



**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: Christine S. P. T. Scott**

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**SETTLEMENT AGREEMENT**

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**I. INTRODUCTION**

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (the “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 of the MFDA (the “Hearing Panel”) should accept the settlement agreement entered into between Staff of the MFDA (“Staff”) and the Respondent, Christine S. P. T. Scott, (“Respondent”) (the “Settlement Agreement”).

**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 MFDA 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 XI) 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. From February 1, 2012 to present, the Respondent has been registered as a dealing representative in Ontario with Investors Group Financial Services Inc. (“IG”), a Member of the MFDA.<sup>1</sup>

7. From September 9, 2015 to present, the Respondent has been registered as a dealing representative in Quebec with IG.

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<sup>1</sup> From April to August 2014, the Respondent was on leave from IG, but remained registered.

8. At the material times giving rise to the events described in this Settlement Agreement, the Respondent carried on business from Ottawa, Ontario.

9. From June 2012 to present, the Respondent has also been licensed to sell insurance.

### **Overview**

10. This proceeding concerns the fraudulent accessing of client AP's email account by an unknown person ("the fraudster"), such that clients AP and MB (spouses) unwittingly became the target of fraudulent activity within their mutual fund accounts, including the unauthorized withdrawal of monies from client AP's account.

11. In breaching MFDA Rules, as well as the Member's policies and procedures, the Respondent facilitated the unauthorized withdrawals of monies from the account of client AP.

### **Clients AP and MB**

12. In or about 2004, clients AP and MB became mutual fund clients of IG, and client AP opened a registered retirement savings plan ("RRSP") with IG in the amount of \$10,000.

13. After client AP's RRSP account was opened, a series of various IG dealing representatives serviced the accounts of clients AP and MB over the next ten years; however, there were no further transactions in the accounts of clients AP or MB.

14. In or about January 2014, the Respondent became the IG dealing representative responsible for servicing the accounts of clients AP and MB.

15. On February 13, 2014, the Respondent sent a letter to clients AP and MB introducing herself and requesting an in-person meeting with them.

16. From April to August 2014, the Respondent was on leave from IG; however, during this time, she maintained her IG email account and checked voicemail messages from home. She did not schedule client meetings while she was on leave.

17. In or about July 2014, client AP placed a telephone call to the Respondent to advise of a change of residential address for herself and client MB.

18. Client AP's telephone call was answered by an individual at IG (a colleague of the Respondent), who advised that the Respondent was on leave. The colleague further advised client AP that a *Client Update* form was required in order to complete an address change, and the colleague subsequently emailed the required forms to client AP for completion by each of clients AP and MB.

19. In or about August 2014, the Respondent had not received the completed forms from clients AP or MB in order to effect the address change. As such, on August 13, 2014, the Respondent sent an email to client AP advising that:

- a) she had been away, and was now going through her "to-do list";
- b) she had spoken with her colleague who advised her that she (her colleague) had emailed client AP the *Client Update* forms in or about July 2014;
- c) the forms may be difficult to print due to being legal-size; and
- d) she would, therefore, send new copies of the forms via regular post for completion by clients AP and MB.

20. On August 20, 2014, the Respondent received an email from client AP's email account. The August 20, 2014 email requested "up to date account information", the "cash available balance per account", and "current holdings". Prior to this date, the Respondent had not met with clients AP and MB, spoken with either of them on the telephone, or received any written correspondence from them.

21. Unbeknownst to the Respondent, client AP's email account had been fraudulently accessed by a fraudster, who proceeded to use client AP's email account to communicate via email with the Respondent, ultimately resulting in a fraudulent redemption being facilitated by the Respondent in the RRSP account of client AP.

22. The series of email exchanges between the Respondent and the fraudster using AP's email account occurred as follows:

Date of Email	From	To	Details
August 20, 2014	Respondent	Fraudster (via email of client AP)	Respondent provided total value of RRSP account (\$14,781), and the breakdown of the holdings. She further advised that all units had matured and were free from charges.
August 20, 2014	Fraudster (via email of client AP)	Respondent	Requested a withdrawal from the RRSP account "today".
August 20, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that any RRSP withdrawals would incur taxation at the current marginal tax rate. Inquired how much they were looking to withdraw clear of taxes, and advised that she could provide an estimate as to how much the total cost would be.
August 20, 2014	Fraudster (via email of client AP)	Respondent	Requested a withdrawal of \$8,507 excluding taxes.
August 20, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that the transaction could be executed electronically, and that the cost would be approximately \$1,701.
August 20, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that the tax implication would be \$2,956.
August 20, 2014	Fraudster (via email of client AP)	Respondent	Provided instructions to process the withdrawal and transfer the proceeds to a third party bank account in Montreal – beneficiary name and address, bank name and address, etc. provided.
August 20, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that they are unable to transfer funds to a third party.
August 20, 2014	Fraudster (via email of client AP)	Respondent	Provided instructions to process the withdrawal and transfer the proceeds to a joint escrow bank account in

