



**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: Brian Blundell**

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**SETTLEMENT AGREEMENT**

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**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 Pacific 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 Brian Blundell (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 IX) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

### **IV. AGREED FACTS**

#### **Registration History**

6. The Respondent has been registered in the securities industry since 1988.

7. The Respondent has been registered as a mutual fund salesperson (now known as a Dealing Representative) for Worldsource Financial Management Inc. (“Worldsource”), a Member of the MFDA, in British Columbia since January 21, 1993 and in Ontario since January 13, 2005.

8. At all material times, the Respondent carried on business from the main branch located in Vancouver, British Columbia or a sub-branch office of Worldsource located New Westminster, British Columbia.

### **Pre-Signed Account Forms**

9. At all material times, Worldsource's policies and procedures prohibited its Approved Persons from using blank or partially complete pre-signed account forms, including photocopies of pre-signed account forms, to conduct business.

10. In July 2006, Worldsource issued a caution letter to the Respondent for obtaining and maintaining pre-signed account forms.

11. Between March 2010 and May 2014, the Respondent obtained, maintained and used to process redemptions 10 pre-signed account forms in respect of three clients, as described in greater detail below:

<b>Client Name</b>	<b>Account Form</b>	<b>Date of Account Form</b>	<b>Description of Form When Signed by Client</b>
Client KD	Redemption Form	Mar/16/2010	The investment instructions were completed after the client had signed the form.
	Redemption Form	May/14/2010	The investment instructions were completed after the client had signed the form.
	Redemption Form	Jan/19/2011	Partially completed form. Faxed signature.
	Redemption Form	Mar/19/2011	Partially completed form. Faxed signature.
	Redemption Form	Oct/20/2011	Partially completed form. Faxed signature, and the redemption instruction were completed after in ink.
	Redemption Form	Feb/13/2014	Faxed signature. The redemption instruction was completed in ink.
	Redemption Form	Mar/19/2014	Faxed signature. The redemption instruction was completed in ink.
Client BK	Redemption Form	Dec/07/2013	The investment instructions were completed after the client had signed the form.
	Redemption Form	Jan/06/2014	Imaged signature. Blank signed form.
Client RD	Redemption Form	May/09/2014	Imaged signature. Blank signed form.

12. Worldsource detected the Respondent's use of pre-signed account forms during an audit of the Respondent's sub-branch in August 2014.

13. Worldsource subsequently conducted an audit of 25 of the client files maintained by the Respondent. Worldsource did not detect any further use of pre-signed account forms during its audit.

14. On August 20, 2014, the Respondent provided Staff with a written statement in which he admitted that he obtained, maintained and used pre-signed account forms, as described above in paragraph 11. The Respondent states that he engaged in these activities in order to facilitate the redemption requests made by the clients.

15. On September 17, 2014, Worldsource issued a reprimand letter to the Respondent and imposed the following terms and conditions on him:

- (a) a fine in the amount of \$7,500;
- (b) a charge of \$1,000 in respect of the costs of the audit;
- (c) an additional review of the Respondent's sub-branch review to ensure that he was adhering to Worldsource's policies and procedures; and
- (d) "close supervision" for a period of three months, which required pre-approval of all of the Respondent's trades by Worldsource's compliance department.

16. There is no evidence that:

- (a) the Respondent processed any trades or changes to client information without the knowledge or authorization of his clients;
- (b) clients suffered any financial harm as a result of the maintenance or use of the pre-signed account forms by the Respondent;
- (c) 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; and

(d) any clients have complained about the Respondent's conduct.

### **Misleading the Member**

17. Between 2010 to 2014 the Respondent misled Worldsource about his use of pre-signed forms when he affirmed, in Worldsource's Annual Registration Renewal Questionnaires, that he did not "have in my possession or control any pre-signed client forms for WFM [Worldsource] related business" and that he understood "that having pre-signed forms is a violation of corporate and regulatory policies"..

### **V. CONTRAVENTIONS**

18. The Respondent admits that:

- (a) between March 2010 and May 2014, he obtained, maintained and used to process redemptions 10 pre-signed account forms in respect of three clients, contrary to MFDA Rule 2.1.1; and
- (b) between 2010 and 2014 the Respondent misled the Member by affirming that he did not obtain or possess any pre-signed account forms when completing Worldsource's Annual Registration Renewal Questionnaire contrary to MFDA Rule 2.1.1.

### **VI. TERMS OF SETTLEMENT**

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

- (a) the Respondent shall pay a fine in the amount of \$10,000, pursuant to section 24.1.1(b) of By-law No. 1;
- (b) the Respondent shall pay costs in the amount of \$1,000, pursuant to section 24.2 of By-law No. 1;

- (c) in the future, the Respondent shall comply with all MFDA By-laws, Rules and Policies and all applicable securities legislation and regulations made thereunder including MFDA Rule 1.1.2, 2.1.1 and 2.5.1; and
- (d) the Respondent will attend the Settlement Hearing in person.

## **VII. STAFF COMMITMENT**

20. 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**

21. Acceptance of this Settlement Agreement shall be sought at a hearing of the Pacific Regional Council of the MFDA on a date agreed to by counsel for Staff and the Respondent.

22. 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.

23. 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.

24. 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.

#### **IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT**

25. 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**

26. 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.

27. 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**

28. 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.

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

**XII. EXECUTION OF SETTLEMENT AGREEMENT**

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

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

**DATED** this 25<sup>th</sup> day of November, 2015.

_____	“Brian Blundell”
Witness – Signature	_____
	Brian Blundell
_____	“Shaun Devlin”
Witness – Print name	_____
	Staff of the MFDA
	Per: Shaun Devlin
	Senior Vice-President,
	Member Regulation – Enforcement





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PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF  
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**Re: Brian Blundell**

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**ORDER**

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**WHEREAS** on \_\_\_\_\_, 2015, 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 Brian Blundell (the "Respondent");

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of the MFDA, dated \_\_\_\_\_, 2015 (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:

- (a) between March 2010 and May 2014, he obtained, maintained and used to process redemptions 10 pre-signed account forms in respect of three clients, contrary to MFDA Rule 2.1.1; and

(b) the Respondent mislead the Member by affirming that he did not obtain or possess any pre-signed account forms when completing the Worldsource's Annual Registration Renewal Questionnaire, 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 \$10,000, pursuant to section 24.1.1(b) of By-law No. 1;
2. the Respondent shall pay costs in the amount of \$1,000, pursuant to section 24.2 of By-law No. 1;
3. the Respondent shall comply with all MFDA By-laws, Rules and Policies and all applicable securities legislation and regulations made thereunder including MFDA Rule 1.1.2, 2.1.1 and 2.5.1; 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]

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