



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: Jeffrey Thomas Williams

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Jeffrey Thomas Williams (the “Respondent”), consent and agree to settlement of this matter by way of this agreement (the “Settlement Agreement”).
2. Staff conducted an investigation of the Respondent’s activities which disclosed activity for which the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to s. 24.1 of By-law No.1.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.
4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the Mutual Fund Dealers Association of Canada (“MFDA”):

- a) between January 2014 and June 2016, the Respondent obtained, possessed, and in some instances, used to process transactions, 12 pre-signed account forms in respect of 9 clients, contrary to MFDA Rule 2.1.1;
- b) between June 2009 and February 2017, the Respondent altered and used to process transactions, 18 account forms in respect of 14 clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and
- c) between June 2009 and June 2012, the Respondent submitted 5 Letters of Direction directly to mutual fund companies to process transactions in the accounts of 3 clients without the knowledge or approval of the Member, contrary to the Member's policies and procedures and MFDA Rules 1.1.1(a), 1.1.2, 2.1.1 and 2.5.1.

5. Staff and the Respondent agree and consent to the following terms of settlement:

- a) the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 3 months, pursuant to section 24.1.1(e) of MFDA By-law No.1;
- b) the Respondent shall pay a fine in the amount of \$3,350 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No.1;
- c) the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No.1;
- d) the Respondent shall in the future comply with MFDA Rules 1.1.1(a), 1.1.2, 2.1.1 and 2.5.1; and
- e) 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. Commencing in November 1996, the Respondent was registered in the mutual fund industry.
8. From June 2008 to December 2013, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a dealing representative) with FundEX Investments Inc. (“FundEX”), a Member of the MFDA.
9. From December 2013 to October 2018, the Respondent was registered in Ontario as a dealing representative with Investia Financial Services Inc.¹ (“Investia”), a Member of the MFDA.
10. The Respondent is no longer registered in the securities industry in any capacity.
11. At all material times, the Respondent conducted business in the Milton and Whitby, Ontario areas.

Pre-Signed Account Forms

12. At all material times, Investia had policies and procedures that prohibited its Approved Persons from obtaining or using pre-signed account forms.
13. Between January 2014 and June 2016, while the Respondent was registered at Investia, he obtained, possessed, and in some instances, used to process transactions, 12 pre-signed account forms in respect of 9 clients.
14. The pre-signed account forms consisted of:
 - a) 4 Know Your Client (“KYC”) Update forms;
 - b) 3 Order Instruction forms;
 - c) 4 New Account Application forms; and
 - d) 1 Transfer Authorization for Registered Investments (“TARI”) form.

¹ Investia and FundEX are related companies that are both subsidiaries in the Industrial Alliance Financial Group.

Altered Account Forms

15. At all material times, FundEX and Investia had policies and procedures that required its Approved Persons to obtain client initials on all changes made to client documents.

16. Between June 2009 and February 2013, while the Respondent was registered at FundEX, the Respondent altered and used to process transactions, 9 account forms in respect of 7 clients by altering information on the account forms without having the client initial the alterations.

17. The altered account forms consisted of:

- (a) 4 KYC Update forms; and
- (b) 5 Letters of Direction (“LOD”).

18. The alterations the Respondent made to the account forms included alterations to client KYC information, mutual fund codes and names, and the date on a LOD.

19. Between February 2014 and February 2017, while the Respondent was registered at Investia, the Respondent altered and used to process transactions, 9 account forms in respect of 9 clients by altering information on the account forms without having the client initial the alterations.

20. The altered account forms consisted of:

- (a) 4 New Account Application forms;
- (b) 2 TARI forms;
- (c) 2 Dealer Change forms; and
- (d) 1 RESP Application form.

21. The alterations the Respondent made to the account forms included alterations to client KYC information and investment instructions.

Processing Transactions Directly with Mutual Fund Companies

22. At all material times, FundEX had policies and procedures that required its Approved Persons to:

- a) carry on all securities related business through the facilities of FundEX; and

- b) submit LOD to FundEX to permit FundEX to supervise transactions.

23. Between June 2009 and June 2012, while the Respondent was registered at FundEX, the Respondent submitted 5 LOD directly to mutual fund companies to process the following transactions in the accounts of 3 clients without the knowledge or approval of FundEX:

- a) redeeming \$2,500 from the account of a client;
- b) rebalancing units in various mutual funds held by a client; and
- c) transferring monies between mutual funds in a client's Registered Retirement Savings Plan ("RRSP").

