



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: Paul Bannab

Heard: May 25, 2022 by electronic hearing in Toronto, Ontario

Decision: May 25, 2022

Reasons for Decision: July 21, 2022

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Paul M. Moore, Q.C.
Selwyn Kossuth
Colleen Waring

Chair
Industry Representative
Industry Representative

Appearances:

Julie Grajales)	Enforcement Counsel for the Mutual Fund
)	Dealers Association of Canada
)	
Ashley Thomassen)	Counsel for Respondent
)	
)	
Paul Bannab)	Respondent
)	

I. SETTLEMENT AGREEMENT

1. We accepted the settlement agreement dated March 22, 2022 (“Settlement Agreement”) between the staff of the MFDA (“Staff”) and Paul Bannab (“Respondent”) at an electronic settlement hearing held in accordance with MFDA rules for an electronic hearing.

2. A copy of the Settlement Agreement is attached to these Reasons as Schedule “1”. The agreed facts are set out in Part IV of the Settlement Agreement.

II. CONTRAVENTIONS

3. The Respondent admits that beginning in October 2017, the Respondent in his capacity as alternative branch manager, failed to report to the Member in close supervision reports that an Approved Person who was the subject of the reports had borrowed monies from three clients who were also Approved Persons of the Member, contrary to the Member’s policies and procedures and MFDA Rules 1.1.2, 2.1.1, 2.5.1, and 2.5.5(f).

III. AGREED PENALTIES

4. The Settlement Agreement provides that the Respondent:

- a) will be permanently prohibited from acting as a branch manager or in any supervisory capacity for a Member of the MFDA, effective from the date of the Order, pursuant to section 24.1.1(f) of MDFA By-law No. 1;
- b) will pay a fine in the amount of \$5,000 in certified funds;
- c) will pay costs in the amount of \$5,000 in certified funds; and
- d) his payment of the fine and costs shall be made in instalments as outlined in subparagraph 5(d) of the Settlement Agreement.

IV. CONSIDERATIONS FOR ACCEPTANCE OF THE SETTLEMENT AGREEMENT REGARDING AGREED PENALTIES

5. We determined that we had to be satisfied regarding three considerations before we could accept the Settlement Agreement. First, the agreed penalty had to be within an acceptable range taking into account similar cases. Secondly, the agreed penalty had to be fair and reasonable (i.e. proportional to the seriousness of the contraventions taking into consideration relevant circumstances) and should appear to be so to members of the public and industry. Thirdly, the agreed penalty should serve as a deterrent to the Respondent and to industry. To be satisfied on

these three considerations required an understanding of the particular facts of the case, the circumstances of the Respondent, and the impact on the Respondent of the agreed penalty.

V. MISCONDUCT

6. On March 21, 2022, Staff issued a Notice of Hearing in respect of the following allegations of misconduct against Clive Wilkins (“Wilkins”), who was the Respondent’s branch manager at all material times:

- a) Between August 3, 2011 and July 4, 2018, Wilkins borrowed monies from clients, which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise ensure were addressed by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to the Member’s policies and procedures and MFDA Rules 1.1.2, 2.1.1, 2.1.4, and 2.5.1; and
- b) Between February and April 2020, Wilkins made false or misleading statements to the Member and the MFDA during the course of investigations into his conduct, contrary to MFDA Rule 2.1.1.

7. As stated in paragraphs 16 and 17 of the Settlement Agreement and discussed further below, the Respondent loaned money to Wilkins in or around October 2017, and in or around 2018 or 2019 two clients who were also Approved Persons of the Member informed the Respondent that they had loaned money to Wilkins in the past as well. However, the Respondent failed to take supervisory action to adequately address this information and failed to query or report this information to the Member.

8. On October 29, 2015, the Canada Revenue Agency (the “CRA”) sent a Requirement to Pay to the Member in respect of taxes owed by Wilkins.

9. On November 16, 2015, the Ontario Securities Commission (the “OSC”) imposed terms and conditions on Wilkins’ registration effective December 1, 2015, which required the Member to conduct close supervision on Wilkins and complete close supervision reports that the Member would retain and make available for the OSC’s review upon its request.

