



**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: Joshua Brock**

---

**SETTLEMENT AGREEMENT**

---

**I. INTRODUCTION**

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Joshua Brock (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 that:

- i. between July 28, 2011 and August 5, 2016, he obtained, possessed, and in some instances, used to process transactions, 31 pre-signed forms in relation to 19 clients, contrary to MFDA Rule 2.1.1; and
  - ii. between August 8, 2012 and January 20, 2016, he processed 5 trades in relation to 4 clients based on the instructions of someone other than the client, contrary to MFDA Rule 2.3.1 and 2.1.1.
5. Staff and the Respondent agree and consent to the following terms of settlement:
- i. the Respondent shall pay a fine in the amount of \$10,000 pursuant to section 24.1.1(b) of By-law No. 1;
  - ii. the Respondent shall pay costs in the amount of \$2,500 pursuant to section 24.2 of By-law No. 1 upon acceptance of this Settlement Agreement;
  - iii. the payment by the Respondent of the fine and costs described above in subparagraphs 5(i) and (ii) shall be made to and received by MFDA Staff in certified funds as follows:
    - a) \$2,500 (costs) shall be paid upon acceptance of the Settlement Agreement by the Hearing Panel;
    - b) \$833.33 (fine) shall be paid on or before the last business day of the first month following the acceptance of the Settlement Agreement by the Hearing Panel;
    - c) \$833.33 (fine) shall be paid on or before the last business day of the second month following the acceptance of the Settlement Agreement by the Hearing Panel;
    - d) \$833.33 (fine) shall be paid on or before the last business day of the third month following the acceptance of the Settlement Agreement by the Hearing Panel;
    - e) \$833.33 (fine) shall be paid on or before the last business day of the fourth month following the acceptance of the Settlement Agreement by the Hearing Panel;

- f) \$833.33 (fine) shall be paid on or before the last business day of the fifth month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - g) \$833.33 (fine) shall be paid on or before the last business day of the sixth month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - h) \$833.33 (fine) shall be paid on or before the last business day of the seventh month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - i) \$833.33 (fine) shall be paid on or before the last business day of the eighth month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - j) \$833.33 (fine) shall be paid on or before the last business day of the ninth month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - k) \$833.33 (fine) shall be paid on or before the last business day of the tenth month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - l) \$833.33 (fine) shall be paid on or before the last business day of the eleventh month following the acceptance of the Settlement Agreement by the Hearing Panel;
  - m) \$833.33 (fine) shall be paid on or before the last business day of the twelfth month following the acceptance of the Settlement Agreement by the Hearing Panel;
- iv. if the Respondent fails to make any of the payments described above in subparagraph 5(iii) then:
- a) any outstanding balance of the fine and costs owed by the Respondent shall immediately become due and payable to the MFDA; and
  - b) the Respondent shall continue to be prohibited from conducting securities related business while in the employ of or associated with a Member of

the MFDA until such time as the total amount outstanding of the fine and costs owed by the Respondent is paid to the MFDA, pursuant to section 24.3.13(c) of MFDA By-law No. 1;

- v. the fine and costs shall be paid in 13 installments: the first installment in the amount of \$2,500 shall be paid on the date of the settlement hearing, the remaining 12 installments in the amount of \$833.33 each are payable on or before the final business day of the six months that follow the date of the acceptance of the settlement agreement by the Hearing Panel;
- vi. if the Respondent fails to make any of the installment payments described in subparagraphs (i)-(iii) above when the payments become due, then without further notice to the Respondent, the Respondent shall summarily be suspended from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member until the full amount of the fine and costs have been paid;
- vii. Prior to becoming re-registered as a mutual fund salesperson with a Member of the MFDA, he shall complete an industry course acceptable to Staff of the MFDA, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;
- viii. the Respondent shall in the future comply with MFDA Rules 2.3.1 and 2.1.1; and
- ix. the Respondent will attend in person at 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. The Respondent was registered in the mutual fund industry commencing January 27, 2011.

8. From January 27, 2011 to February 24, 2017, the Respondent was registered in Ontario as a mutual fund dealing representative with Peak Investment Services Inc. (“Peak”), a Member of the MFDA.

9. At all material times, the Respondent conducted business in the Markham, Ontario area.

10. Peak terminated the Respondent’s registration on February 24, 2017 as a result of the misconduct set out in this Settlement Agreement. The Respondent is not currently registered in the securities industry in any capacity.

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

11. At all material times, Peak’s policies and procedures prohibited its Approved Persons from using pre-signed account forms.

12. MFDA Compliance Staff detected the pre-signed forms that are the subject of this Settlement Agreement during a compliance review of the Respondent’s branch location conducted in 2016.

13. Between July 28, 2011 and August 5, 2016, the Respondent obtained, possessed and in some instances used to process transactions, 31 pre-signed forms in relation to 19 clients.

14. The pre-signed account forms included order forms, Registered Education Savings Plan withdrawal forms and deregistration forms.

