



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: Vasant Avhad

Heard: June 25, 2018 in Edmonton, Alberta

Decision: June 25, 2018

Reasons for Decision: July 13, 2018

REASONS FOR DECISION

Hearing Panel of the Prairie Regional Council:

Shelley L. Miller, QC

Chair

Richard Sydenham

Industry Representative

James Samanta

Industry Representative

Appearances:

Justin Dunphy

)

Counsel for the Mutual Fund Dealers

)

Association of Canada

)

Arman Chak

)

Counsel for the Respondent

)

Vasant Avhad

)

Respondent, in person

)

Background

1. This matter concerns a settlement hearing under Section 24.4 of By-law No. 1 of the Mutual Fund Dealers Association of Canada (“MFDA”). The hearing was held on June 25, 2018. The full settlement agreement dated June 20, 2018 (“Settlement Agreement”) entered into between Vasant Avhad (“Respondent”) and MFDA Staff on behalf of MFDA is attached as Appendix “A” and its relevant provisions will not be repeated in detail here.

2. The Respondent was registered from November 2007 to August 2014 in Ontario and Alberta with Royal Mutual Funds Inc., a member of the MFDA and from September 2014 to February 2016 in Alberta as a mutual fund salesperson, (now known as a dealing representative) with CIBC Securities Inc. (“CIBC”), a member of the MFDA. At all material times, the Respondent conducted business in the area of Fort McMurray, Alberta.

3. At the conclusion of the June 25, 2018 hearing, this Hearing Panel accepted the proposed Settlement Agreement with reasons to follow, which are now set out below.

Completion of KYC Information and Processing of Trades Without Meeting With Client

4. Between December 30, 2015 and January 4, 2016, the Respondent opened two accounts for a client, recorded the client’s Know-Your-Client information, and processed two transactions in the client’s accounts without having met or communicated with the client, thereby failing to use due diligence to learn the essential facts relative to a client and to each order or account accepted, contrary to MFDA Rules 2.2.1 and 2.1.1.

5. The particulars of occurrence are that:

- a) At all material times, CIBC’s policies and procedures required its Approved Persons, including the Respondent, to use due diligence to learn the essential facts relative to each client and to each order or account accepted.
- b) In December 2015, the Respondent met with client MU on several occasions. Client MU was a CIBC Bank employee who worked at the same office location as the

Respondent. As a result of those meetings, the Respondent opened individual Registered Retirement Savings Accounts (“RRSP”) and Tax Free Savings Accounts (“TFSA”) for client MU, her husband, client VU, and their daughter, client CU.

- c) The Respondent states that, on one occasion during a scheduled meeting attended with only client MU and client VU, he discussed and recommended investments for the RRSP and TFSA accounts for all family members, including client CU.
- d) On or about December 30, 2015, the Respondent in order to open the RRSP and TFSA for client CU prepared two New Account Application Forms (“NAAFs”) to open the RRSP and TFSA for client CU, and two Investor Profile Forms, which contained investment recommendations, and which required client CU to initial the forms.
- e) The Respondent completed the Know-Your-Client information on the NAAFs and Investor Profile Forms to open the accounts for client CU based on information the Respondent had on file with respect to client CU’s holdings at CIBC Bank, without having any discussions with client CU.
- f) The Respondent provided the NAAFs and Investor Profile Forms to client MU to obtain client CU’s signatures and initials, respectively.
- g) On or about December 30, 2015, client MU returned the two NAAFs and Investor Profile Forms containing client CU’s signatures and initials to the Respondent. The Respondent subsequently submitted the forms to CIBC for processing.
- h) Between December 30, 2015 and January 4, 2016, after opening client CU’s RRSP and TFSA, the Respondent prepared transfer forms (the “Transfer Forms”) to transfer monies to the RRSP and TFSA and purchase mutual funds based on the recommendations from the Investor Profile Forms. The Respondent provided the Transfer Forms to client MU to obtain client CU’s signatures, which were subsequently signed and returned to the Respondent. The Respondent obtained the signed Transfer Forms from client MU.
- i) On January 4, 2016, the Respondent submitted the Transfer Forms to CIBC for processing, without having met or discussed the transactions with client CU.

