



**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: Ronald Richard Armstrong**

Heard: November 8, 2021 by electronic hearing in Vancouver, British Columbia

Decision: November 8, 2021

Reasons for Decision: November 30, 2021

**REASONS FOR DECISION**

Hearing Panel of the Pacific Regional Council:

The Honourable Ian H. Pitfield  
Susan Monk  
Tammi Walsh

Chair  
Industry Representative  
Industry Representative

Appearances:

Brendan Forbes	)	Enforcement Counsel for the Mutual Fund
	)	Dealers Association of Canada
	)	
	)	
Ronald Richard Armstrong	)	Respondent
	)	

1. At the conclusion of an oral hearing, the Hearing Panel approved a settlement agreement dated October 1, 2021 (the “Settlement Agreement”) pursuant to which Ronald Richard Armstrong (the “Respondent”), a registered dealing representative, was fined \$12,000 and ordered to pay costs of \$2,500 as a consequence of photocopying signature pages from account forms that had previously been signed by clients and re-using the signature pages to complete 5 new account forms in respect of 4 clients; and altering information on the account form of 1 client without having the client initial the alteration and using the altered form to process a transaction. The foregoing practices contravene MFDA Rule 2.1.1. The Settlement Agreement is annexed as Schedule “1”.

2. The Respondent has been registered in the securities industry since March 2002. He has been registered as a dealing representative with PFSL Investments Canada Ltd. in British Columbia since 2003, and in Alberta since 2007. He conducted business in the Kamloops, B.C. area. The Respondent admits that between March 2017 and January 2019, he improperly photocopied and used the photocopies to process transactions. He admits that on June 15, 2018, he altered the client signature date on a Subsequent Contribution Form without having the client initial the change and used the altered form to process a transaction. The Respondent did not profit from the improper transactions beyond the commissions he would have derived had the transactions been properly carried out.

3. Following detection of the improper practices, the Member firm issued a warning letter to the Respondent requiring him to review the Member’s policies and procedures and compliance bulletins, including those related to signature falsification and pre-signed forms.

4. The improper use of altered, pre-signed, and photocopied forms is an ongoing problem for the MFDA which has regularly warned the industry against the use of such forms. Hearing panels have supported the MFDA by imposing sanctions for such improper use in contravention of MFDA Rules.

See MFDA Notice #MSN-0066 dated October 31, 2007 (updated March 4, 2013 and January 26, 2017)

5. As in every case of this kind, the sole question to be answered by the Panel is whether the penalty fixed by the Settlement Agreement falls within a reasonable range. The Panel is not at liberty to alter the penalty. In its assessment, the Panel must have regard for the factors which Hearing Panels frequently consider when determining an appropriate penalty:

- a) the seriousness of the allegations proved against the Respondent;
- b) the Respondent's past conduct, including prior sanctions;
- c) the Respondent's experience and level of activity in the capital markets;
- d) whether the Respondent recognizes the seriousness of the improper activity;
- e) the harm suffered by investors as a result of the Respondent's activities;
- f) the benefits received by the Respondent as a result of the improper activity;
- g) the risk to investors and the capital markets in the jurisdiction, were the Respondent to continue to operate in capital markets in the jurisdiction;
- h) the damage caused to the integrity of the capital markets in the jurisdiction by the Respondent's improper activities;
- i) the need to deter not only those involved in the case being considered, but also any others who participate in the capital markets, from engaging in similar improper activity;
- j) the need to alert others to the consequences of inappropriate activities to those who are permitted to participate in the capital markets; and
- k) previous decisions made in similar circumstances.

See *Headley (Re)*, [2006] Hearing Panel of the Pacific Regional Council, MFDA File No. 200509, Reasons for Decision dated February 21, 2006, at para. 85.

6. In this instance, the Panel's primary concern is deterrence, both specific and general. The Panel is mindful of the fact that core tenets in the mutual fund industry are the prohibition against the use of photocopies of signatures, or the alteration of any particulars in documents without the alteration having been initialled by the client. The purpose of the prohibitions is to protect investors by ensuring that they have approved a transaction or the contents of a form, to prevent the possibility of discretionary trading which is prohibited, and to inspire public confidence in the industry. The tenets are breached whenever an altered or photocopied form that does not bear the client's approval, evidenced by initials or a signature, is used to process a transaction.

7. In its Sanction Guidelines issued November 15, 2018, the MFDA said this of fines:

A fine is a monetary sanction imposed on a Member or an Approved Person found to be in contravention of MFDA By-laws, Rules and Policies. Fines are frequently imposed in disciplinary proceedings, but are not required in all cases. Generally, the amount of a fine should, at

a minimum, have the effect of disgorging the amount of the financial benefit received by the Respondent as a result of the misconduct.

