



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: Lawrence Philip Fike

SETTLEMENT AGREEMENT

I. INTRODUCTION

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

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 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. The Respondent is 75 years old and was registered in the mutual fund industry for more than 40 years.

7. Between December 1, 2005 and March 2017, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative) with Equity Associates Inc. (“Equity” or the “the Member”), a Member of the MFDA.

8. In March 2017, the Respondent ceased being registered with Equity, and states that he is retired. The Respondent is no longer registered in the securities industry in any capacity.

9. At all material times, the Respondent resided in and conducted business in or around the Barrie, Ontario area.

Concentration in Precious Metal Sector Funds

10. In 2015, the Respondent serviced approximately 360 clients with assets under administration totaling approximately \$24 Million. Over 250 clients serviced by the Respondent had portfolios that had over 30% of the holdings in precious metal sector funds, and approximately 90 of these clients were seniors. Approximately 42% of the assets under administration of the Respondent were invested in precious metal sector funds.

11. The precious metal sector funds held by clients serviced by the Respondent consisted of mutual funds suitable for investors with a high risk tolerance.

12. The Respondent was a proponent of investing in precious metal sector mutual funds. The Respondent would seek to ascertain information about his clients' investment preferences and discuss his views with clients at the outset of their relationship, which included a discussion of the precious metals sector. In some instances, the Respondent suggested that certain clients read books and articles and view videos which were consistent with his views about investing in precious metal sector funds.

13. As described in more detail below, as a result of the Respondent's investment recommendations, clients' investment holdings were concentrated in precious metals sector funds.

Respondent's Investment Recommendations to purchase Precious Metal Sector Funds

Clients JL and DL

14. From October 2008 to May 2014, clients JL and DL were clients of Equity whose investment accounts were serviced by the Respondent. Clients JL and DL are married. In October 2008, clients JL and DL were 63 and 66 years of age, respectively, and were retired. As a result of DL's health condition, client JL primarily made the investment decisions in the investment accounts of both clients DL and JL. Clients JL and DL were seniors.

15. In September 2008, client JL approached the Respondent about possibly becoming her advisor after she heard a presentation given by the Respondent at meeting of a community group.

16. In or about September 2008, and subsequent to the Respondent's presentation, clients JL and DL met with the Respondent for an initial meeting, during which, the Respondent discussed current events, including the downturn in the financial markets and his views about the global financial system.. The Respondent provided client JL with video and audio recordings and reading materials that were consistent with the views held by the Respondent about the global financial system and precious metals. Subsequently, the Respondent and client JL exchanged materials about precious metals.

17. The Respondent discussed the benefits of investing in precious metal sector with clients JL prior to gathering Know-Your-Client ("KYC") information and completing account documents with clients JL and DL.

18. The Respondent did not adequately discuss with clients JL and DL the risks associated with investing in precious metal funds, including the risk of holding non-diversified investments and the risk that precious metal sector funds would not perform as he represented they likely would. While the Respondent discussed risks and volatility in precious metals sector funds (and clients JL and DL signed a form that identified those risks), he failed to provide a balanced presentation of the risks to the clients.

19. Based upon the Respondent’s recommendation, clients JL and DL agreed to invest in two precious metal sector mutual funds with a high risk ranking.

20. Throughout the time the Respondent serviced the accounts of clients JL and DL, they held around or above 50% of their investments in these two precious metal sector funds.

21. Clients JL and DL signed New Client Account Forms dated October 10, 2008, and other account forms to transfer approximately \$633,000 to Equity from another mutual fund dealer.

