



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: Jeffrey Hanford Harold Young

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, Jeffrey Hanford Harold Young.

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. From October 1998 to February 11, 2009, Young was registered in Ontario as a mutual fund salesperson with Sun Life Financial Investment Services (Canada) Inc. (“Sun Life”), a Member of the MFDA. From October 25, 2004 to October 31, 2008, Young was also registered with Sun Life as a branch manager.

7. As a result of the events described herein, Young resigned from Sun Life on February 11, 2009. He is not currently registered in the securities industry in any capacity.

Universal Settlements International Inc.

8. From June 2006 to December 2008, the Respondent worked closely with Don Everett Andrews (“Andrews”) while they were registered with Sun Life. The Respondent acted as Andrews’ branch manager and mentor. The Respondent and Andrews often shared joint advisor codes and responsibilities for servicing client accounts.

9. Commencing in or about 2000, the Respondent became aware of an Ontario corporation known as Universal Settlements International Inc. (“USI Corp.”). USI Corp.’s business involved finding individuals to invest in viatical settlements¹ and American viators interested in selling their existing life insurance policies for an agreed upon lump sum.² In order to find interested investors, USI Corp. contracted with at least 1,200 independent contractors who agreed to sell, recommend, refer or facilitate the sale of its viatical settlements to individuals in return for a sales commission, referral fee or other form of compensation.³

10. In or about 2000, the Respondent commenced selling, recommending, referring or facilitating the sale of USI Corp. viatical settlements to clients of Sun Life and other individuals.

11. Andrews became an independent contractor of USI Corp. in 2007 after being introduced to the company by the Respondent. Commencing in 2007, Andrews worked with the Respondent to sell, recommend, refer or facilitate the sale of USI Corp. viatical settlements to Sun Life clients and other individuals.

12. Between 2006 and 2008, the Respondent worked with Andrews, either separately or jointly, and sold, recommended, referred or facilitated the sale of USI Corp. viatical settlements to at least 8 Sun Life clients and 10 other individuals, as follows:

¹ A viatical settlement is the sale of a life insurance policy by the policy owner to a third party for an amount greater than the current cash surrender value of the policy but less than its net death benefit. The policy owner receives a lump sum cash settlement at the time of sale. The third party becomes the new owner of the policy, pays the annual premiums and is entitled to receive the net death benefit when the insured dies.

² On September 29, 2006, following an enforcement proceeding before the Ontario Securities Commission (“OSC”), viatical products offered by USI Corp. were determined by the OSC to be investment contracts under s.1(1) of the Act and, therefore, securities (“the OSC Decision”).

³ The sentence refers to a finding of fact made by the OSC at paragraph 11 of OSC Decision.

Client Name	Member Client	Amount
DH and EH	Yes	Unknown
AM and AnM	Yes	Unknown
CS	Yes	Unknown
CM and KM	Yes	Unknown
RY	No	Unknown
DB and LB	No	Unknown
AV	No	Unknown
BG and SG	No	Unknown
JS	No	Unknown
AdM	No	Unknown
JD	No	Unknown
TG	No	Unknown

13. The total amount of the USI Corp. viatical settlements sold by the Respondent and Andrews is not known to Staff. The Respondent believes that he and Andrews sold, recommended, referred or facilitated the sale of at least \$880,000 USI Corp. viatical settlements between 2007 and 2008. The Respondent states he no longer has possession of, or access to, the records relating to their sales activity. MFDA Staff has been unable to obtain records of their sales activity through other means.

14. The Respondent admits that between 2007 and 2008, he and Andrews received referral fees or commissions from USI Corp. totaling \$26,400, which fees or commissions they shared equally (\$13,200 apiece). Commencing in the summer of 2007, these fees or commissions were paid to Andrews' company, High Velocity Performance and Sports Ltd. ("HVPS"). Andrews then provided the Respondent with his share of the fees or commissions by making a cheque payable to the Respondent's wife, VY.

15. The Respondent admits that for the period between 2000 and 2007, prior to Andrews' involvement with the USI Corp. viatical settlements,⁴ he generated fees or commissions from USI Corp. in the amount of \$83,600, of which he was entitled to receive half (\$41,800). These fees were paid to him by USI Corp. via Kechnie Financial Group ("KFG") from 2000 to

⁴ Andrews had previously sought and obtained approval from Sun Life to operate HVPS, although not for the purposes described at paragraphs 14 to 16. Andrews incorporated HVPS to provide personal training and coaching services.