### **Processing Trades Requested by Someone Other than the Client**

#### **A. Clients GK and EK**

15. At all material times, clients GK and EK were clients of Peak whose accounts were serviced by the Respondent.

16. Clients GK and EK are spouses, and are the Respondent’s parents in law.

17. On or about August 8, 2012, the Respondent emailed client GK and recommended that clients GK and EK process a switch in their respective registered accounts (“RRSPs”). Client GK replied to the Respondent on the same day to instruct him to process the switch in his account, and in client EK’s RRSP account.

18. The Respondent subsequently processed the Transactions pursuant to the instructions of client GK without having obtained authorization from client EK.

B. Clients AG, DG, AVG, and RM

19. At all material times, clients AG, DG, AVG, and RM were clients of Peak, whose accounts were serviced by GB, another AP operating out of the same branch as the Respondent.

20. Clients AG and DG are spouses, and client AVG is their daughter. Client AVG and client RM are spouses.

21. On or about January 19, 2016, clients AG and AVG met with GB and instructed GB to process the following transactions (the “Transactions”):

- i) Process a redemption of \$74,000 in the joint open account of clients AG and DG, with the proceeds being used to:
  - a) Deposit \$5,500 to each of client AG and client DG’s TFSA accounts; and
  - b) Make a purchase using the balance of the proceeds (\$63,000) in client AG and client DG’s joint open account;
- ii) Process a \$9,000 switch in client DG’s RRIF; and
- iii) Process a \$34,000 switch in client RM’s RRSP.

22. The Respondent subsequently processed the Transactions in accordance with the instructions provided by clients AG and AVG to GB, without having obtained authorization from clients DG and RM.

23. The Respondent states that client DG had health complications which prevented client DG from attending meetings with GB and that client DG was aware that GB was dealing directly with her spouse, client AG, regarding her accounts.

#### **Additional Factors**

24. The Respondent states that he engaged in the conduct described in this Settlement Agreement for the purposes of client convenience.

25. The Respondent has not been the subject of previous MFDA disciplinary proceedings.

26. There is no evidence of client loss in this matter or that 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.

27. There have been no client complaints in relation to the conduct described in this Settlement Agreement, and no evidence of unauthorized trading undertaken by the Respondent.

28. The Respondent has cooperated fully with Staff during the course of the investigation, and by agreeing to this settlement, has avoided the necessity of a full hearing on the merits.

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

29. 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.

30. 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.

31. 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.

32. 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 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.

33. 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.



34. 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.

35. 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 12<sup>th</sup> day of March, 2018.

“Joshua Brock”

\_\_\_\_\_  
Joshua Brock

“GB”

\_\_\_\_\_  
Witness – Signature

GB

\_\_\_\_\_  
Witness – Print Name

“Shaun Devlin”

\_\_\_\_\_  
Shaun Devlin

Staff of the MFDA

Per: Shaun Devlin

Senior Vice-President,

Member Regulation – Enforcement



**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: Joshua Brock**

---

**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 Joshua Brock (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:

- i) between July 28, 2011 and August 5, 2016, he obtained, possessed, and in some instances, used to process transactions, 31 pre-signed forms in relation to 19 clients, contrary to MFDA Rule 2.1.1; and
- ii) between August 8, 2012 and January 20, 2016, he processed 5 trades in relation to 4 clients based on the instructions of someone other than the client, contrary to MFDA Rules 2.3.1 and 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 \$2,500 pursuant to section 24.2 of By-law No. 1 upon acceptance of this Settlement Agreement;

3. the payment by the Respondent of the fine and costs described above in paragraphs 1 and 2 shall be made to and received by MFDA Staff in certified funds as follows:

- i) \$2,500 (costs) shall be paid upon acceptance of the Settlement Agreement by the Hearing Panel;
- ii) \$833.33 (fine) on or before [date];
- iii) \$833.33 (fine) on or before [date];
- iv) \$833.33 (fine) on or before [date];
- v) \$833.33 (fine) on or before [date];
- vi) \$833.33 (fine) on or before [date];
- vii) \$833.33 (fine) on or before [date];
- viii) \$833.33 (fine) on or before [date];
- ix) \$833.33 (fine) on or before [date];
- x) \$833.33 (fine) on or before [date];
- xi) \$833.33 (fine) on or before [date];
- xii) \$833.33 (fine) on or before [date];
- xiii) \$833.33 (fine) on or before [date];

4. if the Respondent fails to make any of the payments described above in paragraph 3 then:

- i) any outstanding balance of the fine and costs owed by the Respondent shall immediately become due and payable to the MFDA; and

ii) the Respondent shall continue to be prohibited from conducting securities related business while in the employ of or associated with a Member of the MFDA until such time as the total amount outstanding of the fine and costs owed by the Respondent is paid to the MFDA, pursuant to section 24.3.13(c) of MFDA By-law No.1;

5. prior to becoming re-registered as a mutual fund salesperson with a Member of the MFDA, he shall complete an industry course acceptable to Staff of the MFDA, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;

6. the Respondent shall in the future comply with MFDA Rules 2.3.1 and 2.1.1; 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]

DM 610648