



**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: Anthony Carty**

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**SETTLEMENT AGREEMENT**

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**I. INTRODUCTION**

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Anthony Carty, consent and agree to settlement of this matter by way of this agreement (the “Settlement Agreement”).

2. Staff conducted an investigation of the Respondent’s activities which disclosed 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.

**II. JOINT SETTLEMENT RECOMMENDATION**

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the MFDA: between December 2010 and October 2013, the Respondent obtained and used to process transactions, 13 pre-signed Redemption Request forms in respect of 2 clients, contrary to MFDA Rule 2.1.1.

5. Staff and the Respondent agree and consent to the following terms of settlement:

- a) the Respondent shall pay a fine in the amount of \$5,000 pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (the “Fine”);
- b) the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1 (the “Costs”);
- c) the Fine and Costs together shall be payable in 12 equal installments, the first of which is due on the date of the Settlement Hearing, the remaining 11 installments due on the last business day of the 11 months following the date of the Settlement Hearing;
- d) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- e) the Respondent will attend in person, on the date set for the Settlement Hearing.

6. Staff and the Respondent agree to the settlement on the basis of the facts set out in Part III herein and consent to the making of an Order in the form attached as Schedule “A”

### **III. AGREED FACTS**

#### **Background**

7. Since November 1992, the Respondent has been registered as a mutual fund salesperson (now known as a Dealing Representative) in Ontario with PFSL Investments Canada Ltd. (“PFSL”), a member of the MFDA.

8. At all material times, the Respondent conducted business in the North York, Ontario area.

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

9. Between December 2010 and October 2013, the Respondent obtained and used to process transactions, 13 pre-signed Redemption Request forms in respect of 2 clients.

### **PFSL's Investigation**

10. PFSL's compliance staff detected the conduct that is the subject of this Settlement Agreement as a result of a branch audit on October 8, 2013.

11. As part of its investigation, PFSL reviewed all of the Respondent's client files. This review, together with direction from the Respondent who self-reported the existence of several of the pre-signed accounts forms, lead to the identification of the pre-signed account forms at issue.

12. In addition, PFSL sent a letter to the one remaining current PFSL client affected by the Respondent's conduct in order to determine whether the Respondent had engaged in any unauthorized trading in the client's account. The client did not report any concerns to PFSL.

13. On February 24, 2014, PFSL sent the Respondent a warning letter.

14. The Respondent states that he used pre-signed account forms for client convenience.

### **Additional Factors**

15. The Respondent did not receive any financial benefit from engaging in the misconduct as all of the pre-signed account forms used by the Respondent were redemption forms. Approved Persons working for PFSL do not receive any commissions or fees for redemption transactions.

16. In 2014, the Respondent earned less than \$6,000 working for PFSL.

17. There is no evidence of client harm.
18. The Respondent has not previously been disciplined by the MFDA.
19. The Respondent self-reported the existence of several of the pre-signed account forms.
20. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conduct a full hearing on the allegations.

#### **IV. ADDITIONAL TERMS OF SETTLEMENT**

21. This settlement is agreed upon in accordance with section 24.4 of MFDA By-law No. 1 and Rules 14 and 15 of the MFDA Rules of Procedure.
22. The Settlement Agreement is subject to acceptance by the Hearing Panel which shall be sought at a hearing (the "Settlement Hearing"). At, or following the conclusion of, the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement.
23. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately, and any suspensions, revocations, prohibitions, conditions or other terms of the Settlement Agreement shall commence, upon the effective date of the Settlement Agreement.
24. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel:
  - a) the Settlement Agreement will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter;
  - b) the Respondent waives any 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;
- c) Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts and the contraventions described in this Settlement Agreement. 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. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations;
  - d) 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; and
  - e) 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 the Respondent.

25. If, for any reason, this Settlement Agreement is not accepted 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 the Settlement Agreement or the settlement negotiations.

26. Staff and the Respondent agree that the terms of the 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.

27. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile copy of any signature shall be effective as an original signature.

**DATED** this 10<sup>th</sup> day of February, 2016.

“Anthony Carty”  
\_\_\_\_\_  
Anthony Carty

“Cheryl Carty”  
\_\_\_\_\_  
Witness – Signature

Cheryl Carty  
\_\_\_\_\_  
Witness – Print Name

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



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**ORDER**

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**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 [Respondent] (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 between December 2010 and October 2013, the Respondent obtained and used to process transactions, 13 pre-signed Redemption Request forms in respect of 2 clients;

**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 \$5,000 pursuant to s.24.1.1(b) of MFDA By-law No.1 (the “Fine”);
2. The Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No.1 (“Costs”);
3. The Fine and Costs together shall be payable in 12 equal installments, the first of which is due on the date of the Settlement Hearing, the remaining 11 installments due on the last business day of the 11 months following the date of the Settlement Hearing;
4. The Respondent shall in future comply with MFDA Rule 2.1.1; and
5. 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]