- j) The Respondent processed transactions totaling \$18,109.41 for client CU in order to purchase mutual funds on behalf of client CU.

Client notes

6. On December 30, 2015, the Respondent created a note on the Member's back office system that indicated that he met with a client to open two accounts at the Member when he had not done so, contrary to MFDA Rule 2.1.1.

Terms of Settlement

7. In paragraph 5 of the Settlement Agreement, MFDA Staff and the Respondent agreed to the following penalties:

- a) the Respondent shall be prohibited for four months from conducting securities related business in any capacity while in the employ of or associated with any Member of the MFDA, pursuant to s. 24.1.1.(e) of MFDA By-law No. 1;
- b) the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1;
- c) the payment by the Respondent of the Costs shall be made to and received by MFDA Staff in certified funds as follows:
 - i. \$500 upon acceptance of the Settlement Agreement by the Hearing Panel;
 - ii. \$500 on or before the last business day of the 2nd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - iii. \$500 on or before the last business day of the 3rd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - iv. \$500 on or before the last business day of the 4th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - v. \$500 on or before the last business day of the 5th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - vi. the Respondent shall in the future comply with MFDA Rules 2.2.1 and 2.1.1;and

- vii. the Respondent will attend in person, on the date set for the Settlement Hearing.

Acceptance of the Settlement Agreement

8. This Hearing Panel is aware that its responsibility is to either accept the settlement agreement or reject it, as stated by the MFDA Hearing Panel in *Sterling Mutuals Inc. (Re)*, citing the I.D.A. Ontario District Council in *Milewski (Re)*:

“We also note that while in a contested hearing the Panel attempts to determine the correct penalty, in a settlement hearing the Panel “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.” [Emphasis added.]

Sterling Mutuals Inc. (Re), MFDA File No. 200820, Hearing Panel of the Central Regional Council, Decision and Reasons dated September 3, 2008 at para. 37

Milewski (Re), [1999] IDACD No. 17 at p. 10, Ontario District Council Decision dated July 28, 1999.

9. This Hearing Panel is also mindful of the effectiveness of Settlement Agreements in fulfilling the objective of the regulator as noted in the reasons for decision in *British Columbia Securities Commission v Seifert*, 2007 BCCA 484 at para. 31:

“Settlements assist the Commission to ensure that its overriding objective, the protection of the public, is met. Settlements proscribe activities that are harmful to the public. In so doing, they are effective in accomplishing the purposes of the statute. They provide means of reaching a flexible remedy that is tailored to address the interests of both the Commission and the person under investigation. Enforcement is rarely a concern because the settlement is voluntary. A person who is the subject of an investigation retains the option of refusing to settle and proceeding to a hearing. Settlements are also efficient. Both parties can forego their time and expense of a hearing.”

10. Enforcement Counsel cited the following cases in support of acceptance of the Settlement Agreement:

Badasha (Re), MFDA File No. 201424, Hearing Panel of the Pacific Regional Council, Decision and Reasons dated June 9, 2015 at para. 46

Wray (Re), MFDA File No. 201661, Hearing Panel of the Central Regional Council, Decision and Reasons dated June 8, 2017

11. Both *Badasha (Re) supra* and *Wray (Re) supra* held that where an Approved Person opens a client account, updates the client's Know-Your-Client information and/or processes trades in the client's account without communicating directly with the client, the Approved Person has violated the Know-Your-Client obligation in Rule 2.2.1 and the standard of conduct in Rule 2.1.1.

12. *Wray (Re) supra*, at para 32 held that in order to fulfill the Know-Your-Client obligation, an Approved Person is required to learn the essential facts about his or her client directly from the client. In the absence of a power of attorney, it is not sufficient to consult with a third party, including even the client's spouse, for the purpose of obtaining Know-Your-Client information or trading instructions.