24. All of the LOD were signed by the clients. Prior to submitting the LOD to the mutual fund companies, the Respondent made the following alterations to the LOD:

- a) he altered the date on 1 LOD; and
- b) he altered the fund name and/or fund codes on 4 LOD.

25. The Respondent did not have the clients initial these alterations, as described above at paragraphs 16 and 17.

26. The Respondent then submitted the LOD directly to the mutual fund companies, and not through the accounts and facilities of FundEX, which impaired FundEX's ability to supervise the Respondent's activities.

Investia's Investigation

27. On or about September 22, 2017, Investia identified the account forms that are the subject of this Settlement Agreement as a result of a branch review. As part of its investigation, Investia reviewed all of the client files serviced by the Respondent.

28. On November 23, 2017, Investia sent a letter with a 3-year transactional summary to all clients whose accounts the Respondent serviced so that the clients could review and ensure that trading activity in their accounts was executed according to client instructions. No clients reported any concerns.

29. On October 1, 2018, Investia issued a termination notice to the Respondent effective October 29, 2018.

Additional Factors

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

31. There is no evidence of client loss or lack of authorization for the underlying transactions.

32. The Respondent states that he has limited financial means and as a result he is unable to pay a monetary penalty that is greater than the total of the fine and costs amounts set out in this Settlement Agreement. MFDA Staff have received evidence which corroborates the Respondent's statement, including Canada Revenue Agency documents (notices of assessment and reassessment and account statements), evidence of current earnings, and personal bank statements.

33. The Respondent acknowledges that if it were not for his limited financial means it would have been appropriate for him to be subject to a greater fine than the fine amount set out in this Settlement Agreement.

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

35. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a full hearing on the allegations.

IV. ADDITIONAL TERMS OF SETTLEMENT

36. 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.

37. The Settlement Agreement is subject to acceptance by the Hearing Panel which shall be sought at a hearing (the "Settlement Hearing"). At, or following the conclusion of, the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement. MFDA Settlement Hearings are typically held in the absence of the public pursuant to section 20.5 of MFDA By-law No. 1 and Rule 15.2(2) of the MFDA Rules of Procedure. If the Hearing Panel

accepts the Settlement Agreement, then the proceeding will become open to the public and a copy of the decision of the Hearing Panel and the Settlement Agreement will be made available at www.mfda.ca.

38. 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.

39. 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 contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any contraventions that are not set out in this Settlement Agreement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations;
- d) the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of By-law No. 1; and
- e) neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the

Respondent from making full answer and defence to any civil or other proceedings against the Respondent.

40. 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.

41. 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.

42. 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 14th day of February, 2020.

“Jeffrey Thomas Williams”

Jeffrey Thomas Williams

“MB”

Witness – Signature

MB

Witness – Print Name

“Charles Toth”

Staff of the MFDA

Per: Charles Toth

Managing Director, Litigation

Schedule “A”

Order

File No. 201951



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: Jeffrey Thomas Williams

ORDER

WHEREAS on August 7, 2019, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to ss. 20 and 24 of By-law No. 1 in respect of Jeffrey Thomas Williams (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:

- a) between January 2014 and June 2016, the Respondent obtained, possessed, and in some instances, used to process transactions, 12 pre-signed account forms in respect of 9 clients, contrary to MFDA Rule 2.1.1;
- b) between June 2009 and February 2017, the Respondent altered and used to process transactions, 18 account forms in respect of 14 clients by altering information on

the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and

- c) between June 2009 and June 2012, the Respondent submitted 5 Letters of Direction directly to mutual fund companies to process transactions in the accounts of 3 clients without the knowledge or approval of the Member, contrary to the Member's policies and procedures and MFDA Rules 1.1.1(a), 1.1.2, 2.1.1 and 2.5.1.

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

1. The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 3 months, pursuant to section 24.1.1(e) of MFDA By-law No.1;
2. The Respondent shall pay a fine in the amount of \$3,350 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No.1;
3. The Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No.1;
4. The Respondent shall in the future comply with MFDA Rules 1.1.1(a), 1.1.2, 2.1.1 and 2.5.1; and
5. If at any time a non-party to this proceeding, with the exception of the bodies set out in section 23 of MFDA By-law No. 1, requests production of or access to exhibits in this proceeding that contain personal information as defined by the MFDA Privacy Policy, then the MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this [day] day of [month], 20[].

Per: _____
[Name of Public Representative], Chair

Per: _____
[Name of Industry Representative]

Per: _____
[Name of Industry Representative]

DM 731771