



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: Leonard Coronel

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Leonard Coronel (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 MFDA 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 2018 and September 2018, the Respondent, on 8 occasions, signed the initials of clients next to alterations he made to information on accounts forms, and submitted them to the Member for processing, contrary to MFDA Rule 2.1.1;
- b) in May 2018, the Respondent altered and used to process a transaction 1 account form in respect of 1 client by altering information on the account form without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and
- c) between January 2015 and October 2018, the Respondent obtained, possessed and used to process transactions, 30 pre-signed account forms in respect of 21 clients, 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 be suspended from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 9 months commencing from the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
- b) the Respondent shall pay a fine in the amount of \$2,500, in certified funds, pursuant to s. 24.1.1(b) of MFDA By-law No. 1, in installments as follows:
- c) the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement by the Hearing Panel, pursuant to s. 24.2 of MFDA By-law No. 1;
- d) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- e) the Respondent will attend by videoconference, 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 June 2006, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a dealing representative)¹ with WFG Securities Inc. (the “Member”), a Member of the MFDA.

8. At all material times, the Respondent conducted business in the Vaughan, Ontario area.

Signing the Initials of Clients on Account Forms

9. At all material times, the Member’s policies and procedures prohibited Approved Persons from signing a client’s name to a document.

10. Between January 2018 and September 2018, while the Respondent was an Approved Person of the Member, the Respondent signed the initials of clients on 8 trade tickets next to alterations he made to information on the trade tickets, and submitted them to the Member for processing.

11. The alterations made by the Respondent on the trade tickets included alterations to: trade instructions, client signature dates and special instructions.

Altered Account Forms

12. At all material times, the Member’s policies and procedures prohibited Approved Persons from altering information on a signed document without the client initialing the document to show that the changes were approved.

13. In May 2018, while the Respondent was an Approved Person of the Member, he altered 1 account form in respect of 1 client by altering information on a trade ticket without having the client initial the alterations, and used this altered form to process a transaction.

¹ In September 2009, the registration category mutual fund salesperson was changed to “dealing representative” when National Instrument 31-103 came into force.

14. The Respondent altered the trading instructions, special instructions and representative commission percentage on the trade ticket without having the client initial these alterations.

Pre-Signed Account Forms

15. At all material times, the Member's policies and procedures prohibited Approved Persons from holding an account form which was signed by a client and was blank or only partially completed.

16. Between January 2015 and October 2018, while the Respondent was an Approved Person of the Member, he obtained, possessed and used to process transactions, 30 pre-signed account forms in respect of 21 clients.

17. The pre-signed account forms consisted of: 25 Trade Tickets, 3 New Account Application Forms and 2 Non Financial Information Update Forms.

The Member's Investigation

18. In September 2018, during a trade review, the Member identified that two trade tickets submitted by the Respondent contained identical signatures found on two trade tickets previously submitted by the Respondent. The Member then conducted an audit of the client files maintained by the Respondent and identified the account forms that are the subject of this Settlement Agreement.

19. In November 2018, as a result of the Member's findings during its audit of the Respondent's files, the Member placed the Respondent under increased supervision. The Respondent currently remains subject to increased supervision by the Member.

20. In November 2018, the Member sent letters to clients whose accounts the Respondent serviced. The Member asked the clients to review an attached account history in order to ensure that its records are accurate and all transactions within the account had been processed as requested by the client. The Member did not receive any responses which indicated that any transactions had been processed in client accounts which were not requested by the clients.

21. In December 2018, the Member sent a Compliance Notice to the Respondent which required the Respondent to complete a compliance course offered by the Member. The Respondent completed the compliance course on April 24, 2019.

Additional Factors

22. The Respondent states that he and his spouse are the primary caregivers to two children, including a child with a serious medical condition. As a result, the Respondent incurs additional costs associated with caring for his children.

23. The Respondent states that, as a result of the foregoing, he has limited financial means and is unable to pay additional amounts towards a fine or costs. MFDA Staff have received evidence which corroborates the Respondent's statement. The Respondent acknowledges that absent the factors described above, it would have been appropriate for him to be subject to a penalty that included a greater fine, due to the seriousness of the misconduct that is the subject of the Settlement Agreement.

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

25. There is no evidence of client loss or lack of authorization.

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

27. The Respondent states that he has since corrected his practices going forward and no longer obtains or uses pre-signed forms, alters information on account forms without clients initialing the alterations, or signs client initials on account forms.

28. 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

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 or appeal 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 or 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 28th day of May, 2020.

“Leonard Coronel”

Leonard Coronel

SCC

Witness – Signature

SCC

Witness – Print Name

“Charles Toth”

Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement

Schedule “A”

Order

File No. 202026



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: Leonard Coronel

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 Leonard Coronel (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 2018 and September 2018, the Respondent, on 8 occasions, signed the initials of clients next to alterations he made to information on accounts forms, and submitted them to the Member for processing, contrary to MFDA Rule 2.1.1;

- b) in May 2018, the Respondent altered and used to process a transaction 1 account form in respect of 1 client by altering information on the account form without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and
- c) between January 2015 and October 2018, the Respondent obtained, possessed and used to process transactions, 30 pre-signed account forms in respect of 21 clients, 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 be suspended from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 9 months, commencing from the date of this Order, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
2. The Respondent shall pay a fine in the amount of \$2,500 in certified funds, pursuant to s. 24.1.1(b) of MFDA By-law No. 1, in installments as follows:
 - i. \$400 on or before <date>;
 - ii. \$400 on or before <date>;
 - iii. \$400 on or before <date>;
 - iv. \$400 on or before <date>;
 - v. \$400 on or before <date>; and
 - vi. \$500 on or before <date>;
3. The Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement by the Hearing Panel, pursuant to s. 24.2 of MFDA By-law No. 1;
4. The Respondent shall in the future comply with MFDA Rule 2.1.1; 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 752404