Date of Email	From	To	Details
			Calgary to which client AP was the alleged primary signatory; provided name and address, bank name and address, etc.

23. On August 20, 2014, the Respondent sent an email to the fraudster (via the email of client AP), advising that the redemption proceeds would have to be sent via cheque since IG did not have the clients' banking information on file.

24. The Respondent advised client AP that in order to sign up for electronic transfers, clients AP and MB would need to fill out a *Client Update* form. Accordingly, the Respondent attached the form to the email she sent to client AP. The Respondent stated in her email to client AP (but who was in fact the fraudster), "so if you could fill out the new address section of the form and sign and date, I can fill out the rest on my end."

25. The Respondent received a blank pre-signed form from the fraudster via the email account of client AP, and then proceeded to complete the form. The Respondent acknowledges that this conduct contravened MFDA Rule 2.1.1, and the Member's policies and procedures.

26. On this occasion, the Respondent likewise failed to make inquiries of client AP as to which funds were to be redeemed and in what amounts, and instead made the selections herself and completed the form accordingly. The Respondent acknowledges that this conduct constituted discretionary trading which contravened MFDA Rules 2.3.1(a) and 2.1.1, and the Member's policies and procedures.

27. A further series of email exchanges between the Respondent and the unknown person fraudulently using client AP's email account then occurred as follows:

Date of Email	From	To	Details
August 20, 2014	Fraudster (via email of client AP)	Respondent	Attached form with only date, address, and signature completed. Reiterated that the redemption proceeds were to be transferred to a joint escrow bank account in Calgary.

Date of Email	From	To	Details
August 20, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that the redemption would be processed in two days.
August 20, 2014	Fraudster (via email of client AP)	Respondent	Thanked the Respondent and requested to be kept updated.
August 20, 2014	Respondent	Fraudster (via email of AP)	Respondent advised that she would confirm in two days.
August 22, 2014	Fraudster (via email of client AP)	Respondent	Inquired whether the transfer to the joint escrow bank account in Calgary had been processed.
August 25, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that a picture of a void check would be required to confirm the account details for the joint escrow bank account in Calgary.
August 25, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised the void check would be emailed shortly.
August 25, 2014	Fraudster (via email of client AP)	Respondent	Attached a scanned copy of a void check for an account of a corporation located in Calgary, and a <i>Corporation Account Information and Trading Resolution</i> form, also completed with the Calgary corporation information.
August 25, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that IG head office required either a void personal check be provided, or further forms to be completed.
August 25, 2014	Fraudster (via email of client AP)	Respondent	Requested that the Respondent send the necessary forms for completion.
August 25, 2014	Respondent	Fraudster (via email of client AP)	Respondent sent the necessary forms.
August 25, 2014	Fraudster (via email of client AP)	Respondent	Attached the completed forms, signed and dated.
August 25, 2014	Respondent	Fraudster (via email of client AP)	Respondent requested identification information for clients AP and MB, including a driver's license number or passport number, place of issue and the expiry date.

28. On August 25, 2014, the Respondent completed portions of a *Corporation Account Information and Trading Resolution* form. On the form, the Respondent falsely stated that she had, on the date of the completion of the form, verified clients AP and MB's identities through signature and photo comparisons with the clients' passports, when she had not done so. The

Respondent acknowledges that this conduct contravened MFDA Rule 2.1.1, and the Member’s policies and procedures.

29. On August 26, 2014, the Respondent completed an IG Investment Instructions – Redemptions/Transfers form for client AP for a redemption in the amount of \$8,545, and forwarded the documentation to IG head office for processing.