December 31, 2003⁵ then via his company, Kechnie Health and Wealth Management Inc. (“KHWM”)⁶, from January 1, 2004 to 2006. Therefore, between 2000 and 2008, the Respondent received fees or commissions from USI Corp. in the total amount of \$55,000 (\$41,800 plus \$13,200).

16. Between 2007 and 2008, all sales of the USI Corp. viatical settlements to the clients and individuals referred to above in paragraph 12 were processed through HVPS as follows:

- a) The Respondent completed contracts or subscription agreements for the purchase of USI Corp. viatical settlement with the affected clients or individuals following which, either the Respondent or the clients or individuals would send the completed documents to Andrews;
- b) Andrews would, in the capacity of an advisor or representative with HVPS, sign the completed contracts or subscription agreements given to him by the Respondent or clients;
- c) Andrews then received commissions or fees from USI Corp. which he deposited into HVPS’s bank account; and
- d) These commissions or fees were split equally between the Respondent and Andrews as follows:
 - (i) 50% of the commission or fee remained in HVPS’s bank account; and
 - (ii) 50% was sent to Young, but by way of cheques made payable to Young’s wife or daughter;

17. The viatical settlements offered by USI Corp. were not investment products approved by Sun Life for sale by its Approved Persons, including the Respondent and Andrews. The sales of

⁵ At Sun Life’s request, the Respondent became a shareholder of KFG on or about January 1, 2004, at which time KFG was renamed Kechnie Young Financial Group Inc. (“KYFG”). Commencing January 1, 2004, Sun Life paid all compensation owing to the Respondent via KYFG. Prior to January 1, 2004, Sun Life paid all compensation owing to the Respondent directly to the Respondent.

⁶ KHWM was a corporation in which the Respondent was one of 3 shareholders and which was disclosed to, and approved by, Sun Life, although not for the purposes described at paragraphs 14 to 16.

the USI Corp. viatical settlements to Sun Life clients and other individuals were not carried on for the account or through the facilities of Sun Life.

18. On December 2, 2008, USI Corp. made an application to the Ontario Superior Court of Justice to commence proceedings pursuant to the Ontario *Companies' Creditors Arrangement Act* (the "CCAA Application"). As a result of the CCAA Application, the Court made an order granting USI Corp. protection from its creditors while it restructured its affairs. USI Corp.'s subsequent restructuring resulted in the nominal value of the USI Corp.'s viatical settlements, without any return on investment, being repaid in full to investors, including the clients and individuals described at paragraph 12 above.

19. At no time did the Respondent or Andrews seek or obtain approval from Sun Life to commence or continue their involvement in USI Corp. or to, as the case may be, sell, recommend, refer or facilitate the sale of the USI Corp. viatical settlements to clients of Sun Life or other individuals.

20. Sun Life did not have a referral arrangement with USI Corp. with respect to the sale or referral of its viatical settlements.

Aslan Holding Corporation

21. On August 13, 2008, the Respondent's wife, VY, and another individual, CT, incorporated Aslan Holding Corporation ("AHC Corp.") in Ontario. VY and CT became shareholders and directors of AHC Corp. CT's husband, JT, became AHC Corp.'s President and C.E.O. At all material times, Young and JT (and as of September 2008, Andrews) participated in, or actively advised on, AHC Corp.'s operations; they corresponded with AHC Corp.'s legal counsel, met and corresponded with third parties with whom AHC Corp. conducted, or intended to conduct, business, met with potential investors (including Sun Life clients for whom the Respondent was the servicing mutual fund salesperson) and regularly held, attended and participated at management meetings or other meetings where decisions about AHC Corp.'s affairs were discussed and made. In addition, the Respondent and JT (and as of September 2008,

Andrews) regularly discussed AHC Corp.'s operations and exchanged emails, or otherwise held meetings, about the company.

22. The Respondent states that he was not a director or an officer for AHC Corp. Rather, he states that he assisted AHC Corp. as financial advisor or consultant, when requested by JT, CT or VY.

23. AHC Corp. was formed with the intention to borrow monies from investors at a fixed rate of return for the purposes of making investments in speculative ventures. In particular, AHC Corp. intended to offer to investors principal protected notes offering a return of at least 2% per month (the "AHC Investment").

