



**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: John Lucescu**

---

**SETTLEMENT AGREEMENT**

---

**I. INTRODUCTION**

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, John Lucescu (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 to the following violations of the By-laws, Rules or Policies of the Mutual Fund Dealers Association of Canada (“MFDA”):

- a) between April 2010 and March 2016, the Respondent obtained, possessed, and used to process transactions, 42 pre-signed account forms in respect of 8 clients, contrary to MFDA Rule 2.1.1; and
  - b) during April 2010, and between June 2014 and April 2016, the Respondent, acting in his capacity as branch manager, reviewed and approved the use of 36 pre-signed account forms, contrary to MFDA Rules 2.5.5(f)<sup>1</sup> and 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 as a branch manager or in a supervisory position while in the employ of or associated with any Member of the MFDA for a period of 12 months, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;
  - b) the Respondent shall pay a fine in the amount of \$6,250 pursuant to s. 24.1.1(b) of MFDA By-law No.1 (the “Fine”);
  - c) the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No.1 (the “Costs”);
  - d) the payment by the Respondent of the Fine and Costs shall be made to and received by MFDA Staff in certified funds as follows:
    - i. \$2,500 (Costs) upon acceptance of the Settlement Agreement by the Hearing Panel;
    - ii. \$520.83 (Fine) on or before the last business day of the first month following the acceptance of the Settlement Agreement by the Hearing Panel;
    - iii. \$520.83 (Fine) on or before the last business day of the second month following the acceptance of the Settlement Agreement by the Hearing Panel;
    - iv. \$520.83 (Fine) on or before the last business day of the third month following the acceptance of the Settlement Agreement by the Hearing Panel;

---

<sup>1</sup> Rule 2.5.5(f) has been re-numbered and reworded during the period of the Respondent’s conduct described in this Settlement Agreement. Prior to December 2010, the Respondent’s conduct was contrary to Rule 2.5.3(b).

- v. \$520.83 (Fine) on or before the last business day of the fourth month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - vi. \$520.83 (Fine) on or before the last business day of the fifth month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - vii. \$520.83 (Fine) on or before the last business day of the sixth month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - viii. \$520.83 (Fine) on or before the last business day of the seventh month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - ix. \$520.83 (Fine) on or before the last business day of the eighth month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - x. \$520.83 (Fine) on or before the last business day of the ninth month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - xi. \$520.83 (Fine) on or before the last business day of the tenth month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - xii. \$520.83 (Fine) on or before the last business day of the eleventh month following the acceptance of the Settlement Agreement by the Hearing Panel; and
  - xiii. \$520.83 (Fine) on or before the last business day of the twelfth month following the acceptance of the Settlement Agreement by the Hearing Panel;
- e) the Respondent shall successfully complete the branch manager course offered by either the Canadian Securities Institute or the Investment Funds Institute of Canada prior to acting as a branch manager in the future, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;

- f) the Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.5.5(f); and
- g) 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**

#### **Registration History**

7. Since November 1995, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative) with PFSL Investments Canada Inc. (“PFSL”), a Member of the MFDA.

8. PFSL designated the Respondent as a branch manager between November 2003 and May 2010, and between May 2014 and December 2016.

9. At all material times, the Respondent conducted business in the Niagara Region and Whitby, Ontario areas.

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

10. At all material times, PFSL’s policies and procedures prohibited its Approved Persons, including the Respondent, from having clients complete pre-signed account forms.

11. Between April 2010 and March 2016, the Respondent obtained, possessed, and used to process transactions, 42 pre-signed account forms in respect of 8 clients.

12. The pre-signed account forms consisted of redemption forms.

#### **Approval of Pre-Signed Account Forms**

13. During April 2010, and between June 2014 and March 2016, the Respondent, acting in his capacity as branch manager, reviewed and approved the use of 26 pre-signed account forms described above in paragraphs 11 and 12.

14. Between December 2014 and April 2016, the Respondent, acting in his capacity as branch manager, reviewed and approved the use of 10 pre-signed account forms by another Approved Person of his Branch.

### **PFSL's Investigation**

15. Beginning in May 2016, PFSL's compliance staff identified the pre-signed account forms that are the subject of this Settlement Agreement as a result of a routine branch audit and subsequent follow-up investigation.

16. As part of its investigation, PFSL sent letters to 6 affected clients from whom the Respondent had obtained pre-signed account forms and a portion of non-affected clients serviced by the Respondent in order to determine whether the Respondent had engaged in any unauthorized trading. No clients reported concerns.