10. The Member delegated to the Respondent the task of completing the monthly close supervision reports. Beginning in December 2015, the Respondent completed the monthly close supervision reports, and sent the completed reports to the Member’s head office.

11. The monthly close supervision reports required, among other things, reporting of any failure to comply with the requirements of the MFDA or the Member's policies and procedures to the OSC. Specifically, the close supervision reports during the material period contained a section entitled "Part D – Additional Information", which stated:

If as part of its supervision the Registered Individual during the review period the firm has identified any instance where the Registered Individual may not have complied with securities legislation, the requirements of an applicable self-regulatory organization, or the firm's policies and procedures, please identify those instances below, unless they have already been identified elsewhere in this report.

12. In October 2017, Wilkins borrowed a total of \$15,000 from the Respondent. At this time, the Respondent was also a client of the Member. Wilkins told the Respondent that he required the funds to pay his tax arrears. As of October 14, 2020, Wilkins repaid the monies that he borrowed from the Respondent.

13. At all material times, HH and MK were both clients of the Member and Approved Persons registered with the Member. In or around 2018 or 2019, HH and MK informed the Respondent that they had loaned money to Wilkins in the past, and had since been repaid.

14. In or around February 2020, the Member received information that Wilkins had borrowed monies from clients, reported the information to the MFDA, and commenced an investigation into Wilkins' conduct. Through this investigation, it was determined that between August 3, 2011 and July 4, 2018, Wilkins borrowed a total of approximately \$158,000 from five clients who were also Approved Persons of the Member. This included \$5,000 that Wilkins borrowed from HH and a total of \$5,500 that he borrowed from MK. By July 2020, Wilkins had repaid all the amounts that he borrowed from these clients and Approved Persons.

15. The Respondent was required to report the information that he received from HH and MK that Wilkins had borrowed monies from them. The Respondent also failed to document this information in any of the monthly close supervision reports that he completed. Rather, he indicated "no incidents to report" or a similar statement when he completed the "Part D – Additional Information" section of the monthly close supervision reports described above at paragraph 11, which requested any instance be identified where Wilkins may not have complied with securities legislation, the requirements of the MFDA, or the Member's policies and procedures. In light of the financial concerns triggered by the Requirement to Pay, conduct reflecting that Wilkins might be experiencing financial difficulties was particularly relevant to record in the monthly supervision reports that the Respondent completed.

16. Furthermore, upon receiving the information from HH and MK, the Respondent did not take any steps to query Wilkins about the monies that he had borrowed from HH and MK to determine, among other things, the circumstances of the borrowing (such as the amounts and duration of the loans, why it was necessary to borrow the money, whether the loans were secured by any collateral, or whether the loans were repaid on a timely basis) or whether Wilkins had borrowed monies from any other clients or Approved Persons of the Member.

17. The Respondent also failed to report to the Member or in any of the monthly close supervision reports he completed that Wilkins had borrowed \$15,000 from him.

18. MFDA Rule 2.5.5(f) requires a branch manager to supervise the activities of the member at a branch or sub-branch in order to ensure compliance by all Approved Persons at the branch with the By-laws, Rules and policies of the MFDA.

19. Prior MFDA Hearing Panels have held that, when a branch manager fails to report alleged misconduct by a person under their supervision to the Member, the branch manager has contravened MFDA Rule 2.5.5.

Kassam (Re), [2021] Hearing Panel of the, MFDA Hearing No. 202133, Panel Decision dated January 18, 2022 at paras 24 & 26.

Rihawi et al (Re), [2018] Hearing Panel of the Central Regional Council, MFDA Hearing No. 201727, Panel Decision dated November 27, 2018 at para 125.

Bihis (Re), [2018] Hearing Panel of the Central Regional Council, MFDA Hearing No. 201760, Panel Decision dated October 26, 2018 at paras 5 & 8.