13. This Hearing Panel considered the following mitigating factors:

Client Harm

a) The Member reversed the transactions that the Respondent processed in client CU's account and as such, the client CU did not suffer lasting financial harm.

Benefits Received by the Respondent

b) There was no evidence that the Respondent received any financial benefit from engaging in the misconduct at issue in this proceeding.

The Respondent's Past Conduct including Prior Sanctions

c) The Respondent has been registered as a mutual fund dealing representative since 2007 and has not previously been the subject of MFDA disciplinary proceedings.

The Respondent's Recognition of the Seriousness of the Misconduct

d) By entering into the Settlement Agreement, the Respondent has accepted responsibility for his misconduct and avoided the necessity of the MFDA incurring the time and expense of conducting a full disciplinary proceeding.

14. The issue that gave pause to this Hearing Panel was whether a suspension of four months and an order of costs of \$2,500 payable in installments would constitute a sufficient specific deterrence to this Respondent and general deterrence to other dealing representatives in the securities industry.

15. In particular, this Hearing Panel was concerned as to whether on the facts of this case, it could satisfy itself as to the following conditions set out in *Sterling Mutuals Inc. (Re)*:

- a) Whether acceptance of the settlement agreement would be in the public interest and whether the penalty imposed will protect investors;
- b) Whether the settlement agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the settlement agreement;
- c) Whether the settlement agreement addresses the issues of both specific and general deterrence;
- d) Whether the settlement agreement will prevent the type of conduct described in the settlement agreement from occurring again in the future;
- e) Whether the settlement agreement will foster confidence in the integrity of the Canadian capital markets;
- f) Whether the settlement agreement will foster confidence in the integrity of the MFDA; and

- g) Whether the settlement agreement will foster confidence in the regulatory process itself.

16. The Respondent states that he is impecunious and unable to pay a fine, however he is actively attempting to become re-registered in the mutual fund industry.

17. Enforcement Counsel Staff contended that a 4-month prohibition would amount to an effective deterrent in the present circumstances that would have a real impact on the Respondent.

18. Enforcement Counsel cited as relevant previous similar cases, *Badasha (Re) supra*, *Wray (Re) supra*, *Gill (Re)*, MFDA File No. 2017124, Hearing Panel of the Central Regional Council, Decision and Reasons dated April 16, 2018 and *Tian (Re)*, MFDA File No. 2016112, Hearing Panel of the Central Regional Council, Decision and Reasons dated March 27, 2017.

19. Following review of these decisions, this Hearing Panel noted that only in *Tian (Re) (supra)* was the penalty similar in character to the case at hand, i.e., a short-term suspension and modest cost award with no monetary fine whatsoever. In *Tian (Re) (supra)*, at p 12, the hearing panel there stated that it had considered the financial position of the Respondent and determined that the penalty was an adequate deterrent in the circumstances. No additional details were provided.

20. However, when this Hearing Panel solicited further information as to the rationale for seeking no financial penalty, the parties consented to supplement the facts tendered to include information that the financial circumstances of the Respondent in this instance as well as his desire to return to the industry were relevant factors to support the sufficiency of specific deterrence to this Respondent.

21. As well, counsel for the parties contended that the imposition of a suspension, which results in a permanent record of misconduct, a considerable negative impact on earning capability during the term of suspension and a loss of reputation were factors that would satisfy the requirement of general deterrence and foster confidence in the integrity of the Canadian capital markets; of the MFDA; and in the regulatory process itself.

22. These revelations provided additional comfort to the Hearing Panel to be satisfied that acceptance of this Settlement Agreement will advance the public interest and the objective of the MFDA to enhance investor protection and ensure high standards of conduct in the mutual fund industry.

23. However, this Hearing Panel suggests that in such circumstances, Enforcement Counsel in its written submissions should clearly articulate the existence of unusual or special circumstances to demonstrate that the suspension will have more than a nominal specific deterrent impact on the Respondent, but will likely also have a persuasive general deterrent impact on the other participants in the securities industry.

