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: Gerald Daniel Rumball

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By press release, 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 MFDA 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, Gerald Daniel Rumball (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 MFDA 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 the Respondent or any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

IV. AGREED FACTS

Registration History

6. Between January 21, 1998 and May 17, 2013, the Respondent was registered in Ontario as a mutual fund salesperson / dealing representative[1] with W. H. Stuart.

7. On March 26, 2003, W. H. Stuart Mutuals Ltd. ("W. H. Stuart" or the "Member") became a Member of the MFDA. From March 26, 2003 to May 17, 2013, the Respondent was an Approved Person of W. H. Stuart.

8. In April 2013, a Hearing Panel made orders against W. H. Stuart and Marilyn Dianne Stuart ("Dianne Stuart") after Staff brought an application without notice pursuant to s. 24.3 of MFDA By-law No. 1 seeking orders in the public interest because of concerns about the conduct of W. H. Stuart and Dianne Stuart and uncertainty with respect to the solvency of W. H. Stuart.

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[1]On September 28, 2009, as a result of the implementation of National Instrument 31-103, the mutual fund salesperson registration category was changed to "dealing representative – mutual fund dealer".

9. On May 10, 2013, Keybase Financial Group Inc. ("Keybase"), another Member of the MFDA, signed an asset purchase agreement with W.H. Stuart which resulted in the bulk transfer of W. H. Stuart's client accounts and Approved Persons to Keybase. Accordingly, on May 17, 2013, the Respondent's registration was transferred from W. H. Stuart to Keybase. The Respondent was an Approved Person of Keybase until he resigned on July 16, 2013.

10. The Respondent has not been registered in the securities industry in any capacity since July 16, 2013.

The Suspension From Membership Of W. H. Stuart

11. On May 31, 2013, a Hearing Panel of the MFDA made an order pursuant to section 24.3 of MFDA By-law No. 1 suspending W.H. Stuart from membership in the MFDA (the "Suspension Order").

12. Prior to the bulk transfer of its client accounts to Keybase, W. H. Stuart had approximately 18,800 client accounts and client assets under administration totaling $583 million. During the period of its membership in the MFDA, W. H. Stuart had between 200 and 400 Approved Persons providing services to its clients.

The MFDA Disciplinary Proceeding commenced against W.H. Stuart and its Principals

13. On November 27, 2014, subsequent to the Suspension Order, the MFDA issued a Notice of Hearing in respect of a disciplinary proceeding commenced against W.H. Stuart and its principals, Dianne Stuart and Walter Howard Stuart ("Howard Stuart").

14. In the Notice of Hearing, MFDA Staff ("Staff") alleged, among other things, that:

(a) Dianne Stuart and W. H. Stuart solicited and accepted approximately $6 million from more than 180 clients purportedly to be invested on their behalf (the "Note Program"), which monies they used for the benefit of Dianne Stuart, W. H. Stuart and companies that they controlled and failed to repay or otherwise account for;

(b) Dianne Stuart and W. H. Stuart misappropriated or have otherwise failed to account for more than $800,000 of investments and monies from over 30 clients; and

(c) Dianne Stuart and W. H. Stuart actively concealed the Note Program and the misappropriation of client money from other Approved Persons of W. H. Stuart, external auditors, the MFDA and other regulators.

15. Between October 2003 and May 2013, the Respondent solicited and accepted more than $2.5 million from clients of W. H. Stuart for investment in the Note Program, a substantial amount of which was not paid back or otherwise accounted for. The Respondent obtained those amounts from 12 clients[2] whose accounts he was responsible for servicing.

16. There is no evidence that the Respondent maintained personal possession of any of the money that he solicited from clients to be invested in the Note Program. The Respondent solicited the money for investment with and use by W. H. Stuart and its principals and affiliates.