22. The Respondent prepared a New Account Application Form for clients JL and DL (“NAAF”) dated October 10, 2008 to open accounts for the clients, which recorded the following KYC information:

Client	Age	Investment Objectives	Investment Time Horizon (years)	Investment Knowledge	Risk Tolerance	Annual Income	Est. Net Worth
<i>DL</i>	<i>66</i>	<i>Growth</i>	<i>11-20</i>	<i>Fair</i>	<i>Medium-High</i>	<i>\$75-99,000</i>	<i>\$1 Million</i>
<i>JL</i>	<i>63</i>	<i>Growth</i>	<i>11-20</i>	<i>Sophisticated</i>	<i>Medium High</i>	<i>\$75-99,000</i>	<i>\$1 Million</i>

23. The Respondent failed to perform the necessary due diligence to learn the essential facts relative to each client. In particular,

- a) the Respondent recorded client JL’s investment knowledge as sophisticated based on his impression of their discussions, the fact that she had approximately 30 years prior taken a securities industry course, and had general knowledge of the markets, when the Respondent ought to have known that client JL’s actual investment knowledge was lower than recorded by the Respondent;
- b) the Respondent recorded the risk tolerance of client’s JL and DL as “Medium/High”, when the Respondent ought to have known that the clients’ risk tolerance was lower; and

- c) the Respondent recorded a 11-20 year time horizon, and an investment objective of “Growth”, and failed to adequately take into account the clients’ ages, health conditions, and their need to withdraw from their investments regular amounts for their living expenses.

24. The Respondent updated the KYC information for clients JL and DL on August 28, 2009, February 2, 2011 and May 21, 2013, by indicating investment objectives and risk tolerance that matched the asset allocation of the investments in the clients’ portfolios at the time of the update, rather than conducting an assessment of the clients’ actual investment objectives and risk tolerance at the time.

25. Clients JL and DL experienced declining values of the precious metal sector fund investments in their portfolios, and expressed to the Respondent their concerns over their ability to fund their retirement. The Respondent did not adequately discuss alternatives with the clients, and they stayed invested in precious metal sector funds.

26. On or about May 6, 2014, clients JL and DL submitted a complaint to Equity alleging that the investment recommendations that they had received from the Respondent were unsuitable given their ages and limited investment knowledge, and that the risk of investment were not properly explained to them.

27. Equity subsequently reached a settlement with clients JL and DL in respect of their complaints and paid compensation.

28. By recommending to clients JL and DL that they invest about 50% of their investment in high risk precious metal sector funds, the Respondent failed to ensure that the recommendations that he made and the order that he accepted was suitable for the clients and in keeping with their investment objectives and personal circumstances.

Client SL

29. Client SL is the daughter of clients JL and DL. Client JL referred client SL to the Respondent. Between May 2010 and May 2014, client SL was a client of Equity whose investment account was serviced by the Respondent.

30. In February 2010, client SL was interested in changing advisors and approached the Respondent indicating that she wanted investments similar to those held by her parents.

31. The Respondent advised client SL that she should have a portfolio that defended her purchasing power against the US dollar that was losing its value, including investments in gold.

32. The Respondent advised client SL that gold was a good investment, and recommended that client SL read some of the materials that he provided to client JL as described above at paragraph 12.

33. The Respondent discussed the benefits of investing in the precious metal sector with client SL prior to gathering Know-Your-Client (“KYC”) and completing account documents with client SL.

34. On or about May 17, 2010, the Respondent and client SL met in order to complete account documents to open an account at Equity.

35. The Respondent did not adequately discuss with client SL the risks associated with investing in precious metal funds, including the risk of holding non-diversified investments and the risk that precious metal sector funds would not perform as he represented they likely would. While the Respondent discussed risks and volatility in the precious metals sector funds (and SL signed a form that identified those risks), he failed to provide a balanced presentation of the risks to the client.

36. Based upon the Respondent's recommendation, in May 2010, client SL agreed to invest in two precious metal sector mutual funds with a high risk ranking.

37. Throughout the time the Respondent serviced the accounts of client SL, she held around or above 50% of her investments concentrated in two precious metal sector funds.