24. The speculative venture investments that AHC Corp. participated in included: (1) the purchase of promissory notes offered by Capital Interest LLC, a Nevada limited liability corporation; and (2) through Capital Interest LLC, the purchase of securities offered by a Nevada-based corporation known as Axxcess Automation, LLC ("Axxcess").⁷ On May 9, 2009, the United States Securities and Exchange Commission obtained a court order halting the operations of Axxcess, alleging that commencing February 2006 the company operated a Ponzi scheme pursuant to which it raised \$14.1 million from investors by promising weekly returns of up to 5 percent from trading in futures.

25. In or about September 2008, Andrews became involved in AHC Corp.'s operations including, among other matters: (1) negotiations held between AHC Corp. and other companies in which AHC Corp. sought to invest;⁸ and (2) the sale, referral or recommendation of the AHC Investment to Sun Life clients and other individuals.

26. The Respondent states that Andrews was not a director or an officer for AHC Corp. Rather, he states that Andrews, like the Respondent, assisted AHC Corp. as financial advisor or consultant, when requested to do so by JT, CT or VY.

⁷ The Respondent states that AHC Corp. did not have any direct dealings with Axxcess. Rather, he states that Capital Interest LLC acted as the broker for Axxcess.

⁸ Including negotiations with USI Corp.

27. In or about November 2008, Andrews or Andrews's wife agreed to purchase US\$25,000 of the AHC Investment. Nevertheless, the Respondent states that rather than make a payment in the amount of US\$25,000, Andrews or Andrews' wife tendered a payment of CAD\$25,000. Further, Andrews's desired investment could not be forwarded within the timelines required by AHC Corp. The Respondent therefore states that neither Andrews nor Andrews' wife ever purchased US\$25,000 of the AHC Investment.

28. Between September 2008 and early December 2008, the Respondent recommended, referred and facilitated the sale of the AHC Investment totaling at least \$700,000⁹ to at least the following 5 clients of Sun Life: BM, DB, DS, AM and MT.

29. For his efforts in recommending, referring or facilitating the sale of the AHC Investments to these 5 Sun Life clients, the Respondent received, or became entitled to receive, referral fees or commissions from AHC Corp. totaling at least \$57,000. The Respondent states that these referral fees or commissions totaling \$57,000 were paid by AHC Corp. to VY.

30. For his efforts in selling, recommending, referring or facilitating the sale of the AHC Investments to Sun Life clients, Andrews received referral fees or commissions from AHC Corp. totaling at least \$5,000. The \$5,000 fee was paid by AHC Corp. to Andrews's wife, KA, in her capacity as an employee of HVPS. The Respondent states that a short time after the \$5,000 fee was paid by AHC Corp. to Andrews's wife, Andrews repaid the full amount to AHC Corp. using a credit card cheque.

31. Primarily as a result the United States Securities and Exchange Commission halting of Axxess's operations,¹⁰ all individuals who purchased the AHC Investment, including clients BM, DB, DS, AM and MT, lost the totality of their investments.

⁹ In total, between September 2008 and December 2008 AHC Corp. sold \$2,225,405 of the AHC Investments to 13 investors.

¹⁰ See paragraph 24 above.

32. The AHC Investment was not an investment product approved by Sun Life for sale by its Approved Persons, including the Respondent. The sales of the AHC Investment to the Sun Life clients were not carried on for the account or through the facilities of Sun Life.

33. At no time did the Respondent or Andrews seek or obtain approval from Sun Life to commence or continue their involvement in AHC Corp. or to, as the case may be, sell, recommend or facilitate the sale of the AHC Investment to clients of Sun Life or other individuals.

SPF Music Group Inc.

34. On August 3, 2006, the Respondent became a director of an Ontario corporation known as SPF Music Group Inc. ("SPF Corp."). SPF Corp. was incorporated by a long-time friend of the Respondent. SPF Corp. intended to operate in the music industry, acting as a record label, a publishing company and a production company for various artists.

35. In August 2007, the Respondent recommended, referred or facilitated the sale of SPF Corp. shares totaling \$10,000 to an individual known as SD.

36. In addition, in August 2007 the Respondent recommended SPF Corp. shares to at least two other individuals: JD and MD (both of whom were not clients of Sun Life). JD and MD did not purchase SPF Corp. shares.