Other Companies Affiliated With W. H. Stuart

17. In addition to operating W. H. Stuart, Dianne Stuart and Howard Stuart set up and supported the operations of several other companies in Canada and the United States, including a Canadian insurance brokerage called W. H. Stuart Insurance Agency Ltd. ("Stuart Insurance"). Dianne Stuart, W. H. Stuart and Howard Stuart also used the trade name "W. H. Stuart and Associates" on letterhead and documents from time to time. "W. H. Stuart and Associates" was a registered trade name of W. H. Stuart.

18. Since 1999, Dianne Stuart and Howard Stuart also financed the start-up of American companies that were owned and operated by members of the Stuart family, including Stuart Securities Corp., Stuart Mutuals, Stuart Financial Corporation and W. H. Stuart Insurance Agencies Inc. These companies were all incorporated in the state of Georgia and may have been financed in part using money solicited by means of the Note Program.

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[2]The Respondent`s wife RRw and son RRs were among the clients from whom the Respondent solicited and accepted money for investment in the Note Program. The Respondent also invested more than $400,000 of his own money in the Note Program.

19. The Respondent was not an officer or director and did not exercise decision making authority with respect to the operation of any of the companies affiliated with W. H. Stuart.

The Respondent Failed To Complete Adequate Due Diligence

20. The Respondent admits that he failed to conduct adequate due diligence about the investment opportunity with W. H. Stuart that he recommended to his clients. In particular, the Respondent did not:

(a) ask to see or review any offering documents or marketing materials describing the terms, anticipated benefits, risks, underlying assumptions, features, or attributes of the product;

(b) obtain any financial disclosure concerning the financial position and projections of the individual or entity that was receiving the money invested in the Note Program;

(c) ask questions about or obtain any meaningful information about:

(i) specifically, which individual or entity was offering the investment;[3]

(ii) how the money received for investment was being used while it was invested;

(iii) why the money that was solicited was required;

(iv) the risks of the investment offered by the issuer;

(v) the justification for the guarantee of the return of principal to investors;

(vi) the basis for the issuer's claim that it could pay a guaranteed rate of return on the investment and the financial projections and assumptions underlying the belief that it would be able to consistently pay the promised rate of return;

(vii) the reason why the promised rate of return significantly exceeded the return promised in respect of other investment products that guarantee the safety of an investor's principal investment like Guaranteed Investment Certificates ("GICs");

(viii) details with respect to the liquidity of the investment such as:

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[3] For example, some investment notes that were provided to clients referenced W. H. Stuart and others reference W. H. Stuart and Associates which, as noted in paragraph 17 above, is not a legal entity but rather a registered trade name that Dianne Stuart sometimes used on the letterhead of correspondence that she sent on behalf of multiple companies that she controlled including W. H. Stuart and W. H. Stuart Insurance Agency Ltd.

(I) how quickly investors could redeem their investment in the Note Program if they required use of the money invested; and

(II) how the money to be paid to an investor upon redemption of an investment in the Note Program would be obtained by the issuer;

(ix) the costs to the issuer of administering the investment program;

(x) any charges that would be payable by investors in the Note Program; or

(xi) the reason why, according to the Respondent, no compensation would be paid to Approved Persons who solicited money for investment in the Note Program; or

(d) question whether the investment opportunity and his own involvement with the promotion of the investment was compliant with regulatory requirements including, for example:

(i) whether this type of non-mutual fund investment product was one that an individual registered as a mutual fund salesperson or dealing representative of a mutual fund dealer was permitted to sell;

(ii) the MFDA Rule concerning conflicts of interest (MFDA Rule 2.1.4); and

(iii) prospectus requirements or applicable exemptions.

21. The Respondent also did not consider whether any concentration limits should be observed in cases where the Respondent was inclined to recommend the investment of a large proportion of a client's portfolio in the Note Program.

22. The Respondent admits that without considering the important questions listed in paragraph 20 above, the Respondent could not properly evaluate whether the investment of client money in the Note Program:

(a) was suitable for particular clients; or
(b) compliant with regulatory requirements.