38. The Respondent prepared a New Account Application Form for client SL dated May 17, 2010 to open an account for client SL, which recorded the following KYC information:

Client	Age	Investment Objectives	Investment Time Horizon	Investment Knowledge	Risk Tolerance	Annual Income	Est. Net Worth
<i>SL</i>	<i>39</i>	<i>Growth 100%</i>	<i>20+</i>	<i>Moderate</i>	<i>50% High & 50% Medium</i>	<i>\$50-74</i>	<i>\$85,000</i>

39. The Respondent failed to perform the necessary due diligence to learn the essential facts relative to the client.

40. Towards the end of their meeting on May 17, 2010, the Respondent advised client SL that gold was a high risk investment, and that to invest in gold, she had to be more of a moderate knowledge investor. The Respondent ought to have known that client SL's investment knowledge was lower than he recorded on her NAAF.

41. The Respondent also completed the risk tolerance entry for client SL of 50% high and 50% medium so it matched the portfolio breakdown for risk tolerance that client JL had. Client SL was concerned about the high risk designation on NAAF, but agreed to proceed to invest in precious metal sector funds based on the Respondents recommendations.

42. Client SL experienced declining values of the precious metal sector fund investments in her portfolios, and sought advice from the Respondent about other options she could be invested in. The Respondent did not adequately discuss alternatives with the client SL, and she remained invested in precious metal sector funds.

43. In May 2014, client SL transferred her investments from Equity to another financial institution.

44. In October 2014, client SL submitted a complaint to Equity about the performance of her portfolio while being advised by the Respondent, who had put her in unsuitable high risk investments when she had little investment knowledge.

45. By recommending to client SL that she invest about 50% of her investment in high risk precious metal sector funds, the Respondent failed to ensure that the recommendations that he made and the order that he accepted was suitable for the client and in keeping with her personal circumstances.

Client MG and SG

46. Beginning in September 2011, clients MG and SG became clients of Equity whose investment accounts were serviced by the Respondent. Clients MG and SG are a married couple. In September 2011, clients MG and SG were 68 and 67 years of age, respectively, and were retired.

47. Client MG and SG were seniors.

48. Client MG and SG are friends of clients JL and DL, who referred them to the Respondent.

49. The Respondent first met with client MG in or about May 2011, and, in or about July 2011, obtained a copy of clients MG and SG's portfolio statement from the clients' previous mutual fund dealer.

50. Clients MG and SG had previously invested in precious metals prior to investing with the Respondent. The Respondent had initial meetings with client MG during which the Respondent recommended that clients MG and SG continue to invest in precious metals. The Respondent

advised that the clients should hold precious metal sector funds as insurance, and to mitigate against the impact of a market correction on the rest of their portfolio.

51. At the time, clients MG and SG also held approximately \$150,000 in an account at another financial institution that held cash, and was invested in bank stocks and Guaranteed Investment Certificates (GICs).

52. Prior to completing KYC documents with client MG, the Respondent advised client MG that he expected that the return on the investment in precious metal mutual funds could be as high as double-digits.

53. The Respondent recommended to clients MG and SG that they should invest in precious metals prior to completing KYC documents with the clients.

54. The Respondent did not adequately discuss with client MG and SG the risks associated with investing in precious metal funds, including the risk of holding non-diversified investments and the risk that precious metal sector funds would not perform as he represented they likely would. While the Respondent discussed risks and volatility in precious metals sector funds (and MG and SG signed a form that identified those risks), he failed to provide a balanced presentation of the risks to the clients.

55. Based upon the Respondent's recommendation, in September 2011, clients MG and SG agreed to continue to invest in two precious metal sector mutual funds with a high risk ranking that were similar to the investments they held at their previous dealer.

56. In September 2011, client MG transferred approximately \$85,000 and client SG transferred approximately \$17,000 to Equity from investments they held at another mutual fund dealer.

57. Based upon the Respondent's recommendation, clients MG and SG agreed to continue to invest in two precious metal sector funds with a high risk ranking. At the previous dealer, clients

MG and SG held a combined 27% of their portfolios in precious metal sector mutual funds client (MG approximately 19% and SG held approximately 63%). Throughout the time the Respondent serviced their accounts at Equity, client MG held 100% and client SG held 65-69% of their investments in two precious metal sector funds.