37. SPF Corp. shares were not an investment approved by Sun Life for sale by its Approved Persons, including the Respondent. The recommendation, referral or facilitation of the sale of SPF Corp. shares to SD by the Respondent was not carried on for the account or through the facilities of Sun Life.

38. At no time did the Respondent seek or obtain approval from Sun Life to commence or continue his involvement in SPF Corp. or to recommend, refer or facilitate the sale of the SPF Corp. shares to clients of Sun Life or other individuals.

Sun Life's Policies and Procedures

39. At all material times, Sun Life's policies and procedures prohibited its Approved Persons from:

- a) recommending, selling or trading investment products that were not approved for sale by Sun Life;
- b) trading or advising in any securities outside the facilities of Sun Life;
- c) engaging in another gainful occupation that was not disclosed to and approved by Sun Life;
- d) serving as an officer, director or partner of third party organizations that were not disclosed to and approved by Sun Life; and
- e) entering into referral arrangements with third parties.

Referral Arrangement Entered Into By the Respondent

40. On January 1, 2007, Young, through KYFG, entered into a referral arrangement with a corporation known as 9905009 Ontario Inc. ("9905009") whereby KYFG agreed to pay a referral fee of between \$300 and \$500 to 9905009 for every client referred to KYFG by 9905009 who became Sun Life mutual fund clients or purchased life insurance policies.

41. Between January 1, 2007 and July 2007, 9905009 referred at least 7 individuals to KYFG who became Sun Life clients: AM and AnM, MW, EL, JH, MH and A-Corp. AM and AnM also invested in the USI Corp. viatical settlements.¹¹

42. The Respondent states that he discussed with his Sun Life branch manager and compliance officer that he, or KYFG, was permitted to pay a referral fee to third parties. The

¹¹ Staff is unaware of the total of the total amount of referral fees paid by the Respondent or KYFG to 9905009 pursuant to the referral arrangement between the parties. The Respondent states that he does not recall the quantum of referral fees paid to 9905009 and does not have access to records detailing these fees.

Respondent states that on the basis of this conversation he mistakenly understood Sun Life to be permitting him to enter into referral arrangements. The Respondent now admits that, pursuant to Sun Life's policies and procedures, as well as MFDA Rule 2.4.2(b), he was required to obtain written approval from Sun Life for such referral arrangements and that his actions, as described herein, contravened those requirements. The Respondent further admits that the referral arrangement between KYFG and 9905009, even if properly disclosed to Sun Life, contravened the Member's policies and procedures and MFDA Rule 2.4.2(b), and therefore could not have been properly approved by Sun Life given that all referrals and associated fees must flow through the dealer and not individual Approved Persons.

The Respondent's Failure to Cooperate

43. On February 23, 2010, the Respondent attended an interview with MFDA Staff pursuant to section 22.1 of MFDA By-Law No. 1 with respect to, among other matters, his involvement with USI Corp., AHC Corp. and HVPS (the "Interview").

44. During the Interview, MFDA Staff asked the Respondent a number of questions that the Respondent refused to answer relating to his activities with USI Corp., AHC Corp. and HVPS, including the following, among others (the "Refused Questions"):

1. questions relating to a non-disclosure agreement entered into by the Respondent and USI Corp., among other parties;
2. questions relating to the number of clients or other individuals to whom the Respondent recommended, referred or facilitated the sale the AHC Investment, including the identity of some of the clients' or other individuals' names and the amounts they invested in the AHC Investment, commissions relating to each sale facilitated by the Respondent; and
3. questions relating to agreements entered into between the Respondent or other principals of AHC Corp. in relation to the affairs of AHC Corp.

45. Despite repeated requests sent by MFDA Staff to the Respondent that he provide responses to the Refused Questions, at no time has the Respondent answered them, in full or in part.

46. The Respondent declined to answer the questions on the advice of his counsel, on the basis that answering the questions may put him in a position of breaching confidentiality agreements the Respondent had executed with respect to information regarding USI Corp. and AHC Corp.

47. Commencing February 26, 2010, Staff attempted to arrange for a follow-up interview with the Respondent and his counsel to discuss, among other matters, his involvement in, and activities relating to, SPF Corp. Due to ongoing health concerns requiring medical attention, and pursuant to the advice of doctors who felt that to do so would be detrimental to his health¹², the Respondent was not able to schedule any further interviews with Staff. The health issues that prevented the Respondent from scheduling further interviews with Staff continue to this day and his health is currently compromised and fragile.

