDA compliance staff conducted an on-site audit of the De

Thomas Financial sub-branch from which the Respondent operated.

10. During the audit of the sub-branch, MFDA compliance staff found that from October 18, 2010 to February 21, 2011, the Respondent obtained and used six blank or partially completed pre-signed forms to complete transactions for five clients, as described below:

Client	Date / Type of Form	Details of Form Use
KA	Switch form dated October 18, 2010.	The Respondent met with the client and received instructions to process a switch in the client's account. After meeting with the client, the Respondent realized he did not have the switch form necessary to process the client's request. The Respondent telephoned the client, who allowed him to photocopy a switch form she had signed two days earlier. The Respondent used the photocopied switch form to execute the trade.
MC	Switch form dated October 19, 2010.	After meeting with the client, the Respondent realized the fund code was entered improperly on a switch form. The client agreed to allow the Respondent to photocopy the switch form he had signed three days earlier and correct the fund code. The Respondent used the photocopied switch form to execute the trade.
NB & MB	Redemption form dated February 21, 2011.	The client telephoned the Respondent and requested a redemption in his account. The client faxed the blank pre-signed redemption form, which the Respondent completed and used to process the redemption.
LR & SR	Redemption form dated December 21, 2010.	The clients' daughter (with power of attorney over the clients' account) telephoned the Respondent and requested a redemption in the clients' account. The clients' daughter faxed a blank pre-signed redemption form (with the clients' signatures), which the Respondent completed and used to process the redemption.
TK	Redemption form dated December 23, 2010. Know-Your-Client ("KYC") form dated December 23, 2010.	The client telephoned the Respondent and requested a redemption in her account. The client faxed the blank pre-signed redemption form and the partially completed KYC form to the Respondent, both of which the Respondent completed and used to process the redemption.

11. Staff's investigation did not reveal any evidence of misappropriation, unauthorized trading, client harm, or client complaints in this matter.

12. Staff's investigation did not reveal any evidence that the Respondent received any financial benefit from engaging in the misconduct beyond the commissions or fees to which he

would have been ordinarily entitled had the transactions in the clients' accounts been carried out in the proper manner.

13. The Respondent has no prior disciplinary history with the MFDA. He has cooperated with Staff during the course of the investigation, and by agreeing to this settlement, and avoided the necessity of the MFDA conducting a full hearing on the merits.

V. CONTRAVENTIONS

14. The Respondent admits that from October 18, 2010 to February 21, 2011, he obtained and used six blank or partially completed pre-signed forms to complete transactions for five clients, contrary to MFDA Rule 2.1.1.

VI. TERMS OF SETTLEMENT

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

- i. the Respondent shall pay a fine in the amount of \$2,500, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
- ii. the Respondent shall pay costs in the amount of \$2,500, pursuant to s. 24.2 of MFDA By-law No. 1;
- iii. the Respondent shall attend in person at the Settlement Hearing; and
- iv. the Respondent shall in future comply with Rule 2.1.1.

VII. STAFF COMMITMENT

16. 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 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 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

17. 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 Staff and the Respondent.

18. 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 its 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.

19. 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.

20. 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

21. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honor any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under section 24.3 By-law No. 1 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

22. 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 ss. 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

23. 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

24. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated: September 3, 2013

“Shelley Wood Dunn”
Witness – Signature

Shelley Wood Dunn
Witness – Print Name

“Michael Lawrence Dunn”
Michael Lawrence Dunn

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



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Re: Michael Lawrence Dunn

ORDER

WHEREAS on _____, the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to s. 24.4 of MFDA By-law No. 1 ("By-law No. 1") in respect of Michael Lawrence Dunn ("Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA dated _____ (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 the Respondent, from October 18, 2010 to February 21, 2011, obtained and used six blank or partially completed pre-signed forms to complete transactions for five clients, all of which was known to and authorized by the 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 \$2,500, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
2. the Respondent shall pay costs in the amount of \$2,500, pursuant to s. 24.2 of MFDA By-law No. 1;
3. the Respondent shall in future comply with Rule 2.1.1; 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 _____

Name,
Chair

Name,
Industry Representative

Name,
Industry Representative