

# Re Dickson

IN THE MATTER OF:

**The By-Laws of the Investment Dealers Association of Canada**

**and**

**The Dealer Member Rules of the  
Investment Industry Regulatory Organization of Canada**

**and**

**Graeme Dickson**

2013 IIROC 53

Investment Industry Regulatory Organization of Canada  
Hearing Panel (Ontario District)

Heard: October 2, 2013  
Decision: October 2, 2013

**Hearing Panel:**

Mr. Frederick Webber (Chair), Mr. Terry Bourne and Ms. Colleen Wright

**Appearances:**

Ms. Kathryn Andrews, Enforcement Counsel

Mr. Graeme Dickson, Respondent

Mr. Brian Belmore, Counsel for the Respondent

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## DECISION AND REASONS

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¶ 1 As a result of a Settlement Agreement between IIROC and the Respondent dated September 12, 2013, which is attached to these reasons, a Settlement Hearing was conducted on October 2nd, 2013 in Toronto pursuant to the IROC Dealer Member Rules.

¶ 2 The Hearing Panel received and considered oral submissions from IIROC counsel and Respondent's counsel with reference to the IIROC Settlement Book containing the Settlement Agreement, the IIROC Dealer Member Disciplinary Sanction Guidelines, including specifically, section 2.1 setting out a definition of "forgery", and relevant decisions of previous hearing panels. Counsel for both IIROC and the Respondent accepted and agreed the contents of the IIROC Settlement Book were relevant and fair.

¶ 3 The contravention alleged by IIROC and admitted by the Respondent is set out in the Settlement Agreement and is:

In April 2012 the Respondent forged client signatures on various account documentation, which was conduct unbecoming or detrimental to the public interest, contrary to IIROC Rule 29.1.

¶ 4 The terms of settlement set out in the Settlement Agreement are:

- (a) Payment of a fine in the amount of \$7500;
- (b) A six month suspension from registration in any capacity with IIROC; and

- (c) To rewrite the CPH within six months of re-registration with IIROC in any capacity.

The Respondent also agreed to pay costs to IIROC in the sum of \$1000.

¶ 5 The salient facts are set out in the Settlement Agreement and need not be repeated in these reasons. In summary:

In April 2012, after meeting with the clients and obtaining their signatures on some of the investment account documentation, afterwards, without the clients' consent, as a matter of convenience for these clients, the Respondent signed the signatures of two husband-and-wife clients, on the documentation for which he omitted to obtain their signature. Subsequently, after discovery, the clients did ratify the documentation initially signed by the Respondent.

The Respondent received no personal benefit.

¶ 6 Under IIROC Rule 20.36, at the conclusion of a settlement hearing, the Panel may either accept or reject the recommended sanctions. The proper approach to this issue is set out in Re Milewski, [1999] I.D.A.C.D. No.17, contained in IIROC's Settlement Book:

"A District Council considering a settlement agreement will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness. Put another way, the District Council will reflect the public interest benefits of the settlement process in its consideration of specific settlements."

¶ 7 This principle has been followed in a number of cases, including Re Ast, 2012 IIROC 38, and Re Portfolio Strategies Securities Inc. 2012 IIROC 36, also contained in the IIROC Settlement Book.

Re Ast expanded on this principle by stating that:

there must be "nothing in the settlement agreement which would be contrary to the public interest or bring the administration of the Rules of IIROC into public disrepute"

In Re Portfolio Strategies Securities Inc., the panel stated that:

"the settlement process is an important one which should be encouraged and supported".

This Panel agrees with the principles from these cases and has followed them in this case.

¶ 8 Given the standard of "reasonableness", it is the responsibility of this Panel to determine whether the penalties set forth in the Settlement Agreement strike a reasonable balance between fairness to the Respondent in the circumstances and the need to protect the investing public, the industry membership, the integrity of the discipline process, the integrity of the securities markets and prevention of a repetition of the offense.

¶ 9 The actions which the Respondent has admitted, viz. signing client's signatures, contrary to IIROC Rule 29.1, is a serious infraction which would merit serious sanctions from the standpoint of both specific and general deterrence. On the other hand both counsel point to a number of mitigating factors which are:

- (a) The Respondent's actions were for the convenience of the clients and therefore were not as egregious as other examples of forgery;
- (b) The documents were not misleading and accurately reflected the clients' wishes as confirmed by the clients;
- (c) There was no personal gain to the Respondent;
- (d) There was no detriment to the clients;
- (e) The Respondent admitted his actions, is remorseful about them, cooperated with IIROC's investigation and entered into the settlement (thus avoiding the trouble and expense of a hearing);

- (f) The actions occurred over a short time frame;
- (g) This was the Respondent's first job in the investment industry, and had been on the job only three months at the time of his actions;
- (h) The Respondent lost his job as a result of his actions and was unemployed for 14 months;
- (i) The Respondent has no prior disciplinary history with IIROC.