48. Due to the Respondent's failure to answer the Refused Questions Staff has been unable to fully determine, among other things:

- a) the true nature and extent of his activities in selling, recommending, referring and facilitating the sale of USI Corp. viatical settlements to Sun Life clients and other individuals; and
- b) the true nature and extent of his activities in recommending, referring and facilitating the sale of AHC Investments to Sun Life clients and other individuals.

V. THE RESPONDENT'S POSITION

49. The Respondent states that he has paid a heavy price for his non-compliance with the regulatory requirements at issue in this matter, including the loss of his business and his personal reputation. He states that the events that led to his resignation from Sun Life on February 11, 2009, the ongoing investigation in this matter and the within proceeding have all had a

¹² The Respondent provided to Staff notes from his doctors dated May 17, 2010, September 16, 2010 and November 28, 2011.

devastating impact on his health and financial well-being. Indeed, the Respondent states that the loss of his business has contributed to struggles to support his family and his child having to leave school.

50. Though he states that he did not realize the compliance issues raised by his conduct, the Respondent nevertheless admits that, by virtue of his long-time involvement in the industry, including his registration as a branch manager, he ought to have known that his admitted-to conduct was in violation of the Member's policies and procedures and MFDA Rules, Policies and By-laws. He regrets his conduct and fully accepts responsibility for his actions, including the consequential penalties agreed to herein.

51. The Respondent does not wish, nor does he expect, to ever be registered in the securities industry again.

VI. CONTRAVENTIONS

52. By engaging in the conduct described above, the Respondent admits the following:

a) By selling, recommending, referring or facilitating the sale of:

- (i) USI Corp. viatical settlements to at least 8 Sun Life clients and 10 other individuals between 2007 and 2008 via HVPS, USI Corp. viatical settlements between 2000 and 2004 via KFG, and USI Corp. viatical settlements between 2004 and 2006 via KHMW;
- (ii) \$700,000 of the AHC Investments to at least 5 clients of Sun Life in 2008-2008; and
- (iii) at least \$10,000 of SPF Corp. shares to at least 1 individual in August 2007;

the Respondent engaged in securities related business that was not carried on for the account and through the facilities of Sun Life, contrary to MFDA Rules 1.1.1(a) and 2.1.1.

b) Between 2006 and 2008, the Respondent had and continued in other gainful occupations that were not disclosed to and approved by the Member by:

- (i) recommending, referring or facilitating the sale of investments offered by USI Corp.; and
- (ii) recommending, referring or facilitating the sale of investments offered by AHC Corp.;

contrary to MFDA Rules 1.2.1(d)¹³ and 2.1.1.

c) Between 2006 and 2008, the Respondent engaged in activities that gave rise to conflicts or potential conflicts of interest between his interests and the interests of clients of the Member, which conflicts he failed to address by the exercise of responsible business judgment influenced only by the best interests of the clients, by recommending, referring or facilitating the sale of investments in companies in which they had a direct or indirect interest as described above, having regard to the sale of:

- (i) \$700,000 of an exempt market investment product offered by AHC Corp. to at least 5 clients; and
- (ii) \$10,000 of shares in SPF Corp. to one individual

contrary to MFDA Rules 2.1.4 and 2.1.1

d) Between 2000 and 2008, the Respondent entered into a referral arrangement with:

- (i) USI Corp. in respect of the sale of viatical settlements pursuant to which he was paid or entitled to receive referral fees or commissions totaling at least \$55,000; and
- (ii) 9905009, pursuant to which the Respondent directly or indirectly paid, or

¹³ Effective February 2011, the MFDA's Rules were amended. As a result, MFDA Rule 1.2.1(d), which was in force during the material time, was renumbered as current MFDA Rule 1.2.1(c). The wording of the rule was not changed.

was required to pay, fees in exchange for the referral of mutual fund clients and life insurance clients to 9905009;

contrary to MFDA Rules 2.4.2(b) and 2.1.1; and

- e) Commencing February 23, 2010, the Respondent has failed to answer questions requested by the MFDA during the course of an investigation, contrary to section 22.1 of MFDA By-law No. 1.

