



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: William George Wray

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and William George Wray (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 MFDA:

- a) between June 2002 and March 2014, the Respondent opened a client account, updated the client's Know-Your-Client information on three occasions and processed trades in the client's account without having communicated directly with the client, thereby failing to use due diligence to learn the essential facts relative to the client and to each order or account accepted, contrary to MFDA Rules 2.2.1 and 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 \$15,000 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 pursuant to s. 24.2 of MFDA By-law No. 1;
- (c) the Respondent shall in the future comply with MFDA Rules 2.2.1 and 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. The Respondent has been registered in the securities industry since 1999.

8. Since June 2007, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a dealing representative) with IPC Investment Corporation ("IPC"), a Member of the MFDA.

9. Prior to being registered with IPC, the Respondent was registered in Ontario as a mutual fund salesperson with IQON Financial Inc. (“IQON”) from September 2001 to May 2007, and in Alberta from June 2006 to May 2007.

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

Failure to Learn Essential Facts Relative to a Client

The Accounts

11. From November 2001 to May 2007, the Respondent serviced client SCM’s account at IQON¹, and from June 2007 to May 2015, the Respondent serviced client SCM’s account at IPC (together, the “Accounts”).

12. During these periods, the Respondent discussed all matters relating to the Accounts, including trades and updates to client SCM’s know-your-client (“KYC”) information, with client SCM’s spouse, client RM. The Respondent did not have any discussions with client SCM about her Accounts.

13. The Respondent provided all account forms in respect of the Accounts that required client SCM’s signature to client RM, and asked client RM to obtain client SCM’s signature on the account forms. Client RM returned the account forms containing client SCM’s signature to the Respondent, who then submitted the account forms for processing. The Respondent did not verify with client SCM the accuracy of the information on any of the account forms, which consisted of:²

- 8 Mutual Fund Trade Tickets;
- 2 Client Summary Forms (containing client SCM’s KYC information);
- 2 Order Entry Forms;

¹ The Respondent first became subject to the MFDA’s jurisdiction on June 4, 2002, which is the date on which IQON became a Member of the MFDA.

² Paragraph 13 only lists those account forms that the Respondent obtained after he became subject to the MFDA’s jurisdiction on June 4, 2002.

- 1 New Account Application Form (containing client SCM's KYC information), which was used to open client SCM's account at IPC;
- 1 Client Information Change Form;
- 1 Investor Agreement Form;
- 1 RRSP Loan Application Form;
- 1 Statement of Disclosure Form;
- 1 Acknowledgement and Consent Form; and
- 1 Deregistration/Withdrawal Request Form.

The Redemption Request

14. On January 9, 2012, client RM requested that the Respondent redeem the cash holdings in client SCM's IPC Account.

15. Consistent with his practice described above in paragraphs 12-13, upon receiving client RM's redemption request, the Respondent sent client RM a Deregistration/Withdrawal Request Form for client SCM to sign, which contained directions to redeem the entire cash balance in client SCM's IPC Account in the amount of \$22,006.79, and to deposit the proceeds from the redemption in a joint bank account belonging to client RM and SCM.

16. On January 11, 2012, client RM returned the Deregistration/Withdrawal Request Form containing client SCM's signature to the Respondent's assistant, who submitted it for processing.

17. On January 12, 2012, the entire cash balance in the IPC Account of \$22,006.79 was redeemed (the "Redemption") and deposited into client RM's and SCM's joint bank account.

18. On or about March 25, 2014, client SCM advised the Respondent that she had only recently become aware of the Redemption, and advised the Respondent that the signature on the Deregistration/Withdrawal Request form was not hers and she was not aware of client RM's redemption request at the time it was made. This was the first time that the Respondent discussed either of client SCM's Accounts with client SCM.

Action Taken by the Member

19. IPC commenced an investigation into the Respondent's conduct after it was informed about this matter by the Respondent's branch manager.

20. On March 23, 2015, IPC sent a warning letter to the Respondent regarding the conduct described above, and on March 30, 2015, IPC placed the Respondent on close supervision for a period of 12 months.

21. On June 1, 2015, IPC paid compensation to client SCM for the Redemption, which client SCM advised IPC she did not authorize.

Additional Factors

22. On May 14, 2015, the Ontario Securities Commission placed the Respondent on close supervision for an indefinite period.

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

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

25. 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

26. 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.

27. 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.

28. 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.

29. 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 the 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.

30. 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.

31. 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.

32. 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 8th day of August, 2016.

“SD”

Witness – Signature

“William George Wray”

William George Wray

SD

Witness – Print name

“Shaun Devlin”

Staff of the MFDA
Per: Shaun Devlin
Senior Vice-President,
Member Regulation – Enforcement



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Re: William George Wray

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 William George Wray (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 between June 2002 and March 2014, the Respondent opened a client account, updated the client's Know-Your-Client information on three occasions and processed trades in the client's account without having communicated directly with the client, thereby failing to use due diligence to learn the essential facts relative to the client and to each order or account accepted, contrary to MFDA Rules 2.2.1 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 \$15,000 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 pursuant to s. 24.2 of MFDA By-law No. 1;
3. The Respondent shall in the future comply with MFDA Rules 2.2.1 and 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]