The Lack Of Documentation Associated With The Investment

23. When the Respondent began recommending the Note Program to clients, there was no documentation that had been prepared by the issuer of the investment to:

(a) provide mandatory regulatory disclosure to investors about the investment;

(b) document the fact that money was invested and provide a record for the investor and the issuer of the principal amount that was invested; or

(c) set out the contractual terms of the investment such as:

   (i) the guarantee of the principal;

   (ii) the term of the investment;

   (iii) the rate of return payable and the frequency of such payments,

   (iv) any fees applicable to the investment; and

   (v) terms and conditions applicable to the redemption of the investment.

24. The Respondent agrees that the lack of standard documentation prepared by the issuer for advisors and investors associated with the Note Program both prior to and after trades were completed should have raised a red flag and triggered further inquiries from the Respondent about this investment product.

25. As a result of the lack of documentation prepared by the issuer, the Respondent personally drafted or provided notes setting out the terms of the investment as he understood them and the Respondent arranged for the notes to be signed by the clients who agreed to accept his recommendation to invest in the Note Program and by Dianne Stuart on behalf of the issuer.

26. After clients made an investment in the Note Program, the clients did not receive typical trade confirmations and investment statements from the issuer to confirm receipt of the funds or the status and performance of the client's investment. Trade confirmations and investment statements are typically sent to investors by the issuers of legitimate investments.

27. The Respondent knew or ought to have known that the lack of documentation and information concerning the Note Program was unusual when compared with other investment products that Approved Persons of W. H. Stuart were authorized to recommend to clients.

The Issuance Of Shares In Stuart Financial Corporation

28. As noted above, members of the Stuart family including James Stuart, the son of Dianne and Howard Stuart, owned and operated companies engaged in the financial services industry in the United States such as Stuart Financial Corporation ("SFC").

29. The investment notes that the Respondent drafted in 2004 and 2005 in respect of investments in the Note Program by clients whose accounts he serviced included provisions indicating that upon signing the investment notes that the Respondent had prepared, shares in SFC would be issued to those investors.

30. Subsequently, certificates, many of which were dated December 15, 2004, were provided to the clients who were promised shares in SFC. The certificates stated that Class A common shares in SFC had been issued to the clients in amounts consistent with the terms of the investment notes that those clients had signed.

31. Insufficient information was disclosed to clients to enable them to objectively determine:

(a) the value of the shares in SFC that were issued to them;

(b) whether there would be a market sufficient to enable the clients to sell their shares in SFC in the future; and

(c) whether dividends or other types of income would be paid to the holders of SFC shares on the basis of their ownership of such shares.

32. The Respondent did not make inquiries or conduct adequate due diligence to determine whether he or SFC was legally authorized to facilitate the issuance of shares in SFC to Canadian investors.

The Suitability Of The Note Program For Clients

33. Some of the clients who were solicited by the Respondent to participate in the Note Program had commuted their pensions and invested the proceeds in mutual funds recommended by the Respondent. Subsequently, the Respondent approached some of these individuals and advised them to redeem all or substantially all of their retirement savings which were at that time invested in mutual funds that the Respondent had previously recommended and to invest the

proceeds in the Note Program. Some of these clients incurred substantial deferred sales charge ("DSC") fees as a result of the Respondent's recommendation to sell their mutual funds prior to the expiry of their DSC schedule. The clients were not reimbursed the amount of the DSC fees that they paid to redeem mutual funds to invest in the Note Program.

34. If the Respondent had conducted due diligence with respect to the Note Program, he ought to have determined that the investment constituted nothing more than an unsecured loan arrangement between the issuer and investors and that no financial disclosure was available to clients concerning:

(a) the total amount of money that the issuer was borrowing;

(b) the number of investors that the issuer was borrowing from; or

(c) any impediments or limitations on the ability of the issuer to repay the loan.

