



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: Leslie Marie Gilchrist

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and Leslie Marie Gilchrist (the “Respondent”), 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:
 - a) between March 2014 and May 2015, the Respondent who was a Branch Manager obtained, possessed, and used to process transactions, 3 pre-signed account 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 be prohibited from acting in the capacity as a branch manager or supervisor while in the employ of or associated with any Member of the MFDA for a period of 5 years commencing from the date of the Order, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
 - b) the Respondent shall successfully complete the Branch Manager Course offered by the Canadian Securities Institute prior to being re-designated as a branch manager or supervisor in the future;
 - c) the Respondent shall pay a fine in the amount of \$7,500, pursuant to section 24.1.1(b) of By-law No. 1;
 - d) the Respondent shall pay costs in the amount of \$2,500, pursuant to section 24.2 of By-law No. 1;
 - e) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
 - f) the Respondent will attend the Settlement Hearing in person.

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

Registration

7. The Respondent has been registered in the securities industry since 1999.

8. Since May 1, 2002, the Respondent has been registered as a mutual fund salesperson (now known as a dealing representative) in British Columbia, and in Alberta since September 28, 2009, with IPC Investment Corporation (“IPC”), a Member of the MFDA.

9. The Respondent was previously registered as a Branch Manager in British Columbia with IPC from March 14, 2003 to July 10, 2009, and from December 30, 2010 to December 7, 2015.

10. The Respondent conducts business under the tradename Gilchrist Financial Services.

11. At all material times, the Respondent carried on business in the Prince George, British Columbia area.

Pre-Signed Forms

12. At all material times, IPC’s policies and procedures prohibited its Approved Persons from conducting business using blank or partially complete pre-signed account forms, including photocopies of pre-signed account forms.

13. Between March 2014 and May 2015, the Respondent obtained, possessed, and used to process transactions, 3 pre-signed account forms in respect of 2 clients.

14. The pre-signed forms consisted of KYC Update forms.

15. The Respondent added the clients’ risk tolerance and investment objective information after the clients had signed the account forms.

Prior Use of Pre-Signed Account Forms

16. In 2007, IPC conducted a branch audit that identified at least 4 pre-signed account forms in the Respondent’s client files. IPC cautioned the Respondent against the use of pre-signed

forms and the Respondent confirmed she would not use pre-signed forms in the future. In 2007 Ms. Gilchrist was a Branch Manager having taken over from her father, Bruce Gilchrist. One of the clients involved was a client of Bruce Gilchrist. All of the clients involved were previous clients of Mr. Gilchrist and Ms. Gilchrist had only recently take over their files.

17. In 2009, IPC conducted a branch audit that identified 2 pre-signed account forms in the Respondent's client files. IPC cautioned the Respondent, and the Respondent confirmed her understanding that pre-signed forms were prohibited. In all of those instances there was no harm to clients, no complaint by the clients and no benefit to the Respondent.

IPC's Investigation

18. On May 27, 2015, IPC, identified the pre-signed forms that are the subject of this settlement agreement during the course of a branch audit, and a subsequent review of the Respondent's client files.

19. On September 1, 2015, IPC issued a Compliance Notice to the Respondent regarding the above noted pre-signed forms. The Compliance Notice warned the Respondent not to use pre-signed forms and placed the Respondent on close supervision for a period of 6 months.

Additional Factors

20. The Respondent has not previously been disciplined by the MFDA.

21. 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 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.

IV. ADDITIONAL TERMS OF SETTLEMENT

22. 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.

23. 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.

24. 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.

25. 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 contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any 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.

26. 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.

27. 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.

28. 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 18th day of December, 2016.

“Leslie M. Gilchrist”

Leslie M. Gilchrist

“JD”

Witness – Signature

JD

Witness – Print Name

“Shaun Devlin”

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

Schedule “A”

Order

File No. 2016100



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**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: Leslie Marie Gilchrist

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 Leslie Marie Gilchrist (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 the Respondent, between March 2014 and May 2015, who was a Branch Manager obtained, possessed, and used to process transactions, 3 pre-signed account forms in respect of 2 clients, contrary to MFDA Rule 2.1.1;

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

1. the Respondent shall be prohibited from acting in the capacity as a branch manager or supervisor while in the employ of or associated with any Member of the MFDA for a period of 5 years commencing from the date of the Order, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
2. the Respondent shall successfully complete the Branch Manager Course offered by the Canadian Securities Institute prior to being re-designated as a branch manager or supervisor in the future;
3. the Respondent shall pay a fine in the amount of \$7,500, pursuant to section 24.1.1(b) of By-law No. 1;
4. the Respondent shall pay costs in the amount of \$2,500, pursuant to section 24.2 of By-law No. 1;
5. the Respondent shall in the future comply with MFDA Rule 2.1.1; and

6. If at any time a non-party to this proceeding, with the exception of the bodies set out in section 23 of MFDA By-law No. 1, requests production of or access to exhibits in this proceeding that contain personal information as defined by the MFDA Privacy Policy, then the MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all 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]