¶ 10 The IIROC Settlement Book also referred the Panel to a number of cases with comparable fact situations, for guidance in determining the appropriate sanctions in this case. The Panel has reviewed each of these cases from the standpoint of the specific conduct and the penalties imposed.

¶ 11 Both counsel took the position that the sanctions agreed to in the Settlement Agreement will achieve specific and general deterrence.

¶ 12 Given the serious nature of the misconduct, the need for specific and general deterrence, the mitigating factors and the Disciplinary Sanction Guidelines, the fact that the Respondent was represented by experienced counsel and after reviewing the cases to which the Panel was referred, the Panel agreed that the terms of the Settlement Agreement were reasonable. Accordingly the Settlement Agreement was accepted by the Panel. The Panel wishes to emphasize that the penalties accepted in this case are in the context of significant mitigating factors and a settlement agreement and that it in no way condones forgery of documents for whatever purpose. Industry participants must continue to view forgery of documents as very serious misconduct.

Dated as of the 2nd day of October, 2013.

Frederick Webber- Chair

Terry Bourne-Member

Colleen Wright- Member

## **SETTLEMENT AGREEMENT**

### **I. INTRODUCTION**

1. IIROC Enforcement Staff and the Respondent Graeme Dickson ("Dickson" or "the Respondent"), consent and agree to the settlement of this matter by way of this settlement agreement ("the Settlement Agreement").
2. The Enforcement Department of IIROC has conducted an investigation ("the Investigation") into the conduct of Dickson.
3. The Investigation discloses matters for which the Respondent may be disciplined by a hearing panel appointed pursuant to IIROC Transitional Rule No.1, Schedule C.1, Part C ("the Hearing Panel").

### **II. JOINT SETTLEMENT RECOMMENDATION**

4. Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement.
5. The Respondent admits to the following contraventions of IIROC Dealer Member Rules, Guidelines, Regulations or Policies:

In April 2012, Graeme Dickson forged client signatures on various account documentation, which was conduct unbecoming or detrimental to the public interest, contrary to IIROC Dealer Member Rule 29.1.

6. Staff and the Respondent agree to the following terms of settlement:
  - a) Payment of a fine in the amount of \$7,500;
  - b) A six month suspension from registration in any capacity with IIROC;

c) To rewrite the CPH within six months of re-registration with IIROC in any capacity.

7. The Respondent agrees to pay costs to IIROC in the sum of \$1,000.

### **III. STATEMENT OF FACTS**

#### **(i) Acknowledgment**

8. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

#### **(ii) Factual Background**

##### **Overview:**

9. Dickson was both a bank employee with CIBC and a Registered Representative with CIBC Investor Services Inc. (“CIBC ISI”) in Toronto. He had been an IIROC registrant for less than three months at the time of the events in question.

10. In April 2012, Dickson signed the signatures of four of his CIBC ISI clients on various account documentation, without the clients’ consent, but as a matter of convenience and with no personal benefit to Dickson.

##### **Background:**

11. At all material times Dickson was registered with IIROC as a Registered Representative (“RR”) and employed with CIBC ISI as a financial advisor. Dickson was also dually employed by CIBC bank and had his office in a CIBC bank branch in Toronto.

12. Dickson became an RR with CIBC ISI in February 2012. This was his first job as an IIROC registrant. Upon joining the firm, Dickson was assigned approximately five hundred (500) client files.

13. Dickson has not been a registrant with IIROC since April 2012 when he was terminated by CIBC ISI as a result of the events contained herein.

##### **Clients LC and CC:**

14. Dickson was assigned the file and was the RR for husband and wife LC and CC. They came into the branch to discuss their KYC form and to sign documents in April 2012. At this time LC signed a CIBC Financial Advice Disclosure form dated April 18, 2012 and CC signed an Internet Email, Telephone and Fax Agreement form dated April 14, 2012.

15. After LC and CC left the office, Dickson noted that they forgot to sign a further document entitled an Investment Plan (“IP”) dated April 17, 2012. On or about April 17, 2012, Dickson signed LC and CC’s signatures on the IP.

16. Dickson called the clients the same day and asked them to come back into the office to sign the IP. LC and CC did so either that day or the next day.

