



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: Perry Richard Graham

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Perry Richard Graham (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 May 2012 and March 2018, the Respondent obtained, possessed, and in some instances, used to process transactions, 49 pre-signed account forms in respect of 30 clients, contrary to MFDA Rule 2.1.1; and
 - b) between February 2012 and March 2018, the Respondent altered and used to process transactions, 124 account forms in respect of 66 clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 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 \$22,500 in certified funds upon acceptance of the Settlement Agreement, 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 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No.1;
 - c) the Respondent shall in the future comply with MFDA Rule 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. Since September 1986, the Respondent has been registered in the mutual fund industry.
8. Since September 1997, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a dealing representative) with FundEX Investments Inc. (the “Member”), a Member of the MFDA.
9. From May 2010 to December 2014, the Respondent was registered in Saskatchewan as a dealing representative with the Member.

10. Since April 2017, the Respondent has been registered in British Columbia as a dealing representative with the Member.

11. At all material times, the Respondent conducted business in the Brantford, Ontario area.

Pre-Signed Account Forms

12. At all material times, the Member had policies and procedures that prohibited its Approved Persons from obtaining or using pre-signed account forms.

13. Between May 2012 and March 2018, the Respondent obtained, possessed, and in some instances, used to process transactions, 49 pre-signed account forms in respect of 30 clients.

14. The pre-signed account forms consisted of:

- a) 27 Order Entry forms;
- b) 8 Mutual Fund Trade Ticket forms;
- c) 3 Transfer Authorization for Registered Investments (“TARI”) forms;
- d) 3 Know Your Client (“KYC”) Update forms;
- e) 3 Registered Educational Savings Plan (“RESP”) Educational Assistance Payment forms;
- f) 2 Systematic Instruction forms;
- g) 1 Canada Revenue Agency Direct Transfer form;
- h) 1 Internal Transfer form; and
- i) 1 Fee For Service form;

Altered Account Forms

15. At all material times, the Member had policies and procedures that required client initials on all changes made to client documents.

16. Between February 2012 and March 2018, the Respondent altered and used to process transactions, 124 account forms in respect of 66 clients by altering information on the account forms without having the client initial the alterations.

17. The altered account forms consisted of:

- a) 40 Order Entry forms;
- b) 20 Mutual Fund Trade Ticket forms;
- c) 17 Systematic Instruction forms;
- d) 12 KYC Update forms;
- e) 10 Fee For Service Account Addendum forms;
- f) 5 Internal Transfer forms;
- g) 4 Letters of Direction;
- h) 4 New Client Application forms;
- i) 3 Self-Directed TFSA Application forms;
- j) 2 Self-Directed Account Application forms;
- k) 1 Information Sharing Consent form;
- l) 1 Multi-Plan Application form;
- m) 1 Annual Conversion of Free and/or Matured Units form;
- n) 1 Successor Annuitant and/or Beneficiary Designation form;
- o) 1 Designation/Withdrawal Request form;
- p) 1 TARI form; and
- q) 1 Application Family ESP account form.

18. The Respondent made alterations to information on these account forms including the plan type, account numbers, plan numbers, service fee amounts, investment knowledge, net worth, risk tolerance, investment time horizon, intended use of investment information, investment objective, employment information, date of a client signature and a client's name.

The Member's Investigation

19. On or about May 1, 2018, during the course of a branch audit, the Member reviewed all of the client files serviced by the Respondent and identified the pre-signed and altered account forms that are the subject of this Settlement Agreement.

20. On July 16, 2018, the Member issued a reprimand letter to the Respondent for pre-signed forms and placed him under strict supervision. During the period of strict supervision the Member imposed on the Respondent a monthly financial penalty of \$625. The strict supervision and monthly penalty imposed by the Member will continue until the conclusion of the current MFDA

proceeding. As of September 27, 2019, \$8,125 has been deducted from the Respondent's commissions. The Respondent also paid to the Member a total of \$1,010 in administrative fees to cover the cost of client mailings.

21. On July 23, 2018, the Respondent signed a Letter of Undertaking from the Member acknowledging that he agreed with the facts and discipline set out in the Member's reprimand letter dated July 16, 2018, and agreed that he had read and understood the Member's policies and procedures regarding pre-signed forms.

22. On July 23, 2018, the Respondent also signed an Acknowledgement of Understanding from the Member acknowledging that he would comply with the Member's policies and procedures, and any updates to the Member's compliance policies. The Respondent also acknowledged that he would comply with all applicable rules and regulations of the MFDA and provincial securities regulations in the jurisdictions in which he is registered.

23. On July 25, 2018, the Member sent a letter with a 3-year transactional summary to all clients serviced by the Respondent. The Member requested that the clients review their transaction summaries to ensure that the trading activity was completed as directed and to report any inconsistencies by August 25, 2018. No clients have reported any concerns.

24. On December 6, 2018, the Member issued a warning letter to the Respondent with respect to the pre-signed and altered account forms that are the subject of this Settlement Agreement.

Additional Factors

25. 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.

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

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

28. 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

29. 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.

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

35. 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 November, 2019.

“Perry Richard Graham”

Perry Richard Graham

“WG”

Witness – Signature

WG

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. 201969



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**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: Perry Richard Graham

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 Perry Richard Graham (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 May 2012 and March 2018, the Respondent obtained, possessed, and in some instances, used to process transactions, 49 pre-signed account forms in respect of 30 clients, contrary to MFDA Rule 2.1.1; and
- b) between February 2012 and March 2018, the Respondent altered and used to process transactions, 124 account forms in respect of 66 clients by altering

information on the account forms without having the client initial the alterations, contrary to MFDA Rule 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 \$22,500 in certified funds, pursuant to s. 24.1.1(b);
- 2. The Respondent shall pay costs in the amount of \$2,500 in certified funds, pursuant to s. 24.2 of MFDA By-law No.1;
- 3. The Respondent shall in the future comply with MFDA Rule 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]