35. The Respondent recommended and facilitated investments in the Note Program by the clients listed below and arranged for investment notes to be issued to many of the clients in the amounts set out below on the dates referenced below:

Client	**Date**	**Amount**	**DSC Fees Paid**	**Shares In SFC**
RRw	October 20, 2003	$279,920.00[4]	None disclosed	None disclosed
WS	July 17, 2004	$319,000.00	$14,333.00	250 shares
LR	July 26, 2004 August 16, 2004 Total:	$323,700.00 $ 33,564.00 $357,264.00	$15,300.00 $ 1,581.00 $16,881.00	500 shares 150 shares 650 shares
RM	August 3, 2004 August 3, 2004 Total:	$553,900.00 $ 85,030.00 $638,940.00	$26,100.00 $ 4,006.00 $30,106.00	500 shares 100 shares 600 shares
KS	November 7, 2004	$289,753.00	None	350 shares

[4]No 'note' or other documentation was issued to this client in respect of her investment in the Note Program

Client	Date	Amount	DSC Fees Paid	Shares In SFC
JH	December 4, 2005 December 4, 2005 Total:	$147,999.00 $ 62,000.00 $209,999	None	147 shares 62 shares 209 shares
NS	October 4, 2006 October 18, 2007 October 19, 2007 February 8, 2008 March 1, 2008 March 1, 2008 June 2, 2008 April 16, 2008 Total	$21,633.28[5] $ 4,688.54 $ 2,970.23 $14,434.60 $ 2,155.74 $ 2,605.08 $15,786.78 $ 8,822.93 $73,096.90	None	None
EB	August 25, 2007	$290,000.00	None	None
RRs	March 20, 2008	$ 15,322.02[6]	None	None
JB	April 1, 2010	$50,000	None	None
DM	September 10, 2010	$150,000.00	None	None
SM	November 21, 2012	$19,281.06[7]	None	None
	Total	**$2,792.565.90**		

36. According to the Respondent's records, in August 2003, he also personally invested approximately $463,981.00[8] of his own retirement savings in the Note Program.

[5]A note was issued to NS with respect to her October 4, 2006 investment in the Note Program but her subsequent investments in the Note Program were not documented. Unlike other recipients of 'notes', NS was promised 10% interest annually on her investment rather than 7% annual interest like other note holders.
[6]No 'note' or other documentation was issued to this client in respect of his investment in the Note Program
[7]No 'note' or other documentation was issued to this client in respect of her investment in the Note Program.
[8]No 'note' or other documentation was issued to the Respondent in respect of his investment in the Note Program.

37. On September 6, 2013, IPC applied for and obtained a bankruptcy order in respect of estate of W. H. Stuart. As trustee in bankruptcy, Ernst & Young LLP has administered the bankruptcy under Part XII of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.

38. As a consequence of the bankruptcy of W. H. Stuart, neither W. H. Stuart nor any of its affiliated companies has paid back to clients or to the Respondent all of the money that they invested in the Note Program or all of the interest that was promised to them pursuant to the terms of the notes that were provided to the clients by the Respondent.

The MFDA Investor Protection Corporation

39. The MFDA Investor Protection Corporation (the "IPC") is a not-for-profit corporation that is a separate legal entity from the MFDA and has a distinct mandate to provide compensation to clients for certain types of losses suffered by customers as a result of the insolvency of an MFDA Member.

40. As a result of the insolvency of W. H. Stuart, more than 200 claims for compensation were submitted to the IPC, most of which were based upon client losses associated with the Note Program. The total claims submitted to the IPC from the 12 clients of the Respondent listed above amount to approximately $2 million which constitutes more than 20% of the total value of all claims received by the IPC following the insolvency of W. H. Stuart.

41. To date, the IPC has paid out approximately $1.2 million[9] in compensation to the 12 clients of the Respondent referenced above which constitutes approximately 20% of the compensation paid by the IPC to individuals who claimed compensation for losses associated with the Note Program.

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[9]This amount does not include any payment of compensation to RRw or to the Respondent as their claims are still under review by the IPC.

42. The Respondent and his wife (referenced as RRw in the chart in paragraph 35 above) have submitted claims to the IPC for compensation totaling more than $500,000[10] in losses based upon the Respondent's calculations. However, no compensation has been paid to them by the IPC as the IPC has reserved its decision about their eligibility to receive compensation from the IPC pending the outcome of the MFDA enforcement process.