20. As the Respondent was the branch manager responsible for supervising Wilkins' conduct on behalf of the Member, he was obliged pursuant to MFDA Rule 2.5.5(f) to inform the Member of the information that he was aware of that indicated that Wilkins had borrowed monies from clients who were also Approved Persons of the Member.

21. Firstly, borrowing from clients (even if the lenders were registrants) gives rise to a conflict of interest that the Member and the Approved Person (in this case, Wilkins) are required to address in compliance with the requirements set out in MFDA Rule 2.1.4.

22. Secondly, the fact that Wilkins was borrowing money from non-institutional lenders at all (even from non-clients) should have been a red flag for the Respondent because the close supervision requirements were initially triggered by Wilkins' failure to pay all amounts owing to the CRA. To the extent that Wilkins required additional unsecured loans from individuals, this

might indicate that Wilkins was experiencing financial distress that might cause him to resort to misconduct to address potentially precarious financial circumstances.

23. In addition, the Member's policies and procedures prohibited its Approved Persons from borrowing monies from clients and other Approved Persons at the Member, and provided that branch managers were responsible for supervising the conduct and activities of Approved Persons in accordance with MFDA Rules, provincial securities laws and the Member's policies.

24. Prior MFDA Hearing Panels have held that, where a Branch Manager fails to meet their reporting obligations under the Member's policies and procedures, the Branch Manager has contravened MFDA Rules 1.1.2 and 2.5.1.

Rihawi, supra at para 125.

Bihis, supra at paras 5 & 8.

25. Thus, by failing to report to the Member the information he had indicating Wilkins' borrowing of monies from clients who were also Approved Persons of the Member, the Respondent contravened the Member's policies and procedures and MFDA Rules 1.1.2 and 2.5.1.

26. Furthermore, the Respondent's conduct amounted to a failure to identify regulatory concerns and take adequate supervisory action in response to information that Wilkins, for whom he had regulatory oversight, may have engaged in prohibited borrowing of monies from clients who were also Approved Persons of the Member. Prior MFDA Hearings Panels have held that this kind of conduct contravenes MFDA Rule 2.1.1.

Bihis, supra

Chan (Re), [2019] Hearing Panel of the Central Regional Council, MFDA Hearing No. 2018101, Panel Decision dated May 28, 2019 at paras 11 & 28.

27. In totality, the Respondent's actions were contrary to the Member's policies and procedures, MFDA Rules 2.5.5(f), 1.1.2, 2.5.1, and 2.1.1.

VI. OTHER CONSIDERATIONS

28. We agreed with the written submissions of MFDA counsel and adopt them as our own regarding the following paragraphs 29 to 35 of these reasons.

29. It is a fundamental duty of a branch manager to ensure compliance at a branch office of the member. As stated by previous MFDA Hearing Panels, branch managers are expected to “be a standard bearer for compliance.”

Durotoye (Re), [2014] Hearing Panel of the Central Regional Council, MFDA Hearing No. 201328-2, Panel Decision dated May 20, 2014 at para 3.

30. In particular, prior MFDA Hearing Panels have held that:

“A branch manager is an important and integral part of the MFDA regulatory regime. The branch manager is not only the eyes and ears of the Member, he/she is vested with a critical responsibility towards ensuring that the member’s business is carried on in accordance with all of the regulatory requirements and that the clients of the Member are afforded all of the protections of that regime”

Gentile & Brinson (Re), [2016] Hearing Panel of the Atlantic Regional Council, MFDA Hearing No. 201042 & 201344, Decision on Penalty dated March 22, 2016 at para 206.

31. Furthermore, as stated in *Dibbley (Re)* ([2018] Hearing Panel of the Central Regional Council, MFDA Hearing No. 201655, Panel Decision dated September 12, 2018 at paras 19 & 20): “The duty of a branch manager goes further than merely being the ‘eyes and ears’ of the Member. The branch manager must be alert to ensure that the Member is made aware of anything transpiring at the branch that could give cause for concern and report it to the Member. When in doubt, the branch manager should report to the Member.”