58. The Respondent prepared a New Account Application Form for clients MG and SG dated September 9, 2011 to open accounts at Equity, which recorded the following KYC information:

Client	Age	Investment objective	Investment Time Horizon	Investment Knowledge	Risk Tolerance	Annual Income	Est. Net Worth
<i>MG</i>	68	<i>Aggressive Growth 100%</i>	<i>11-20</i>	<i>Extensive</i>	<i>High -100%</i>	<i>\$75-99</i>	<i>\$485,000</i>
<i>SG</i>	67	<i>Growth 100%</i>	<i>11-20</i>	<i>Extensive</i>	<i>Medium-30% High- 70%</i>	<i>\$75-99</i>	<i>\$485,000</i>

59. The Respondent failed to perform the necessary due diligence to learn the essential facts relative to the clients. In particular:

- a) the Respondent failed to reflect in the clients' investment objectives that the clients required regular monthly withdrawals from their investments; and
- b) the Respondent recorded extensive investment knowledge for client MG, because he believed that client MG had extensive investment knowledge based on his discussions with MG and his view of MG's professional experience and market knowledge. The Respondent recorded and combined the same investment knowledge for both client MG and SG based on his view that client MG made investment decisions on behalf of the couple. The Respondent ought to have known that the investment knowledge for clients MG and SG was lower than extensive.

60. Clients MG and SG experienced declining values of their precious metal sector fund investments in their portfolios, and sought advice from the Respondent about their options. The Respondent did not adequately discuss alternatives with the clients.

61. In May 2013, the clients requested that their holdings be switched from precious metal sector funds to a money market fund.

62. In September 2014, clients MG and SG filed a complaint to Equity alleging that the investments recommended by the Respondent did not meet the client's need for a monthly income.

63. By recommending to clients MG and SG that they invest all or a substantial amount of their investments at Equity in high risk precious metal sector funds, the Respondent failed to ensure that the recommendations that he made and the order that he accepted was suitable for the clients and in keeping with their personal circumstances.

Additional Factors

64. The Respondent states that he personally believed that the clients understood the risks of investing in precious metals and that they were desirous of investing in that sector.

65. The Respondent has not, in a nearly 50 year career in the financial services industry, previously been the subject of MFDA disciplinary proceedings.

66. The sanctions imposed are significant to the Respondent, who is retired and on a fixed income.

V. CONTRAVENTIONS

67. The Respondent admits that:

- a) between October 2008 and May 2014, the Respondent failed to use due diligence to learn and accurately record the essential Know-Your-Client factors relative to 5 clients prior to making investment recommendations and accepting investment orders from the clients, contrary to MFDA Rule 2.2.1 and 2.1.1;

- b) between October 2008 and May 2014, the Respondent failed to use due diligence to ensure that each order accepted and recommendations made to 5 clients was suitable for the clients and in keeping with their investment objectives having regard to the concentration of precious metal sector funds in the client accounts and the clients' Know-Your-Client information, including the client's investment knowledge and objectives, risk tolerance, age, and time horizon, contrary to MFDA Rules 2.2.1 and 2.1.1; and
- c) between October 2008 and May 2014, the Respondent failed to present a balanced explanation of the risks and benefits of investing in precious metals sector funds, thereby failing to ensure that his recommendations were suitable for clients and in keeping with their investment objectives, contrary to MFDA Rule 2.2.1 and 2.1.1.