17. On or about the same day, CIBC ISI asked Dickson about the signatures and he admitted that he had signed the IP for LC and CC. Dickson also told CIBC ISI that he had already called the clients and had asked them to return to sign the IP themselves.

##### **Other clients:**

18. In addition, Dickson told Staff during the investigation that the following client signatures were signed by him and not by the named clients:

- clients VK and LK: signatures for each of them on an IP, a Financial Advice Disclosure form (VK) and a Personal Portfolio Services New Account Application form (LK).

19. VK and LK were a married couple and were clients of Dickson. VK was born in November 1924 and LK was born in February 1936.

### **Investment Plan for VK and LK:**

20. Dickson met with the clients at his office in April 2012 to review their accounts and to sign account forms, one of which was their IP. The clients had reviewed and approved the IP but had not signed it at the time. Dickson admitted that he signed the signatures for VK and LK on their IP dated April 2, 2012. Dickson told Staff that he had notified the clients that they had forgotten to sign the IP. Dickson signed their names when they did not come back in to sign the IP. He did not tell the clients that he had signed the IP on their behalf.

### **Financial Advice Disclosure Form for VK:**

21. When meeting with Dickson, VK initialed the first page of the CIBC ISI Financial Advice Disclosure form dated April 3, 2012 (the "FADF"). VK omitted to sign the second page. Dickson signed VK's name on page 2 of the FADF.

### **Personal Portfolio NAAF for LK:**

22. Dickson also signed LK's name on a CIBC Personal Portfolio Services New Account Application form ("PPS NAAF") for a joint account, dated April 2, 2012. Dickson told Staff that the client LK did not know he had signed her signature for her on the PPS NAAF. At the time he had obtained a genuine signature for the husband on the PPS NAAF, but he had signed for the wife himself, rather than asking her to come in again and sign the document.

### **Reason for signing:**

23. Dickson told Staff that for most of the signatures his reason for signing on behalf of the clients was for convenience and so that he would not have to ask the clients to come back in to sign the documents. At the time of signing he had a new baby and was functioning on very little sleep. He told Staff that he "was not thinking logically."
24. Dickson admitted this conduct and did not conceal his actions. There was no personal gain to Dickson as a result of signing these signatures, nor was there any detriment to the clients. Ultimately the forms were all re signed by the clients.
25. Dickson was discharged for his conduct and was unemployed from April 2012 until June 2013. He is no longer employed as an RR.

### **Other:**

26. Dickson has no previous disciplinary history with IIROC.
27. Dickson regrets his actions described above.
28. Dickson co-operated with Staff's investigation and prosecution.

### **IV. TERMS OF SETTLEMENT**

29. This settlement is agreed upon in accordance with IIROC Dealer Member Rules 20.35 to 20.40, inclusive and Rule 15 of the Dealer Member Rules of Practice and Procedure.
30. The Settlement Agreement is subject to acceptance by the Hearing Panel.
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.
32. The Settlement Agreement will be presented to the Hearing Panel at a hearing ("the Settlement Hearing") for approval. Following the conclusion of the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement.
33. If the Hearing Panel accepts the Settlement Agreement, the Respondent waives his right under IIROC rules and any applicable legislation to a disciplinary hearing, review or appeal.

34. If the Hearing Panel rejects the Settlement Agreement, Staff and the Respondent may enter into another settlement agreement; or Staff may proceed to a disciplinary hearing in relation to the matters disclosed in the Investigation.
35. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel.
36. Staff and the Respondent agree that if the Hearing Panel accepts the Settlement Agreement, they, or anyone on their behalf, will not make any public statements inconsistent with the Settlement Agreement.
37. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately upon the effective date of the Settlement Agreement.
38. Unless otherwise stated, any suspensions, bars, expulsions, restrictions or other terms of the Settlement Agreement shall commence on the effective date of the Settlement Agreement.

**AGREED TO** by the Respondent at the City of Toronto in the Province of Ontario, this 4th day of September, 2013.

“Witness”

“Graeme Dickson”

**Witness**

**Graeme Dickson**

**AGREED TO** by Staff at the City of Toronto in the Province of Ontario, this 12th day of September, 2013.

“Witness”

“Kathryn Andrews”

**Witness**

**Kathryn Andrews**

Senior Enforcement Counsel on behalf of Staff of  
the Investment Industry Regulatory Organization of  
Canada

**ACCEPTED** at the City of Toronto in the Province of Ontario, this 2nd day of October, 2013, by the following Hearing Panel:

Per: “Fred Webber”

Panel Chair

Per: “Terry Bourne”

Panel Member

Per: “Colleen Wright”

Panel Member

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