32. Branch Managers play an essential role in ensuring compliance within the mutual fund industry by being the first level of oversight for Approved Persons. This oversight duty includes responsibility for reporting any allegations of misconduct to the Member in order to ensure that the Member is able to comply with its own supervisory obligations, complaint handling obligations and reporting obligations in accordance with MFDA Rules 1.4(a), 2.5.5 and 2.11 and MFDA Policy Nos. 2, 3 and 6.

33. The industry cannot tolerate a registrant improperly supervising a fellow registrant who ordinarily supervises him or her, due to fear of retribution. As stated in the *Greenberg* decision, while one may have empathy for the “difficult situation” that might arise from this kind of power dynamic, “lack of supervision cannot be condoned. These situations involving ‘captive branch managers’ are fraught with the potential for disaster for clients and Members. Such situations should not be permitted to exist.” The MFDA Hearing Panel also noted that the Respondent had taken the Branch Manager’s course, had extensive experience in the securities industry and had to know her branch manager responsibilities, and that she “should not have accepted the position if

she was not prepared to carry out her duties”. Similarly, the Respondent should not have accepted the responsibility of supervising Wilkins if he was not prepared to do so properly.

Greenberg & Powell (Re), [2014] Hearing Panel of the Prairie Regional Council, MFDA Hearing No. 201326, Panel Decision dated November 10, 2014 at para 109, Staff’s Book of Authorities, Tab 18 [“*Greenberg*”].

34. In our case, by failing to report the allegations that Wilkins had borrowed monies from clients who were also Approved Persons, the Respondent detrimentally affected the Member’s ability to promptly, fairly and appropriately conduct a reasonable supervisory investigation into Wilkins’ activities, ensure that any ongoing risk to clients or other investors was expeditiously addressed, and that the allegations of misconduct against Wilkins were reported to the MFDA in a timely manner, in accordance with the Member’s obligations.

35. As such, the Respondent put the Member, clients, other investors and the reputation of the mutual fund industry as a whole at risk when he failed to report Wilkins’ conduct to the Member, thereby delaying the commencement of a reasonable supervisory investigation by the Member and appropriate regulatory action by the MFDA.

36. There was no evidence that the Respondent received any 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.

37. There was no evidence of client complaints, client loss or lack of client authorization.

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

39. 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.

VII. COSTS

40. The costs award is reasonable.

VIII. CONCLUSION

41. The agreed penalties are within the recommendations of the MFDA Sanction Guidelines and the reasonable range of appropriateness with regard to MFDA decisions submitted to us by Staff, made by MFDA Hearing Panels in similar circumstances. They are fair and reasonable and will serve as a specific and general deterrent.

42. We concluded that the Settlement Agreement was in the public interest and, consequently, we accepted it.

DATED this 21st day of July, 2022.

“Paul M. Moore”

Paul M. Moore, Q.C.
Chair

“Selwyn Kossuth”

Selwyn Kossuth
Industry Representative

“Colleen Waring”

Colleen Waring
Industry Representative



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: Paul Bannab

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Mutual Fund Dealers Association of Canada (the "MFDA") will announce that it proposes to hold a hearing (the "Settlement Hearing") to consider whether, pursuant to section 24.4 of MFDA By-law No. 1, a hearing panel of the Central Regional Council (the "Hearing Panel") of the MFDA should accept the settlement agreement (the "Settlement Agreement") entered into between Staff of the MFDA ("Staff") and the Respondent, Paul Bannab (the "Respondent").

2. Staff and the Respondent, consent and agree to the terms of this Settlement Agreement.

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

II. CONTRAVENTIONS

4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the MFDA:

Beginning in October 2017, the Respondent, in his capacity as alternate branch manager, failed to report to the Member in close supervision reports that an Approved Person who was the subject of the reports had borrowed monies from three clients who were also Approved Persons of the Member, contrary to the Member's policies and procedures and MFDA Rules 1.1.2, 2.1.1, 2.5.1, and 2.5.5(f).

