



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: Sean William Kent Parlee

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Sean William Kent Parlee (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 December 2015 and November 2018, the Respondent obtained, possessed, and used to process transactions, 110 pre-signed account forms in respect of 35 clients, contrary to the Member's policies and procedures relating to pre-signed forms and transfer-in accounts and MFDA Rules 1.1.2, 2.1.1 and 2.5.1.
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 \$22,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.1.1(b) of By-law No. 1;
 - b) The Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.2 of By-law No. 1;
 - c) The Respondent shall in the future comply with MFDA Rules 1.1.2, 2.1.1 and 2.5.1; and
 - d) 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. From November 2010 to November 2018, the Respondent was registered in Alberta as a dealing representative (formerly known as a mutual fund salesperson) with Royal Mutual Funds Inc. ("the Member"), a Member of the MFDA.
8. On November 29, 2018, the Member terminated the Respondent's registration, and he is not currently registered in the securities industry in any capacity.
9. At all material times, the Respondent carried on business in the Fort McMurray, Alberta area.

Pre-Signed Account Forms

10. At all material times, the Member's policies and procedures prohibited its Approved Persons from holding, obtaining, or using pre-signed account forms.

11. The Member's policies and procedures also required its Approved Persons to discuss with clients investment options for mutual funds transferred from other financial institutions into the accounts of clients at the Member. Where the client wishes to leave advance investment instructions with the Approved Person, the Approved Person must record the client's investment selection(s) and the amount or percentage for each investment on the Member's trade instruction form. The Approved Person must then have the client sign and date the form. When the mutual funds are received by the Member from another financial institution, the Approved Person must contact the client to review the investment selections and confirm whether the instructions remain unchanged.

12. Between December 2015 and November 2018, the Respondent obtained, possessed, and used to process transactions, 110 pre-signed account forms in respect of 35 clients.

13. Out of the 110 pre-signed forms described above, the Respondent did not record the amount or percentage of each investment on 63 account forms when obtaining advance investment instructions from clients, contrary to the requirements in the Member's policies and procedures. Instead, he obtained partially completed pre-signed forms from the clients. He then filled in the fund names and amounts in the pre-signed forms after the mutual funds were transferred from other institutions to the client accounts at the Member.

14. The pre-signed account forms consisted of Registered Plan and Investment Account Contribution, Retirement Savings Application, Account Opening Information and Registered Plan and Investment Account Withdrawal forms.

Member's Investigation

15. On November 5, 2018, the Member identified one of the pre-signed forms that are the subject of this Settlement Agreement during an onsite branch review. The Member subsequently

commenced a review of all of the client files serviced by the Respondent and identified the remaining account forms that are the subject of this Settlement Agreement.

16. On November 29, 2018, the Member terminated the Respondent's registration.

Additional Factors

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

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

19. There is no evidence of any client loss or that the transactions were unauthorized.

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

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 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.

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 15th day of October, 2019.

“Sean William Kent Parlee”

Sean William Kent Parlee

“KP”

Witness – Signature

KP

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. 201964



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**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
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Re: Sean William Kent Parlee

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 Sean William Kent Parlee (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:

- a) between December 2015 and November 2018, the Respondent obtained, possessed, and used to process transactions, 110 pre-signed account forms in respect of 35 clients, contrary to the Member’s policies and procedures relating to pre-signed forms and transfer-in accounts and MFDA Rules 1.1.2, 2.1.1 and 2.5.1.

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 \$22,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.1.1(b) of By-law No. 1;
2. The Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.2 of By-law No. 1;
3. The Respondent shall in the future comply with MFDA Rules 1.1.2, 2.1.1 and 2.5.1; and
4. 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 709095