



**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: Lucia Arruda**

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**SETTLEMENT AGREEMENT**

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**I. INTRODUCTION**

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Lucia Arruda (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) On or about May 29, 2019, the Respondent processed a trade in the account of a client without discussing all the elements of the trade with the client, contrary to

the Member's policies and procedures and MFDA Rules 2.3.1(b), 1.1.2, 2.5.1, and 2.1.1; and

- b) On May 29, 2019, the Respondent altered cheques received from a client for investment, signed the initials of two clients next to the alterations, and submitted the cheques 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 \$12,000 in certified funds upon 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 attend in person on the date set for the Settlement Hearing; and
- d) The Respondent shall in the future comply with Rules 1.1.2, 2.1.1, 2.2.1, 2.3.1(b), and 2.5.1.

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 18, 2009 in British Columbia, and since September 5, 2013 in Ontario, the Respondent has been registered as a dealing representative with Investors Group Financial Services Inc. (the "Member"), a Member of the MFDA.

8. At all material times, the Respondent carried on business in the Vancouver, British Columbia area.

#### **Discretionary Trading**

9. At all material times, the Member's policies and procedures prohibited the execution of any transactions or trades in any client accounts on a discretionary basis, whether or not such clients had requested that Approved Persons make investment decisions on their behalf.

10. In May 2019, the Respondent purchased the book of business of MM, another Approved Person with the Member. A number of MM's client accounts were transferred to the Respondent, including those of client AT and his spouse, client JT.

11. On May 27, 2019, the Respondent attended a meeting during which MM introduced client AT to the Respondent. Client JT was not present at this meeting.

12. During the meeting, client AT informed the Respondent that both he and client JT wished to make contributions to their existing investment accounts with the Member. Client AT provided the Respondent with two previously prepared and executed cheques (collectively, the "Cheques") from a joint bank account belonging to him and his spouse JT, as follows:

- a) a cheque in the amount of \$30,000, signed by client AT and made payable to "IG Wealth Management", for contribution into client AT's existing RRSP account; and
- b) a cheque in the amount of \$15,000, signed by client JT and made payable to "IG Wealth Management", for contribution into client JT's existing TFSA account.

13. During the meeting, the Respondent recommended to client AT that he and client JT purchase a certain mutual fund.

14. Client AT instructed the Respondent to deposit the \$15,000 Cheque into client JT's TFSA account for investment into the mutual fund the Respondent recommended to client AT. The Respondent states that client AT told the Respondent he was providing the \$15,000 Cheque and investment instructions on behalf of client JT.

15. On or about May 29, 2019, the Respondent deposited the \$15,000 Cheque and submitted for processing a trade for the purchase of the mutual fund on behalf of client JT without speaking with client JT and obtaining specific instructions with respect to the mutual fund to be purchased in client JT's account.

### **Signing the Initials of Clients and Altering Payee Information on Cheques**

16. At all material times, the Member's policies and procedures prohibited the falsification of client signatures on any document, even if requested by a client or done without fraudulent intentions.

17. On May 29, 2019, prior to submitting the Cheques for processing to the Member, the Respondent identified that the payee name written on the Cheques that she had received from client AT was “IG Wealth Management”.

18. The Respondent states that it was her understanding that cheques received for investment were required to be made payable to “Investors Group”, and that the processing of the trades would be delayed if she attempted to deposit Cheques made payable to “IG Wealth Management”.

19. Without speaking with the clients, the Respondent altered the payee name on the Cheques to read “Investors Group dba IG Wealth Management” [emphasis added], and signed the initials of clients AT and JT so it appeared as though the clients had authorized the alterations to the Cheques.

### **Member’s Investigation**

20. By in or about June 2019, client AT complained to the Member in respect of the Respondent signing the initials on the Cheques as described above.

21. On July 30, 2019, the Member commenced an investigation of the conduct of the Respondent and placed her under close supervision.

22. During the course of the Member’s investigation, it conducted a full review of the client files maintained by the Respondent, and did not identify any instances of unauthorized trading through this review.

23. The Member imposed a \$3,000 fine on the Respondent and issued a warning letter to her in respect of the conduct described herein.

### **Additional Factors**

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

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

26. There is no evidence of client loss resulting from the Respondent's conduct.

27. 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**

28. 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.

29. 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).

30. 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.

31. 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 agrees to waive any rights to a full hearing, a review hearing or appeal 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.

32. 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.

33. 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.

34. 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 16<sup>th</sup> day of March, 2021.

“Lucia Arruda”

\_\_\_\_\_  
Lucia Arruda

“DE”

\_\_\_\_\_  
Witness – Signature

DE

\_\_\_\_\_  
Witness – Print Name

“Charles Toth”

\_\_\_\_\_  
Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement



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**IN THE MATTER OF A SETTLEMENT HEARING  
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**ORDER**

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**WHEREAS** on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of MFDA By-law No. 1 in respect of Lucia Arruda (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 MFDA By-law No. 1;

**AND WHEREAS** the Hearing Panel is of the opinion that:

- a) On or about May 29, 2019, the Respondent processed a trade in the account of a client without discussing all the elements of the trade with the client, contrary to the Member's policies and procedures and MFDA Rules 2.3.1(b), 1.1.2, 2.5.1, and 2.1.1; and
- b) On May 29, 2019, the Respondent altered cheques received from a client for investment, signed the initials of two clients next to the alterations, and submitted the cheques 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 \$12,000 in certified funds upon acceptance of the Settlement Agreement, 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 upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1; and
3. The Respondent shall in the future comply with Rules 1.1.2, 2.1.1, 2.2.1, 2.3.1, and 2.5.1.
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 830485