30. A further series of email exchanges between the Respondent and the fraudster using AP’s email account then occurred as follows:

Date of Email	From	To	Details
August 26, 2014	Fraudster (via email of client AP)	Respondent	Requested verification of whether the funds would be deposited in the joint escrow account “today”.
August 26, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that the funds would likely be transferred the next day.
August 27, 2014	Fraudster (via email of client AP)	Respondent	Requested verification of status of the funds.

31. A further series of email exchanges between the Respondent and the fraudster using client AP’s email account then occurred as follows:

Date of Email	From	To	Details
August 27, 2014	Fraudster (via email of client AP)	Respondent	Requested verification of status of the funds.
August 27, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that IG head office had denied the trade because the Respondent was not registered in Alberta, but that IG head office had been contacted and the trade was now in process. Respondent further advised that if clients AP and MB have permanently moved to Alberta, their accounts would be transferred to a representative in Alberta.
August 27, 2014	Fraudster (via email of client AP)	Respondent	Requested verification of status of the funds.



32. On August 27, 2014, the redemption in the amount of \$8,545 was completed and the funds were transferred to the Calgary corporate account as discussed between the Respondent and the fraudster.

Date of Email	From	To	Details
August 27, 2014	Fraudster (via email of client AP)	Respondent	Respondent advised that the funds should be in the account the next day.
September 2, 2014	Fraudster (via email of client AP)	Respondent	Advised that she would be sending in a change of address for client MB before the end of the day. Advised that the address change is temporary. Requested status of transfer of funds to escrow account.
September 2, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that she would talk to her superiors and confirm that the address change is temporary. Advised that she had received the <i>Client Update</i> form for client MB and inquired of client AP whether client MB should be set up with the same corporate account and electronic transfer profile.
September 4, 2014	Client AP ( <u>actual</u> client – not the fraudster)	Respondent	Client AP advised she and client MB had been on vacation and requested that the forms be mailed to her at their new address, provided.
September 8, 2014	Fraudster (via email of Respondent)	Client AP ( <u>actual</u> client)	Fraudster (posing as the Respondent) confirmed that she had received the new address, and would advise once the forms were mailed out to the clients.

33. On or about September 8, 2014, clients AP and MB completed the *Client Update* forms, including their updated address, and they were submitted to IG head office.

34. On September 8, 2014, the Respondent submitted the fraudulent *Client Update* forms to IG head office.

35. A further series of email exchanges between the Respondent and the fraudster using AP's email account then occurred as follows:

Date of Email	From	To	Details
September 12, 2014	Fraudster (via email of client AP)	Respondent	Requested breakdown and current value of client MB's account.
September 12, 2014	Respondent	Fraudster (via email of client AP)	Respondent provided total value of RRSP account (\$10,285), and the breakdown of the holdings.
September 15, 2014	Fraudster (via email of AP)	Respondent	Advised Respondent that they would like to make updates to client MB's account.
September 15, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that she would be back in 25 minutes and asked what she could help with.
September 15, 2014	Fraudster (via email of client AP)	Respondent	Advised that they want to add a bank account to client MB's account, as they intend to make a withdrawal from his account.
September 15, 2014	Respondent	Fraudster (via email of client AP)	Respondent advised that she can set that up – needs client MB to initial and sign and date a <i>Client Update</i> form, and sign a <i>Corporate Account Information</i> form if it will be a corporate account.

36. On or about September 22, 2014, client AP received a confirmation letter setting out the particulars of the RRSP redemption that had been processed in her account. Client AP was immediately aware that she had neither requested nor authorized this transaction. Client AP also noted that a Calgary address (not her and client MB's address) was present on the body of the letter, even though the envelope itself was addressed to her and client MB's correct Ontario address.

37. On September 22, 2014, client AP placed a telephone call to the Respondent and left her an urgent voicemail message advising of the unauthorized redemption, and the address concerns.

38. On September 22, 2014, client AP additionally emailed the Respondent stating that she had left her an urgent voicemail advising of the unauthorized redemption, and the address concerns, and requested that the Respondent call her as soon as possible.

39. On September 23, 2014, the fraudster (posing as the Respondent) emailed client AP advising that the RRSP redemption and the confirmation letter had both been errors and would be corrected. The fraudster (posing as the Respondent) further advised client AP that she was away on business and due to return on September 30, 2014, at which time they could meet and discuss matters. Client AP, not realizing the fraudster had sent her this email, agreed to this proposed course of action via return email to the Respondent (but who was actually the fraudster).