VI. TERMS OF SETTLEMENT

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

- a) The Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
- b) The Respondent shall pay a fine in the amount of \$10,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1;
- c) The Respondent shall pay costs of this proceeding in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1;
- d) The payment by the Respondent of the fine and costs described above in subparagraphs 68(b) and (c) shall be made to and received by MFDA Staff in certified funds as follows:
 - i. \$5,000 (costs) shall be paid upon acceptance of the Settlement Agreement by the Hearing Panel;
 - ii. \$2,500 (fine) shall be paid upon acceptance of the Settlement Agreement by the Hearing Panel;

- iii. \$2,500 (fine) shall be paid on or before the last business day of the second month following the acceptance of the Settlement Agreement by the Hearing Panel;
- iv. \$2,500 (fine) shall be paid on or before the final business day of the fourth month following the Settlement Agreement by the Hearing Panel;
- v. \$2,500 (fine) shall be paid on or before the final business day of the six month following the acceptance of the Settlement Agreement by the Hearing Panel;
- e) If the Respondent fails to make any of the payments described above in subparagraph 68(d), then any outstanding balance of the fine and costs owed by the Respondent shall immediately become due and payable to the MFDA;
- f) The Respondent shall in the future comply with MFDA Rules 2.2.1 and 2.2.1; and
- g) The Respondent will attend in person, on the date set for the Settlement Hearing.

VII. STAFF COMMITMENT

69. 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 facts set out in Part IV and V the contraventions described in Part VI of this Settlement Agreement, subject to the provisions of Part IX 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 Parts IV and V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the facts and contraventions set out in Parts IV and V, 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.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

70. 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 counsel for Staff and the Respondent. 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.

71. 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 his 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.

72. 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 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.

73. 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 him.

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

74. 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.

X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

75. 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.

76. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he 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.

XI. DISCLOSURE OF AGREEMENT

77. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 16th day of October, 2017.

“Lawrence Philip Fike”

Lawrence Philip Fike

“RB”

Witness – Signature

RB

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.**



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: Lawrence Philip Fike

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 [Respondent] (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 October 2008 and May 2014, failed to use due diligence to learn and accurately record the essential Know-Your-Client factors relative to 5 clients prior to making investment recommendations and accepting investment orders from the clients, contrary to MFDA Rule 2.2.1 and 2.1.1;

- b) between October 2008 and May 2014, failed to use due diligence to ensure that each order accepted and recommendations made to 5 clients was suitable for the clients and in keeping with their investment objectives having regard to the concentration of precious metal sector funds in the client accounts and the clients' Know-Your-Client information, including the client's investment knowledge and objectives, risk tolerance, age, and time horizon, contrary to MFDA Rules 2.2.1 and 2.1.1; and
- c) between October 2008 and May 2014, failed to present a balanced explanation of the risks and benefits of investing in precious metals sector funds, thereby failing to ensure that his recommendations were suitable for clients and in keeping with their investment objectives, contrary to MFDA Rule 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 be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
2. The Respondent shall pay a fine in the amount of \$10,000 pursuant to section 24.1.1(b) of MFDA By-law No. 1;
3. The Respondent shall pay costs of this proceeding in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1;
4. The payment by the Respondent of the fine and costs described above in paragraphs 2 and 3 shall be made to and received by MFDA Staff in certified funds as follows:
 - a) \$5,000 (costs) shall be paid upon acceptance of the Settlement Agreement by the Hearing Panel;
 - b) \$2,500 (fine) shall be paid upon acceptance of the settlement agreement by the Hearing Panel;

- c) \$2,500 (fine) shall be paid on or before the last business day of the second month following the acceptance of the Settlement Agreement by the Hearing Panel;
- d) \$2,500 (fine) shall be paid on or before the final business day of the fourth month following the acceptance of the Settlement Agreement by the Hearing Panel; and
- e) \$2,500 (fine) shall be paid on or before the final business day of the six month following the acceptance of the Settlement Agreement by the Hearing Panel;

5. If the Respondent fails to make any of the payments described above in paragraph 4 then any outstanding balance of the fine and costs owed by the Respondent shall immediately become due and payable to the MFDA;

6. The Respondent shall in the future comply with MFDA Rules 2.2.1 and 2.2.1; and

7. 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]