24. This Hearing Panel thanks Enforcement Counsel for his helpful presentation and the Respondent and his counsel for their cooperation during the hearing.

DATED this 13th day of July, 2018.

“Shelley L. Miller”

Shelley L. Miller, QC
Chair

“Richard Sydenham”

Richard Sydenham
Industry Representative

“James Samanta”

James Samanta
Industry Representative

DM 624622

Appendix “A”

Settlement Agreement

File No. 201832



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: Vasant Avhad

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Vasant Avhad (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 MFDA:

- a) between December 30, 2015 and January 4, 2016, the Respondent opened 2 accounts for a client, recorded the client's Know-Your-Client information, and processed 2 transactions in the client's accounts without having met or communicated with the client, thereby failing to use due diligence to learn the essential facts relative to a client and to each order or account accepted, contrary to MFDA Rules 2.2.1 and 2.1.1; and
- b) on December 30, 2015, the Respondent created a note on the Member's back office system which indicated that he met with a client to open two accounts at the Member when he had not done so, 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 prohibited for four months from conducting securities related business in any capacity while in the employ of or associated with any Member of the MFDA, pursuant to s. 24.1.1.(e) of MFDA By-law No. 1;
- b) the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1;
- c) the payment by the Respondent of the Costs shall be made to and received by MFDA Staff in certified funds as follows:
 - i. \$500 upon acceptance of the Settlement Agreement by the Hearing Panel;
 - ii. \$500 on or before the last business day of the 2nd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - iii. \$500 on or before the last business day of the 3rd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - iv. \$500 on or before the last business day of the 4th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel; and
 - v. \$500 on or before the last business day of the 5th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
- d) the Respondent shall in the future comply with MFDA Rules 2.2.1 and 2.1.1; 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. From September 2014 to February 2016, the Respondent was registered in Alberta as a mutual fund salesperson (now known as a dealing representative) with CIBC Securities Inc. (“CIBC”), a Member of the MFDA.
8. In February 2016, the Respondent’s registration with CIBC was terminated.
9. From November 2007 until August 2014, the Respondent was registered in Ontario and Alberta at various times as a mutual fund salesperson with Royal Mutual Funds Inc., a Member of the MFDA.
10. At all material times, the Respondent conducted business in the Fort McMurray, Alberta area.
11. The Respondent is not currently registered in the securities industry in any capacity.

Completion of KYC Information and Processing of Trades Without Meeting With Client

12. At all material times, CIBC’s policies and procedures required its Approved Persons, including the Respondent, to use due diligence to learn the essential facts relative to each client and to each order or account accepted.

13. In December 2015, the Respondent met with client MU on several occasions. Client MU was a CIBC Bank employee that worked at the same office location as the Respondent. As a result of those meetings, the Respondent opened individual Registered Retirement Savings Accounts (“RRSP”) and Tax Free Savings Accounts (“TFSA”) for client MU, her husband, client VU, and their daughter, client CU.

14. The Respondent states that, on one occasion during a scheduled meeting attended with only client MU and client VU, he discussed and recommended investments for the RRSP and TFSA accounts for all family members, including client CU.

15. On or about December 30, 2015, the Respondent prepared the following documentation in order to open the RRSP and TFSA for client CU:

- a) two New Account Application Forms (“NAAFs”) to open the RRSP and TFSA for client CU; and
- b) two Investor Profile Forms, which contained investment recommendations, and which required client CU to initial the forms.

16. The Respondent completed the Know-Your-Client information on the NAAF and Investor Profile Forms to open the accounts for client CU based on information the Respondent had on file with respect to client CU’s holdings at CIBC Bank, without having any discussions with client CU.

17. The Respondent provided the NAAF and Investor Profile Forms to client MU to obtain client CU’s signatures and initials, respectively.

18. On or about December 30, 2015, client MU returned the two NAAF and Investor Profile Forms containing client CU’s signatures and initials to the Respondent. The Respondent subsequently submitted the forms to CIBC for processing.