17. On September 22, 2016, PFSL issued a disciplinary letter to the Respondent.

18. On December 7, 2016, the Ontario Securities Commission imposed interim terms and conditions on the Respondent, which required that he be subject to close supervision by PFSL, and no longer be designated as branch manager.

### **Additional Factors**

19. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above beyond the commissions or fees he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

20. There is no evidence of client loss or lack of authorization.

21. The Respondent is 68 years old.

22. The Respondent states that he does not have any retirement savings.

23. The Respondent suffers from a serious medical condition involving his eyesight, and has had four eye surgeries since May 2018.

24. The Respondent's only sources of income are from PFSL, insurance sales, and payments from the Canada Pension Plan and Old Age Security. The Respondent has provided evidence to MFDA Staff substantiating that he earns only a modest income from these sources.

25. The Respondent states that he has limited financial means, and as a result he is unable to pay a monetary penalty that is greater than the total of the fine and costs amounts set out in this Settlement Agreement. MFDA Staff have received evidence which corroborates the Respondent's statement.

26. The Respondent acknowledges that if it were not for his limited financial means it would have been appropriate for him to be subject to a monetary penalty that is greater than the fine and costs amounts set out in this Settlement Agreement.

27. The Respondent states that the pre-signed forms that he obtained were obtained for the purpose of client convenience.

28. The Respondent has not been the subject of any client complaints with respect to the misconduct described above.

29. The Respondent has not previously been the subject of MFDA disciplinary proceedings.

30. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a full hearing on the allegations.

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

31. 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.

32. 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. MFDA Settlement Hearings are typically held in the absence of the public pursuant to section 20.5 of MFDA By-law No. 1 and Rule 15.2(2) of the MFDA Rules of Procedure. If the Hearing Panel accepts the Settlement Agreement, then the proceeding will become open to the public and a copy

of the decision of the Hearing Panel and the Settlement Agreement will be made available at [www.mfda.ca](http://www.mfda.ca).

33. 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.

34. 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.

35. 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.

36. 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.

37. 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 27<sup>th</sup> day of January, 2019.

“John Lucescu”

\_\_\_\_\_  
John Lucescu

“PL”

\_\_\_\_\_  
Witness – Signature

PL

\_\_\_\_\_  
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. 2017114**



**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: John Lucescu**

---

**ORDER**

---

**WHEREAS** on November 17, 2017, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to ss. 20 and 24 of By-law No. 1 in respect of John Lucescu (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:

- a) between April 2010 and March 2016, the Respondent obtained, possessed, and used to process transactions, 42 pre-signed account forms in respect of 8 clients, contrary to MFDA Rule 2.1.1; and

- b) during April 2010, and between June 2014 and April 2016, the Respondent, acting in his capacity as branch manager, reviewed and approved the use of 36 pre-signed account forms, contrary to MFDA Rules 2.5.5(f)<sup>1</sup> and 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 as a branch manager or in a supervisory position while in the employ of or associated with any Member of the MFDA for a period of 12 months, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;
2. The Respondent shall pay a fine in the amount of \$6,250 pursuant to s. 24.1.1(b) of MFDA By-law No.1 (the “Fine”);
3. The Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No.1 (the “Costs”);
4. The payment by the Respondent of the Fine and Costs shall be made to and received by MFDA Staff in certified funds as follows:
  - i. \$2,500 (Costs) upon acceptance of the Settlement Agreement by the Hearing Panel;
  - ii. \$520.83 (Fine) on or before [insert date];
  - iii. \$520.83 (Fine) on or before [insert date];
  - iv. \$520.83 (Fine) on or before [insert date];
  - v. \$520.83 (Fine) on or before [insert date];
  - vi. \$520.83 (Fine) on or before [insert date];
  - vii. \$520.83 (Fine) on or before [insert date];
  - viii. \$520.83 (Fine) on or before [insert date];
  - ix. \$520.83 (Fine) on or before [insert date];
  - x. \$520.83 (Fine) on or before [insert date];
  - xi. \$520.83 (Fine) on or before [insert date];
  - xii. \$520.83 (Fine) on or before [insert date]; and

---

<sup>1</sup> Rule 2.5.5(f) has been re-numbered and reworded during the period of the Respondent’s conduct described in the Settlement Agreement. Prior to December 2010, the Respondent’s conduct was contrary to Rule 2.5.3(b).

xiii. \$520.83 (Fine) on or before [insert date];

5. The Respondent shall successfully complete the branch manager course offered by either the Canadian Securities Institute or the Investment Funds Institute of Canada prior to acting as a branch manager in the future, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;

6. The Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.5.5(f); and

7. 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]