



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: Gerard Van Schothorst

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Gerard Van Schothorst (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 that:

- a) between August 27, 2012 and January 21, 2015, he obtained, possessed and in some instances used to process transactions, 5 pre-signed account forms in relation to 2 clients, contrary to MFDA Rule 2.1.1; and
 - b) between August 27, 2012 and January 21, 2015, acting in his capacity of branch manager, he reviewed and approved the use of 5 pre-signed account forms, contrary to MFDA Rules 2.5.5(f)¹ and 2.1.1.
5. Staff and the Respondent agree and consent to the following terms of settlement:
- i. the Respondent shall pay a fine in the amount of \$6,500 pursuant to section 24.1.1(b) of By-law No. 1;
 - ii. the Respondent shall pay costs in the amount of \$2,500 pursuant to section 24.2 of By-law No. 1 upon acceptance of this Settlement Agreement;
 - iii. the fine and costs shall be paid in 9 installments of \$1,000 each, with the first installment to be paid on the date of the settlement hearing, and the remaining 8 installments payable on the last business days of the 8 months following the date of acceptance of the Settlement Agreement by the Hearing Panel;
 - iv. if the Respondent fails to make any of the installment payments described above in subparagraph (iii) when the installments become due, then without further notice to the Respondent, the Respondent shall summarily be suspended from conducting securities related business while in the employ of, or associated with, any MFDA Member until the full amount of the Fine has been paid;
 - v. the Respondent shall be prohibited from acting as a branch manager or in any supervisory capacity for a Member of the MFDA for a period of 1 month commencing upon the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1 of By-law No.1;
 - vi. the Respondent shall successfully complete the Branch Manager's Course within 6 months of the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to section 24.1.1(f) of By-law No. 1;

¹ Prior to September 2013, the Respondent's conduct was contrary to MFDA Rule 2.5.5(d).

- vii. the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- viii. the Respondent will attend in person at 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 July 24, 1995, the Respondent has been registered in Alberta as a mutual fund salesperson (now known as a mutual fund dealing representative) with PFSL Investments Canada Ltd. (“PFSL”), a Member of the MFDA.

8. Since August 31, 2006, the Respondent has been designated as a Branch Manager with PFSL.

9. At all material times, the Respondent conducted business in the Edmonton, Alberta area.

Pre-Signed Account Forms

10. At all material times, PSFL’s policies and procedures prohibited its Approved Persons from using pre-signed account forms.

11. Between August 27, 2012 and January 21, 2015, the Respondent obtained, possessed and in some instances used to process transactions, 5 pre-signed forms in relation to 2 clients.

12. The pre-signed account forms consisted of five RESP redemption forms, of which 4 were used to process transactions for 2 clients.

13. The Respondent states that he obtained the pre-signed account for client convenience.

Approval of Pre-Signed Forms

14. Between August 27, 2012 and January 21, 2015, the Respondent, acting in his capacity as branch manager, reviewed and approved the use of the 5 pre-signed account forms described above in paragraphs 11 to 13.

Member Response

15. On July 15, 2015, PFSL reviewed 44 files belonging to the Respondent, and did not identify any further compliance issues.

16. PFSL sent letters to 41 of the Respondent's clients to determine whether the Respondent engaged in any unauthorized trading activity in the accounts of the clients. No clients responded to PFSL.

17. PFSL issued a warning letter to the Respondent on August 12, 2015 for the conduct described above.

Additional Factors

18. The Respondent has no prior disciplinary history with the MFDA.

19. There is no evidence of client harm in this matter or that the Respondent received any financial benefit from engaging in the misconduct beyond the commissions or fees to which he would have been ordinarily entitled had the transactions in the clients' accounts been carried out in the proper manner.

20. The Respondent has expressed remorse for his misconduct and has cooperated fully with Staff during the course of the investigation, and by agreeing to this settlement, has avoided the necessity of a full hearing on the merits.

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.

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 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 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.

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 12th day of December, 2016.

“Gerard Van Schothorst”

Gerard Van Schothorst

“DV”

Witness – Signature

DV

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. 201678



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: Gerard Van Schothorst

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 Gerard Van Schothorst (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 August 27, 2012 and January 21, 2015, obtained, possessed and in some instances used to process transactions, 5 pre-signed forms in relation to 2 clients, contrary to MFDA Rule 2.1.1; and

b) between August 27, 2012 and January 21, 2015, acting in his capacity as branch manager, reviewed and approved the use of 5 pre-signed account forms, contrary to MFDA Rules 2.5.5(f)² 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 \$6,500 pursuant to section 24.1.1(b) of By-law No. 1;
2. the Respondent shall pay costs in the amount of \$2,500 pursuant to section 24.2 of By-law No. 1 upon acceptance of this Settlement Agreement;
3. the fine and costs shall be paid in 9 installments of \$1,000, with the first installment to be paid on the date of the settlement hearing, and the remaining 8 installments payable on the last business days of the 8 months following the date of acceptance of the Settlement Agreement by the Hearing Panel;
4. if the Respondent fails to make any of the installment payments described above in subparagraph (iii) when the installments become due, then without further notice to the Respondent, the Respondent shall summarily be suspended from conducting securities related business while in the employ of, or associated with, any MFDA Member until the full amount of the Fine has been paid;
5. the Respondent shall be prohibited from acting as a branch manager or in any supervisory capacity for a Member of the MFDA for a period of 1 month commencing upon the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1 of By-law No.1;
6. the Respondent shall successfully complete the Branch Manager's Course within 6 months of the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to section 24.1.1(f) of By-law No. 1;

² Prior to September 2013, the Respondent's conduct was contrary to MFDA Rule 2.5.5(d).

7. the Respondent shall pay costs in the amount of \$2,500 pursuant to section 24.2 of By-law No. 1 upon acceptance of this Settlement Agreement;

8. the Respondent shall in the future comply with MFDA Rule 2.1.1; and

9. 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]