VII. TERMS OF SETTLEMENT

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

- a) He shall pay a fine in the amount of \$7,500, pursuant to section 24.1(b) of By-law No. 1, upon the acceptance of this Settlement Agreement;
- b) He shall be permanently prohibited from acting as a mutual fund salesperson, pursuant to section 24.1(d) of By-law No. 1, commencing on the date of acceptance of this Settlement Agreement; and;
- c) He shall pay the costs of this proceeding in the amount of \$5,000, pursuant to section 24.2 of By-law No. 1, upon the acceptance of this Settlement Agreement.

VIII. STAFF COMMITMENT

54. 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 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

55. 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.

56. 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.

57. 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.

58. 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 it him.

X. FAILURE TO HONOUR SETTLEMENT AGREEMENT

59. 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 and contraventions set out in Parts IV and VI

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

60. 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.

61. 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.

XII. DISCLOSURE OF AGREEMENT

62. 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.

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

XIII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated this 4th day of April, 2014.

Milena Protich
Witness – Signature

“Jeffrey Hanford Harold Young”
Jeffrey Hanford Harold Young

“Milena Protich”
Witness - Print name

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



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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: Jeffrey Hanford Harold Young

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 Jeffrey Hanford Harold Young (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:

1. By selling, recommending, referring or facilitating the sale of:

- (i) Viatical settlements offered by Universal Settlements International Inc. (“USI Corp.”) to at least 8 Sun Life clients and 10 other individuals between 2000 and 2008;
- (ii) \$700,000 in notes from Aslan Holding Corporation (“AHC Corp.”) to at least 5 clients of Sun Life in 2008; and
- (iii) at least a \$10,000 investment in SPF Music Group Inc. (“SPF Corp.”) to at least 1 individual in August 2007;

the Respondent engaged in securities related business that was not carried on for the account and through the facilities of Sun Life, contrary to MFDA Rules 1.1.1(a) and 2.1.1;

2. Between 2006 and 2008, the Respondent had and continued in other gainful occupations that were not disclosed to and approved by the Member by:

- (i) Selling, recommending, referring or facilitating the sale of investments offered by USI Corp.; and
- (ii) recommending, referring or facilitating the sale of investments offered by AHC Corp.;

contrary to MFDA Rules 1.2.1(d)¹⁴ and 2.1.1.

3. Between 2006 and 2008, the Respondent engaged in activities that gave rise to conflicts or potential conflicts of interest between his interests and the interests of clients of the Member, which conflicts he failed to address by the exercise of responsible business judgment influenced only by the best interests of the clients, by recommending, referring or facilitating the sale of

¹⁴ Effective February 2011, the MFDA’s Rules were amended. As a result, MFDA Rule 1.2.1(d), which was in force during the material time, was renumbered as current MFDA Rule 1.2.1(c). The wording of the rule was not changed.

investments in companies in which they had a direct or indirect interest as described above, having regard to the sale of:

- (i) \$700,000 of an exempt market investment product offered by AHC Corp. to at least 5 clients; and
- (ii) a \$10,000 investment in SPF Corp. to one individual;

contrary to MFDA Rules 2.1.4 and 2.1.1.

4. Between 2000 and 2008, the Respondent entered into a referral arrangement with:

- (i) USI Corp. in respect of the sale of viatical settlements pursuant to which he was paid or entitled to receive referral fees or commissions totaling at least \$55,000; and
- (ii) 9905009 Ontario Inc. (“9905009”), pursuant to which the Respondent directly or indirectly paid, or was required to pay, fees in exchange for the referral of mutual fund clients and life insurance clients to 9905009;

contrary to MFDA Rules 2.4.2(b) and 2.1.1; and

5. Commencing February 23, 2010, the Respondent has failed to answer questions requested by the MFDA during the course of an investigation, contrary to section 22.1 of MFDA By-law No. 1.

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

1. 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*;

2. The Respondent shall be permanently prohibited from acting as a mutual fund salesperson, pursuant to section 24.1(d) of By-law No. 1, commencing on the date of acceptance of this Settlement Agreement;

3. The Respondent shall pay a fine in the amount of \$7,500, pursuant to section 24.1(b) of By-law No. 1, upon the acceptance of this Settlement Agreement; and

4. The Respondent shall pay the costs of this proceeding in the amount of \$5,000, pursuant to section 24.2 of By-law No. 1, upon the acceptance of this Settlement Agreement.

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

Per: _____
[Name of Public Representative], Chair

Per: _____
[Name of Industry Representative]

Per: _____
[Name of Industry Representative]