The Respondent's Representations And Risk Disclosure To Investors In The Note Program

43. The Respondent solicited and accepted money from clients of W. H. Stuart for investment in the Note Program on his own. He did not bring other representatives of W. H. Stuart to the meetings that he attended with clients or include other representatives of W. H. Stuart on telephone calls with clients when he presented the investment opportunity that he recommended to them. The Respondent also sent written representations about the investment to some clients that were not reviewed or approved by the issuer. The Respondent thereby assumed responsibility for inaccuracies among the representations that he made to clients about the investment and for deficiencies in the extent of the disclosure that was provided to clients about the nature and extent of risks associated with the investment.

44. The Respondent made representations to at least one client in support of his recommendation to invest in the Note Program that included the following:

(1) "W. H. Stuart is offering this investment opportunity because we are in a unique situation with a growing company in the United States. Currently, we have clients and prospective clients that we can only attract if we put a full-force team together to both train additional reps and to expand the capability of our customized software. To accomplish this, we will require initial capital that will be recouped once the clients are with us. Without the capital, we will lose the prospective clients and restrict the speed with which we can bring on the existing clients. The future profits are such that we are prepared to pay a premium";

[10]The Respondent and his wife acknowledge that portions of each of their initial investments in the Note Program were redeemed prior to the insolvency of W. H. Stuart and therefore the amount of compensation that they have claimed from the IPC is less than the total amount that they initially invested in the Note Program in 2003.

(2) "The bottom line is that you are guaranteed 7% interest on the invested money in all accounts and that sure beats what has been happening in the markets in the past three years";

(3) "I have all the faith in the world in the Stuarts. Their track record since 1958 proves to me that they are here to stay";

(4) "[SFC] is presently a private corporation owned wholly by the Stuart Family";

(5) "[SFC] plans on going public in the future (1 year?)";

(6) "Once [SFC] issues it's (*sic*) initial public offering the stock you hold will have the value of the stock on the public market."

45. The Respondent does not have documentation from the issuer or other corroborating support to demonstrate the accuracy of the representations quoted in paragraph 44 above.

46. As it turned out, W. H. Stuart was not able to honour its guarantee of principal or interest to investors in the Note Program, SFC did not go public and the shares in SFC that were issued to clients do not have any negotiable value.

47. The Respondent admits that he did not provide clients to whom he recommended the Note Program with sufficient information about the risks associated with the Note Program and he did not do sufficient due diligence to objectively evaluate the risk of default by the issuer on the payment of interest that was promised or repayment of the principal amounts invested by investors in the Note Program.

48. The Respondent also admits that he failed to ensure that the retirement savings of his clients was diversified. By investing all or substantially all of the retirement savings of his clients in a single investment, he increased the risk to his clients of financial calamity in the event that the investment failed to preserve the principal amounts invested or deliver the returns on investment that had been promised to investors in the Note Program.

49. The Respondent did not obtain or request any information or on-going reporting about how the money solicited from clients was being used by the issuer or whether the objectives that the Respondent was pursuing were being achieved as intended. Consequently, the Respondent

was unable to ensure that his recommendation to clients to continue their investment in the Note Program and in some cases to invest additional amounts in the Note Program was suitable and in the best interest of his clients.

50. By failing to identify and disclose to clients the risks associated with the Note Program or to conduct and maintain records of due diligence to confirm the accuracy of representations that he made to clients about the investment recommendations that he presented to clients, the Respondent failed to adequately know the product that he recommended to clients and he failed to provide clients with a fair and balanced presentation when he recommended that clients invest in the Note Program, contrary to MFDA Rules 2.2.1 and 2.1.1.

The Respondent's Current Personal Circumstances

51. The Respondent is presently 74 years old and suffers from significant medical conditions including prostate cancer. During the past year, he has frequently been hospitalized and some of his medical conditions have required surgery.

