



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: Brian Lundy Sonne

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Brian Lundy Sonne (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 September 2012 and October 2016, the Respondent altered and used to process transactions, 21 account forms in respect of 10 clients by altering

information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1;

- b) between August 2013 and September 2015, the Respondent obtained, possessed and, in some instances, used to process transactions, 37 pre-signed account forms in respect of 9 clients, contrary to MFDA Rule 2.1.1; and
- c) between February 2015 and November 2015, the Respondent cut and pasted client signatures from copies of account forms previously signed by two clients onto a total of three new account forms, and submitted the account forms to the Member for processing, 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 pay a fine in the amount of \$20,000 in certified funds upon the acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA 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 s. 24.2 of MFDA By-law No. 1;
- c) the Respondent shall in the future comply with MFDA Rule 2.1.1; 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. Since January 1997, the Respondent was registered in the securities industry.

8. From January 1997 until September 2019, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a dealing representative)¹ with Quadrus Investment Services Ltd. (the “Member”), a Member of the MFDA.

9. The Respondent was terminated by the Member in September 2019 and he is no longer registered in the securities industry.

10. At all material times, the Respondent conducted business in the Tecumseh, Ontario area.

Altered Account Forms

11. Between September 2012 and October 2016, while the Respondent was an Approved Person of the Member, he altered and used to process transactions, 21 account forms in respect of 10 clients by altering information on the account forms without having the client initial the alterations.

12. The altered account forms included: 10 Redemption Forms, 9 Switch or Conversion Forms, and 2 PAC, AWD or RIF Payment Forms.

13. The alterations made by the Respondent consist of changes to: fund codes, contribution amounts, redemption amounts, client signature dates and dates of redemption.

Pre-Signed Account Forms

14. At all material times, the Member’s policies and procedures prohibited the use of pre-signed forms.

15. Between August 2013 and September 2015, while the Respondent was an Approved Person of the Member, he obtained, possessed and, in some instances, used to process transactions, 37 pre-signed account forms in respect of 9 clients.

16. The pre-signed account forms included: 29 Switch or Conversion Forms, 5 Subsequent Investment Forms, 2 Redemption Forms and 1 RESP Withdrawal Form.

¹ In September 2009, the registration category mutual fund salesperson was changed to “dealing representative” when National Instrument 31-103 came into force.

Cut and Pasted Previously Used Signatures

17. Between February 2015 and November 2015, while the Respondent was an Approved Person of the Member, he cut and pasted client signatures from copies of account forms previously signed by 2 clients onto 3 new account forms and submitted the new account forms to the Member for processing.

18. The new account forms containing the cut and pasted signatures consisted of: 2 Redemption Forms and 1 Pre-Authorized Chequing Form.

The Member's Investigation

19. In June 2018, the Member conducted an audit of the client files maintained by the Respondent and identified the pre-signed forms, altered forms and cut and pasted forms that are the subject of this Settlement Agreement.

20. In July 2018, as a result of the Member's findings during its audit, the Member placed the Respondent on close supervision for one year.

21. In July 2018, the Member sent audit letters to all clients whose accounts were serviced by the Respondent. This audit letter requested that each client confirm that all transactions within the client accounts were accurate.

22. In September 2018, the Member sent follow up audit letters to all clients who had not provided a response to the July 2018 audit letter.

23. The Member did not receive any client responses which indicated any unauthorized transactions within any client accounts.

Additional Factors

24. 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.

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

26. 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

27. 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.

28. 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.

29. 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.

30. 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 or 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.

31. 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.

32. 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.

33. 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 6th day of February, 2020.

“Brian Lundy Sonne”

Brian Lundy Sonne

“MS”

Witness – Signature

MS

Witness – Print Name

“Charles A. Toth”

Staff of the MFDA

Per: Charles A. Toth

Vice-President, Enforcement

Schedule “A”

Order

File No. 202013



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: Brian Lundy Sonne

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 Brian Lundy Sonne (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 September 2012 and October 2016, the Respondent altered and used to process transactions, 21 account forms in respect of 10 clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1;

- b) between August 2013 and September 2015, the Respondent obtained, possessed and, in some instances, used to process transactions, 37 pre-signed account forms in respect of 9 clients, contrary to MFDA Rule 2.1.1; and
- c) between February 2015 and November 2015, the Respondent cut and pasted client signatures from copies of account forms previously signed by two clients onto a total of three new account forms, and submitted the account forms to the Member for processing, 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 pay a fine in the amount of \$20,000 in certified funds, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
2. The Respondent shall pay costs in the amount of \$2,500 in certified funds, pursuant to s. 24.2 of MFDA By-law No. 1;
3. The Respondent shall in the future comply with MFDA Rule 2.1.1; 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 735648