The amount of a fine should be commensurate with the seriousness of the misconduct. In the most egregious cases, Hearing Panels may consider the maximum fines permitted under s. 24 of MFDA By-law No. 1. A fine should not be tantamount to a licensing fee to engage in the misconduct.

8. Without knowledge of the size and profitability of the Respondent's business, it is not possible to know whether the amount of the fine in this case is tantamount to a licensing fee prompting one to engage in impugned conduct as a matter of convenience. While the Panel is prepared to accept that the fine imposed in this instance and agreed to by the Respondent is within a reasonable range, it wishes to state its opinion that the penalty is at the very low end of the appropriate range for this kind of misconduct.

9. The Settlement Agreement is approved.

**DATED** this 30<sup>th</sup> day of November, 2021.

"Ian H. Pitfield"

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The Honourable Ian H. Pitfield  
Chair

"Susan Monk"

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Susan Monk  
Industry Representative

"Tammi Walsh"

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Tammi Walsh  
Industry Representative



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**Re: Ronald Richard Armstrong**

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**SETTLEMENT AGREEMENT**

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**I. INTRODUCTION**

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Ronald Richard Armstrong (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 March 2017 and January 2019, the Respondent photocopied signature pages from account forms that had previously been signed by clients and re-used

the signature pages to complete 5 new account forms in respect of 4 clients, contrary to MFDA Rule 2.1.1; and

- b) on June 15, 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 alteration, 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 \$12,000 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 March 2002, the Respondent has been registered in the securities industry.

8. Since June 2003 in British Columbia, and since October 2007 in Alberta, the Respondent has been registered as a dealing representative with PFSL Investments Canada Ltd. (the "Member"), a Member of the MFDA.

9. At all material times, the Respondent conducted business in the Kamloops, British Columbia area.

## **Re-Used Client Signatures**

10. Between March 2017 and January 2019, the Respondent photocopied signature pages from account forms that had been signed by clients and re-used the signature pages to complete 5 new account forms in respect of 4 clients.
11. The Respondent submitted all of the new account forms to the Member for processing.
12. The account forms consisted of: 3 Redemption Request Forms, 1 Canada Education Savings Grant (“CESG”) and Canada Learning Bond (“CLB”) Form, and 1 CESG and CLB (Annex B) Form.

## **Altered Account Forms**

13. On June 15, 2018, the Respondent altered 1 Subsequent Contribution Form in respect of 1 client by altering the client signature date on the account form without having the client initial the alteration, and used this altered form to process a transaction.

## **The Member’s Investigation**

14. On June 12 and 13, 2019, during the course of a branch audit, the Member reviewed client files maintained by the Respondent and discovered some of the account forms with photocopied signatures that are described above.
15. On June 20, 2019 and July 10, 2019, the Member conducted a review of an additional 52 of the Respondent’s client files and discovered the remaining accounts forms which are described above.
16. The Member commenced an investigation to determine whether the transactions were authorized by the clients, including by writing the affected clients in order to have the clients review their transaction history. No clients reported any concerns to the Member.
17. On September 12, 2019, the Member issued a Warning Letter to the Respondent about the conduct described above, and required the Respondent to review the Member’s policies and procedures and compliance bulletins including those related to signature falsification and pre-signed forms.
18. The Member has confirmed that the Respondent has completed the review of client files he maintains and the Member’s policies and procedures and compliance bulletins.

## **Additional Factors**

19. There is no evidence that the Respondent received any financial benefit from the conduct set out above beyond the commissions or fees he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.
20. There is no evidence of client loss, complaints, or lack of authorization.
21. The Respondent has not previously been the subject of MFDA disciplinary proceedings.
22. 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**

23. 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.
24. 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](http://www.mfda.ca).
25. 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.
26. 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 agrees to waive 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 and 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.

27. 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.

28. 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.

29. 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 1<sup>st</sup> day of October, 2021.

“Ronald Richard Armstrong”

\_\_\_\_\_  
Ronald Richard Armstrong

\_\_\_\_\_  
Witness – Signature

\_\_\_\_\_  
Witness – Print Name

“Charles Toth”

\_\_\_\_\_  
Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement



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**ORDER**

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**WHEREAS** on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of MFDA By-law No. 1 in respect of Ronald Richard Armstrong (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 MFDA By-law No. 1;

**AND WHEREAS** the Hearing Panel is of the opinion that:

- a) between March 2017 and January 2019, the Respondent photocopied signature pages from account forms that had previously been signed by clients and re-used the signature pages to complete 5 new account forms in respect of 4 clients, contrary to MFDA Rule 2.1.1; and
- b) on June 15, 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 alteration, 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 \$12,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
2. 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;
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]

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