52. Partly as a result of his age and medical condition, the Respondent is not presently employed.

53. As noted in paragraph 42 above, the Respondent claims that W. H. Stuart failed to repay or otherwise account for more than $500,000 that he believes is owed by W. H. Stuart to him and to his wife RRw. The Respondent claims that these losses have resulted in substantial financial hardship.

V. CONTRAVENTIONS

54. The Respondent admits that between October 2003 and May 2013, he failed to use due diligence to ensure that the orders that he accepted and the investment recommendations that he made to approximately 12 clients to enter into investment agreements with W. H. Stuart or its principals or affiliated companies (the "Note Program") were suitable for the clients and within the bounds of good business practice, contrary to MFDA Rules 2.2.1 and 2.1.1.

55. The Respondent admits that between October 2003 and May 2013, the Respondent:

(a) failed to conduct adequate due diligence to determine and understand the nature of the investment and the extent of the risks associated with investments in the Note Program; and

(b) failed to adequately explain to clients the risks, benefits, material assumptions and features of investments in the Note Program; and

thereby failed to know the product and present the recommendations to invest in the Note Program in a fair and balanced manner, contrary to MFDA Rules 2.2.1 and 2.1.1.

VI. TERMS OF SETTLEMENT

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

a) the Respondent shall be permanently prohibited from re-applying for registration as an Approved Person or conducting securities related business while in the employ of or associated with any Member of the MFDA;

b) the Respondent shall pay a fine in the amount of $25,000 in two instalments as follows:

   (i) $10,000 payable on the date that the Settlement Agreement is accepted by the Hearing Panel; and

   (ii) the balance payable on or before March 1, 2016;

c) the Respondent shall pay costs in the amount of $5,000;

d) the Respondent will attend in person, on the date set for the Settlement Hearing.

VII. STAFF COMMITMENT

57. 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 IX 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 V 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 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

58. 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.

59. 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 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.

60. 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.

61. 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 any claim in any civil or other proceeding commenced by the Respondent or from making full answer and defence to any civil or other proceeding against him.

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

62. 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

63. 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 MFDA By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

64. 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

65. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 9th day of December, 2015.

"Gerald Daniel Rumball"
Gerald Daniel Rumball

"Brian Duxbury"	Brian Duxbury
Witness - Signature	Witness - Print name

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

Schedule "A"

Order

File No. 201521

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: Gerald Daniel Rumball

ORDER

WHEREAS on July 23, 2015, the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Hearing pursuant to sections 20 and 24 of MFDA By-law No. 1 in respect of Gerald Daniel Rumball (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 MFDA By-law No. 1;

AND WHEREAS on the basis of the admissions made by the Respondent in the Settlement Agreement, the Hearing Panel is of the opinion that:

(a) between October 2003 and May 2013, the Respondent failed to use due diligence to ensure that the orders that he accepted and the investment recommendations that he made to

approximately 12 clients to enter into investment agreements with W. H. Stuart Mutuals Ltd. ("W. H. Stuart") or its principals or affiliated companies (the "Note Program") were suitable for the clients and within the bounds of good business practice, contrary to MFDA Rules 2.2.1 and 2.1.1.

(b) between October 2003 and May 2013, the Respondent:

(i) failed to conduct adequate due diligence to determine and understand the nature of the investment and the extent of the risks associated with investments in the Note Program; and

(ii) failed to adequately explain to clients the risks, benefits, material assumptions and features of investments in the Note Program; and

thereby failed to know the product and present the recommendations to invest in the Note Program in a fair and balanced manner, contrary to MFDA Rules 2.2.1 and 2.1.1.

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

1. The Respondent is permanently prohibited from re-applying for registration as an Approved Person or 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 MFDA By-law No. 1;

2. The Respondent shall pay a fine in the amount of $25,000, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 which shall be payable in two instalments as follows:

(a) $10,000 payable on the date that the Settlement Agreement is accepted by the Hearing Panel; and

(b) the balance payable on or before March 1, 2016;

3. The Respondent shall pay costs in the amount of $5,000, pursuant to s. 24.2 of MFDA By-law No. 1.

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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