III. TERMS OF SETTLEMENT

5. Staff and the Respondent agree and consent to the following terms of settlement:
 - a) the Respondent shall be permanently prohibited from acting as a branch manager or in any supervisory capacity for a Member of the MFDA, effective from the date of the Order, pursuant to section 24.1.1(f) of MFDA By-law No. 1;
 - b) the Respondent shall pay a fine in the amount of \$5,000, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
 - c) the Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1;
 - d) The payment by the Respondent of the fine and costs shall be made to and received by the MFDA in certified funds as follows:
 - i) \$5,000 upon acceptance of the Settlement Agreement;
 - ii) \$1,666.66 on or before the last business day of the first month following the date of the acceptance of the Settlement Agreement;
 - iii) \$1,666.67 on or before the last business day of the second month following the date of the acceptance of the Settlement Agreement; and
 - iv) \$1,666.67 or before the last business day of the third month following the date of the acceptance of the Settlement Agreement;
 - e) the Respondent shall in the future comply with MFDA Rules 1.1.2, 2.1.1, 2.5.1, and 2.5.5(f); and
 - f) the Respondent shall attend in person or 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 this Settlement Agreement herein and consent to the making of an Order in the form attached as Schedule "A".

IV. AGREED FACTS

Registration History

7. Since November 2011, the Respondent has been registered in Ontario as a dealing representative with PFSL Investments Canada Inc. (the “Member”), a Member of the MFDA.

8. In June 2011, the Member designated the Respondent as an alternate branch manager.

9. At all material times, the Respondent conducted business in the St. Catharines, Ontario area.

Failure to Adequately Query and Report Potential Misconduct

10. At all material times, the Member had policies and procedures that prohibited its Approved Persons from borrowing monies from clients and other Approved Persons at the Member.

11. At all material times, the Member’s policies and procedures provided that branch managers were responsible for supervising the conduct and activities of Approved Persons, in accordance with MFDA Rules, provincial securities laws and the Member’s policies.

12. On October 29, 2015, the Canada Revenue Agency (the “CRA”) sent a Requirement to Pay to the Member in respect of taxes owed by the Respondent’s branch manager, CW.

13. Due to the circumstances described in paragraph 12 above, on November 16, 2015, the Ontario Securities Commission (the “OSC”) imposed terms and conditions on CW’s registration effective December 1, 2015, which required the Member to conduct close supervision on CW and complete close supervision reports that the Member would retain and make available for the OSC’s review upon its request.

14. The Member delegated to the Respondent the task of completing the monthly close supervision reports. Beginning in December 2015, the Respondent completed the monthly close supervision reports, and sent the completed reports to the Member’s head office.

15. The monthly close supervision reports required, among other things, reporting of any failure to comply with the requirements of the MFDA or the Member’s policies and procedures to the OSC. Specifically, the close supervision reports during the material period contained a section entitled “Part D – Additional Information”, which stated:

If as part of its supervision the Registered Individual during the review period the firm has identified any instance where the Registered Individual may not have complied with securities legislation, the requirements of an applicable self-regulatory organization, or the firm's policies and procedures, please identify those instances below, unless they have already been identified elsewhere in this report.

16. In October 2017, CW borrowed a total of \$15,000 from the Respondent. At this time, the Respondent was also a client of the Member. CW told the Respondent that he required the funds to pay his tax arrears. As of October 14, 2020, CW repaid the monies that he borrowed from the Respondent.

17. At all material times, HH and MK were both clients of the Member and Approved Persons registered with the Member. In or around 2018 or 2019, HH and MK informed the Respondent that they had loaned money to CW in the past, and had since been repaid.

18. In his capacity as alternate branch manager, the Respondent was required to report to the Member the information that he had received that CW had borrowed monies from HH and MK. Furthermore, this information should have been documented in the monthly close supervision reports. In light of the financial concerns triggered by a Requirement to Pay, conduct reflecting that CW might be experiencing financial difficulties was particularly relevant to record on monthly supervision reports.

19. Upon receiving the information from HH and MK, the Respondent did not take any steps to query CW about the monies that he had borrowed from HH and MK to determine, among other things, the circumstances of the borrowing or whether CW had borrowed monies from any other clients or Approved Persons of the Member. The Respondent also failed to report to the Member that CW had borrowed \$15,000 from him, and he did not report the information that he had received from HH and MK described above at paragraph 17.