19. Between December 30, 2015 and January 4, 2016, after opening client CU's RRSP and TFSA, the Respondent prepared transfer forms (the "Transfer Forms") to transfer monies to the RRSP and TFSA and purchase mutual funds based on the recommendations from the Investor Profile Forms. The Respondent provided the Transfer Forms to client MU to obtain client CU's signatures, which were subsequently signed and returned to the Respondent. The Respondent obtained the signed Transfer Forms from client MU.

20. On January 4, 2016, the Respondent submitted the Transfer Forms to CIBC for processing, without having met or discussed the transactions with client CU.

21. The Respondent processed transactions totaling \$18,109.41 for client CU in order to purchase mutual funds on behalf of client CU, as follows:

Account	Form	Transaction Amount (Purchase)
RRSP	Transfer from CIBC RSP Centre to CIBC Securities Inc.	\$8,041.25
TFSA	Transfer Authorization for Registered Investments	\$10,068.16

Client Notes

22. On or about December 30, 2015, the Respondent prepared client notes on CIBC's back office system regarding the opening of the RRSP and TFSA for client CU, as described above at paragraph 15.

23. The Respondent's client notes for client CU indicated that:

- a) the Respondent met with client CU on December 30, 2015 to open the RRSP and TFSA;
- b) he reviewed and confirmed the KYC information with client CU; and

- c) he explained the risk, volatility and performance history of the mutual funds generated electronically from the KYC information entered in the electronic Investment Profile;

when he in fact had not done so.

CIBC's Investigation

24. On or about January 25, 2016, client MU complained about the handling by the Respondent of her accounts, client VU's accounts, and client CU's accounts. CIBC subsequently commenced an investigation which identified the misconduct that is the subject of this Settlement Agreement.

25. In February 2016, CIBC reversed transactions that occurred in the accounts of clients MU and VU, as well as the transactions that occurred in client CU's TFSA and RRSP as described above.

26. On February 8, 2016, CIBC terminated the Respondent's mutual fund registration.

Additional Factors

27. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described in this Settlement Agreement.

28. The Respondent states that he is impecunious and unable to pay any amount towards a fine. The Respondent acknowledges that absent his inability to pay, it would have been appropriate for him to be subject to a penalty that included a fine due to the conduct that is the subject of this Settlement Agreement.

29. The Respondent states that he is actively attempting to become reregistered in the mutual fund industry.

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

31. 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

32. 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.

33. 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.

34. 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.

35. 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 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.

36. 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.

37. 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.

38. 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 20th day of June, 2018.

“Vasant Avhad”

Vasant Avhad

“PA”

Witness – Signature

PA

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. 201832



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: Vasant Avhad

ORDER

(ARISING FROM SETTLEMENT HEARING ON JUNE 25, 2018)

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 Vasant Avhad (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 the Respondent:

- a) between December 30, 2015 and January 4, 2016, opened 2 accounts for a client, recorded the client’s Know-Your-Client information, and processed 2 transactions in the client’s accounts without having met or communicated with the client, thereby failing to use due diligence to learn the essential facts relative to a client

and to each order or account accepted, contrary to MFDA Rules 2.2.1 and 2.1.1;
and

- b) on December 30, 2015, created a note on the Member's back office system which indicated that he met with a client to open two accounts at the Member when he had not done so, 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 prohibited for four months from conducting securities related business in any capacity while in the employ of or associated with any Member of the MFDA, pursuant to s. 24.1.1.(e) of MFDA By-law No. 1;
2. the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1;
3. the payment by the Respondent of the Costs shall be made to and received by MFDA Staff in certified funds as follows:
 - a) \$500 upon acceptance of the Settlement Agreement by the Hearing Panel;
 - b) \$500 on or before the last business day of the 2nd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - c) \$500 on or before the last business day of the 3rd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - d) \$500 on or before the last business day of the 4th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - e) \$500 on or before the last business day of the 5th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
4. The Respondent shall in the future comply with MFDA Rules 2.2.1 and 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]