40. On September 23, 2014, the Respondent returned client AP's telephone call. Client AP advised the Respondent of the unauthorized redemption, and the address concerns. During the course of the discussion, to her shock, client AP discovered the emails the fraudster had sent and received via client AP's email account, as they had been automatically sent to a dormant folder in client AP's computer. The Respondent and client AP agreed that they would cease communicating via email and discuss matters only over the telephone.

41. After the Respondent became aware that a fraudster was using client AP's email, a few more email exchanges between the Respondent and the fraudster occurred. The fraudster attempted to have the Respondent process a redemption in the RRSP account of client MB, but this did not occur.

### **The Member's Investigation and Response**

42. From September to December 2014, IG conducted a detailed and thorough investigation of the events that had taken place.

43. IG contacted client AP, reviewed her client file, and interviewed client AP and the Respondent. During the interview process, the Respondent was cooperative with the investigation conducted by IG.

44. IG also investigated whether there were any other IG clients affected by the Respondent's actions, and no additional concerns were identified.

45. The Respondent did not derive any monetary benefit from the transaction in question.

46. In October 2014, IG reversed the unauthorized redemption that had been processed in the account of client AP, and also provided her with a market adjustment amount, for a total reimbursement of \$8,873.

### **The Member's Policies and Procedures and the Warning Letter**

47. At all material times, IG had policies and procedures in place regarding:

- a) verification of a client's identity;
- b) privacy and client confidentiality;
- c) third party disbursements;
- d) the provision of information on a spousal account; and
- e) blank pre-signed forms and discretionary trading.

48. On December 2, 2014, IG issued a warning letter to the Respondent regarding breaches of the Member's policies and procedures, including warning the Respondent for having:

- a) failed to follow IG know-your-client requirements and best practices, including employing a face-to-face meeting in order to take client trade instructions;
- b) signed as having witnessed clients' identification when she had not seen the documents in question or met the clients; and
- c) shared confidential client information about one spouse with the other spouse when this had not been authorized by the client.

### **V. RESPONDENT'S POSITION**

49. At the material time of the events herein, i.e. mid-2014, the Respondent was 26 years old and relatively new to the financial services industry, having been registered only since January 2012.

50. In June 2014, the Respondent spent some time in the hospital for treatment of a medical issue, and was then recovering at home for the two months that followed. It was during this period that the impugned events took place.

51. The Respondent did not receive any personal or financial benefit from her misconduct, nor did she have any improper purpose or intent.

52. Client AP continued to have her accounts serviced by the Respondent after the events described herein, until such time as the Respondent's role with IG changed when she was promoted internally. The Respondent states that this demonstrates that the client herself recognized the Respondent's inadvertence and did not wish her any ill will.

53. IG is fully aware of all the circumstances herein and has elected to support the Respondent, including ensuring her compliance with all internal policies and procedures, as well as those of the MFDA.

## **VI. CONTRAVENTIONS**

54. The Respondent admits that:

- a) in August 2014, she processed a redemption in the amount of \$8,545 in client AP's account based upon email instructions received from a third party fraudster, who had gained unlawful access to client AP's email account and subsequently misappropriated the proceeds of the redemption, thereby failing to comply with the Member's policies and procedures which required the Respondent to verify the identity of the client and prohibited her from accepting trade instructions by email, contrary to MFDA Rules 1.1.2, 2.5.1 and 2.1.1;
- b) on August 20, 2014, she requested, obtained and used a pre-signed account form in order to change a client's banking information with the Member, thereby failing to comply with the Member's policies and procedures, contrary to MFDA

- Rules 1.1.2 and 2.5.1, and failing to observe high standards of ethics and conduct in the transaction of business, contrary to MFDA Rule 2.1.1;
- c) on August 20, 2014, she processed a redemption in the account of client AP without making inquiries of client AP regarding which funds were to be redeemed and in what amounts, thereby failing to observe high standards of ethics and conduct in the transaction of business, contrary to Rule 2.1.1, and engaging in discretionary trading, contrary to MFDA Rule 2.3.1(a);
  - d) on August 25, 2014, she completed portions of an account form wherein the Respondent falsely represented that she had verified the clients' identities, thereby failing to comply with the Member's policies and procedures, contrary to MFDA Rules 1.1.2 and 2.5.1, and failing to observe high standards of ethics and conduct in the transaction of business, contrary to MFDA Rule 2.1.1; and
  - e) on September 12, 2014, she disclosed confidential information about the investments held in client MB's account without client MB's authorization, thereby failing to comply with the Member's policies and procedures, contrary to MFDA Rules 1.1.2 and 2.5.1, and failing to observe high standards of ethics and conduct in the transaction of business, and failing to maintain in confidence all information relating to a client and the affairs of a client, contrary to MFDA Rule 2.1.1 and Rule 2.1.3.