20. The Respondent also failed to indicate in any of the monthly close supervision reports he completed that he received information from HH and MK that CW had borrowed monies from them. Rather, the Respondent indicated "no incidents to report" or a similar statement when he completed the "Part D – Additional Information" section of the monthly close supervision reports described above at paragraph 15 that requested any instance be identified where CW may not have complied with securities legislation, the requirements of the MFDA, or the Member's policies and procedures.

21. In or about February 2020, the Member received information that CW had borrowed monies from clients, reported the information to the MFDA, and commenced an investigation into CW's conduct. Through this investigation, it was determined that between August 3, 2011 and July 4, 2018, CW borrowed a total of approximately \$158,000 from five clients who were also Approved Persons of the Member. This included \$5,000 that Wilkins borrowed from HH and a total of \$5,500 that he borrowed from MK. By July 2020, CW had repaid all the amounts that he borrowed from these clients and Approved Persons.

22. Had the Respondent reported the information that he received that CW borrowed monies from HH and MK as he was required to do, the Member would then have been obligated to conduct a reasonable supervisory investigation into these activities, taken steps to ensure that the Respondent ceased engaging in these activities, and reported the alleged conduct to the MFDA.

Additional Factors

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

24. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources and expenses that would have otherwise been necessary to conduct a contested hearing of the allegations.

V. ADDITIONAL TERMS OF SETTLEMENT

25. 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.

26. The Settlement Agreement is subject to acceptance by the Hearing Panel. 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.

27. 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.

28. 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 at the settlement hearing, subject to rule 15.3 of the MFDA Rules of Procedure;
- 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) except for any proceedings commenced to address an alleged failure to comply with this Settlement Agreement, 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, whether known or unknown at the time of settlement. 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 section 24.1.1 of MFDA By-law No. 1 for the purpose of giving notice to the public thereof in accordance with section 24.5 of MFDA 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.

29. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under section 24.3 of the By-laws of the MFDA against the Respondent based on, but not limited to, the facts set out in this Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding(s) may be heard and determined by a hearing panel comprised of all or

some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

30. 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 MFDA By-law No. 1, unaffected by the Settlement Agreement or the settlement negotiations.

31. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law. The terms of the Settlement Agreement, including the attached Schedule “A”, will be released to the public if and when the Settlement Agreement is accepted by the Hearing Panel.

32. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile or electronic copy of any signature shall be as effective as an original signature.

DATED this 22nd day of March, 2022.

“Paul Bannab”

Paul Bannab

“PB”

Witness – Signature

PB

Witness – Print name

“Charles Toth”

Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement



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: Paul Bannab

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") provided notice to the public of a Settlement Hearing in respect of Paul Bannab (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 based upon the admissions of the Respondent, the Hearing Panel is of the opinion that, beginning in October 2017, the Respondent, in his capacity as alternate branch manager, failed to report to the Member in close supervision reports that an Approved Person who was the subject of the reports had borrowed monies from three clients who were also Approved Persons of the Member, contrary to the Member's policies and procedures and MFDA Rules 1.1.2, 2.1.1, 2.5.1, and 2.5.5(f).

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent shall be permanently prohibited from acting as a branch manager or in any supervisory capacity for a Member of the MFDA, effective from the date of the Order, pursuant to section 24.1.1(f) of MDFA By-law No. 1.

2. The Respondent shall pay a fine in the amount of \$5,000, pursuant to s. 24.1.1(b) of MFDA By-law No. 1.

3. The Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of MFDA By-law No. 1.

4. The payment by the Respondent of the fine and costs shall be made to and received by the MFDA in certified funds as follows:

- a) \$5,000 upon acceptance of the Settlement Agreement;
- b) \$1,666.66 on or before <date>;
- c) \$1,666.67 on or before <date>; and
- d) \$1,666.67 or before <date>.

5. The Respondent shall in the future comply with MFDA Rules 1.1.2, 2.1.1, 2.5.1, and 2.5.5(f).

6. 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]