



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: Tracey Lynn Greenwood

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (“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 Central Regional Council (“Hearing Panel”) of the MFDA should accept the settlement agreement (“Settlement Agreement”) entered into between Staff of the MFDA (“Staff”) and Tracey Lynn Greenwood (“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 X) 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 as a mutual fund salesperson (now known as a Dealing Representative) in Ontario since July 17, 2006 and in British Columbia since February 17, 2015 with Investors Group Financial Services Inc. (“Investors Group”), a Member of the MFDA.

7. The Respondent acted as Branch Manager between June 2010 and November 2016. She is currently a Senior Financial Consultant.

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

Borrowing from a Client

9. At all material times, Investors Group maintained policies and procedures prohibiting its Approved Persons, including the Respondent, from borrowing from clients.

10. In 2014, the Respondent was unable to renew a second mortgage on her home due to a decline in the value of her collateral.

11. On January 21, 2014, the Respondent obtained an unsecured loan from client MB totaling \$25,000 to cover the shortfall in her home financing. The Respondent provided client MB with a handwritten promissory note to evidence the loan.

12. Client MB obtained the funds that she loaned to the Respondent by means of a cash advance on a credit card, unrelated to any of client MB's accounts at Investors Group, which offered a low interest rate for a temporary period as a promotional offer. When the low interest period expired, the annual interest rate on the credit card increased to 19%.

13. The Respondent agreed to make all required payments, including interest payments on the credit card by payment to client MB.

14. In May 2015, the amount owing on the credit card was approximately \$20,000. Client MB advanced another \$5,000 to the Respondent which was wholly funded by an additional cash advance from the credit card.

15. On October 25, 2015, the Respondent provided client MB with a handwritten note signed by the Respondent that acknowledged the outstanding debt to client MB. In the handwritten note, the Respondent also stated that client MB would be named as a beneficiary of the Respondent's life insurance policy and repaid from insurance proceeds in the event of the Respondent's death.

16. The Respondent named client MB as a beneficiary of her life insurance policy.

17. In February 2016, the Respondent repaid the full amount owing on client MB's credit card by payment directly to client MB.

18. The Respondent did not disclose to Investors Group that she had borrowed monies from client MB.

Misleading the Member

19. On June 12, 2014, the Respondent completed Investors Group's 2014 Annual Consultant Certificate in which she falsely responded to an inquiry from Investors Group by denying that she had borrowed money from a client.

20. On March 17, 2015, the Respondent completed Investors Group's 2015 Annual Consultant Certificate in which she, once again, falsely responded to an inquiry from Investors Group by denying that she had borrowed money from a client.

21. The Annual Consultant Certificate is a tool used by Investors Group to supervise its Approved Persons, and detect actual or potential conflicts of interest that may need to be addressed.

V. THE RESPONDENT'S POSITION

22. The Respondent states that client MB had been a close friend since childhood.

23. The Respondent is a single mother. The Respondent states that she borrowed the monies from client MB to address a financing issue relating to her home (see paragraph 10 above). The Respondent states that client MB was aware of the Respondent's situation and loaned monies to assist the Respondent.

24. The Respondent states that, at about same time, her personal circumstances worsened as a result of domestic abuse which resulted in the involvement of the police, the Children's Aid Society, and health care providers.

25. Before accepting the loan, the Respondent discussed with her regional director at Investors Group that she intended to borrow money from a client. The Respondent and the regional director agreed that the Respondent would need to transfer the client to another Approved Person prior to borrowing any monies. The Respondent states that because of the strain from the circumstances set out in paragraph 24, she forgot to inform Investors Group that she was proceeding with borrowing monies from client MB or transfer the client to another Approved Person.

VI. CONTRAVENTIONS

26. The Respondent admits that:

- a) between January 2014 and February 2016, she borrowed \$30,000 from client MB, thereby engaging in personal financial dealings with a client which gave rise to a conflict of interest that the Respondent failed to disclose to the Member and/or address by the exercise of responsible business judgment influenced only by the best interests of the client, contrary to MFDA Rules 2.1.1 and 2.1.4.
- b) on June 12, 2014 and on March 17, 2015, she provided false or misleading responses on the Member's annual questionnaire to Approved Persons by denying that she had borrowed money from clients, thereby misleading the Member and interfering with its ability to supervise the Respondent's conduct, contrary to MFDA Rules 2.1.1.

VII. TERMS OF SETTLEMENT

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

- a) the Respondent shall pay a fine in the amount of \$5,000 (the “fine”) pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
- b) the payment of the fine shall be made in 5 consecutive monthly installments of \$1,000, commencing on April 25, 2018 and ending on August 25, 2018;
- c) the Respondent shall successfully complete an industry compliance course acceptable to Staff of the MFDA within six (6) months of the date this Order, pursuant to section 24.1.1(f) of By-law No. 1;
- d) the Respondent shall pay costs in the amount of \$2,500 (the “costs”), pursuant to s. 24.2 of MFDA By-law No 1;
- e) the payment of the costs shall be made on April 25, 2018;
- f) the Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.1.4.
- g) the Respondent will attend in person, on the date set for the Settlement Hearing.

VIII. STAFF COMMITMENT

28. 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 VII of this Settlement Agreement, subject to the provisions of Part X 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 VII 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 VII, 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.

IX. PROCEDURE FOR APPROVAL OF SETTLEMENT

29. 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. 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.

30. 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 her 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.

31. 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. 24.1.1 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.

32. 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 her.

X. FAILURE TO HONOUR SETTLEMENT AGREEMENT

33. 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.

XI. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

34. 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.

35. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that she 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.

XII. DISCLOSURE OF AGREEMENT

36. 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.

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

XIII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 24th day of April, 2018.

“Tracey Lynn Greenwood”

Tracey Lynn Greenwood

“GB”

Witness – Signature

GB

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. 201787



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: Tracey Lynn Greenwood

ORDER

(ARISING FROM SETTLEMENT HEARING ON APRIL 25, 2018)

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 Tracey Lynn Greenwood (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 January 2014 and February 2016, the Respondent borrowed \$30,000 from client MB, thereby engaging in personal financial dealings with a client which gave rise to a conflict of interest that the Respondent failed to disclose to

the Member and/or address by the exercise of responsible business judgment influenced only by the best interests of the client, contrary to MFDA Rules 2.1.1 and 2.1.4; and

- b) On June 12, 2014 and on March 17, 2015, the Respondent provided false or misleading responses on the Member's annual questionnaire to Approved Persons by denying that she had borrowed money from clients, thereby misleading the Member and interfering with its ability to supervise the Respondent's conduct, contrary to MFDA Rules 2.1.1.

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

1. 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*;
2. the Respondent shall pay a fine in the amount of \$5,000 (the "fine") pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
3. the payment of the fine shall be made in 5 consecutive monthly installments of \$1,000, commencing on April 25, 2018 and ending on August 25, 2018;
4. the Respondent shall successfully complete an industry compliance course acceptable to Staff of the MFDA within six (6) months of the date this Order, pursuant to section 24.1.1(f) of By-law No. 1;
5. the Respondent shall pay costs in the amount of \$2,500 (the "costs"), pursuant to s. 24.2 of MFDA By-law No 1;

6. the payment of the costs shall be made on April 25, 2018; and

7. the Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.1.4.

DATED this [day] day of [month], 20[].

Per: _____

[Name of Public Representative], Chair

Per: _____

[Name of Industry Representative]

Per: _____

[Name of Industry Representative]

DM 612471