## **VII. TERMS OF SETTLEMENT**

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

- a) the Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of one month commencing from the date of the final Order herein, pursuant to s. 24.1.1(c) of MFDA By-law No. 1;
- b) the Respondent shall pay a fine in the amount of \$10,000, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;

- c) the Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1;
- d) the Respondent shall in the future comply with MFDA Rules 1.1.2, 2.1.1., 2.1.3, 2.3.1(a), and 2.5.1; and
- e) the Respondent will attend in person on the date scheduled for the MFDA settlement hearing.

### **VIII. STAFF COMMITMENT**

56. 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 contraventions described in Part VII of this Settlement Agreement, subject to the provisions of Part XI 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 this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the facts and contraventions set out in this Settlement Agreement, 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**

57. 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 Staff and the Respondent.

58. 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.

59. 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 MFDA 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.

60. 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**

61. 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**

62. 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.

63. 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**

64. 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.

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

**XIII. EXECUTION OF SETTLEMENT AGREEMENT**

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

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

**DATED** this 9<sup>th</sup> day of November, 2016.

“Christine S. P. T. Scott”  
\_\_\_\_\_  
Christine S. P. T. Scott

“ML”  
\_\_\_\_\_  
Witness – Signature

ML  
\_\_\_\_\_  
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. 201647**



**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: Christine S. P. T. Scott**

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**ORDER**

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**WHEREAS** on November 9, 2016, 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 Christine S. P. T. Scott (the “Respondent”);

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of the MFDA, dated November 9, 2016 (the “Settlement Agreement”), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to sections 20 and 24.1 of By-law No. 1;

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

- i. in August 2014, processed a redemption in the amount of \$8,545 in client AP’s account based upon email instructions received from a third party fraudster, who had gained unlawful access to client AP’s email account and subsequently misappropriated the proceeds of the redemption, thereby failing to comply with

- the Member's policies and procedures which required the Respondent to verify the identity of the client and prohibited her from accepting trade instructions by email, contrary to MFDA Rules 1.1.2, 2.5.1 and 2.1.1;
- ii. on August 20, 2014, requested, obtained, and used a pre-signed account form in order to change a client's banking information with the Member, thereby failing to comply with the Member's policies and procedures, contrary to MFDA Rules 1.1.2 and 2.5.1, and failing to observe high standards of ethics and conduct in the transaction of business, contrary to MFDA Rule 2.1.1;
  - iii. on August 20, 2014, processed a redemption in the account of client AP without making inquiries of client AP regarding which funds were to be redeemed and in what amounts, thereby failing to observe high standards of ethics and conduct in the transaction of business, contrary to Rule 2.1.1, and engaging in discretionary trading, contrary to MFDA Rule 2.3.1(a);
  - iv. on August 25, 2014, completed portions of an account form wherein the Respondent falsely represented that she had verified the clients' identities, thereby failing to comply with the Member's policies and procedures, contrary to MFDA Rules 1.1.2 and 2.5.1, and failing to observe high standards of ethics and conduct in the transaction of business, contrary to MFDA Rule 2.1.1; and
  - v. on September 12, 2014, disclosed confidential information about the investments held in client MB's account without client MB's authorization, thereby failing to comply with the Member's policies and procedures, contrary to MFDA Rules 1.1.2 and 2.5.1, and failing to observe high standards of ethics and conduct in the transaction of business, and failing to maintain in confidence all information relating to a client and the affairs of a client, contrary to MFDA Rule 2.1.1 and Rule 2.1.3.

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

- i. the Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a

- period of one month commencing from the date of the final Order herein, pursuant to s. 24.1.1(c) of MFDA By-law No. 1;
- ii. the Respondent shall pay a fine in the amount of \$10,000, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
  - iii. the Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1;
  - iv. the Respondent shall in the future comply with MFDA Rules 1.1.2, 2.1.1., 2.1.3, 2.3.1(a), and 2.5.1; and
  - v. 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]