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: James Leslie Bennett

Heard: March 30, 2021 by electronic hearing in Toronto, Ontario
Decision: March 30, 2021
Reasons for Decision: May 31, 2021

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Paul M. Moore, Q.C.	Chair
Guenther W. K. Kleberg	Industry Representative
Joseph Yassi	Industry Representative

Appearances:

Brendan Forbes	)	Enforcement Counsel for the Mutual Fund Dealers Association of Canada
Dena Givari	)	Counsel for the Respondent
James Leslie Bennett	)	Respondent

Settlement Agreement

1. The Hearing Panel accepted the settlement agreement dated March 5, 2021 ("Settlement Agreement") between the staff of the MFDA ("Staff") and James Leslie Bennett ("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 section III of the Settlement Agreement.

Contraventions

3. The Respondent admitted that:

a) between February 2015 and June 2019, the Respondent altered and used to process transactions 21 account forms in respect of 8 clients by altering information on the account form without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and

b) between September 2014 and February 2019, the Respondent obtained, possessed and in multiple instances, used to process transactions, 17 pre-signed account forms in respect of 8 clients, contrary to MFDA Rule 2.1.1.

Agreed penalties

4. Under the terms of the Settlement Agreement, the Respondent:

a) will pay a fine of $11,500;

b) will pay costs of $2,500 ;

c) will in the future comply with MFDA Rule 2.1.1; and

d) will attend by teleconference the settlement hearing.

Considerations

5. The Hearing Panel determined that it had to be satisfied regarding three considerations before it 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 contravention 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.

Misconduct

6. The Hearing Panel determined that the alleged misconduct was in contravention of MFDA Rule 2.1.1.

Other considerations in determining acceptability of agreed penalties

7. On October 2019, the Member placed the Respondent under strict supervision until the conclusion of this MFDA proceeding. . The Respondent has paid $9,636 in fees to the Member as a result of the strict supervision.

8. On November 1, 2019, the Respondent signed an agreement with the Member acknowledging that he read and understood the Members Compliance Policies and Procedures Manual.

9. 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.

10. There was no evidence of client complaints, client loss or lack of authorization for the underlying transactions.

11. On May 7, 2009, while the Respondent was registered with another MFDA Member, the Respondent was issued a Letter of Reprimand for signing a Letter of Direction on behalf of a client.

12. 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.

13. 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 and Respondent's counsel, made by MFDA Hearing Panels in similar circumstances. They are fair and reasonable and will serve as a specific and general deterrent.

Costs

14. The costs award is reasonable.

Conclusion

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

DATED this 31st day of May, 2021.

"Paul M. Moore"
Paul M. Moore, Q.C.
Chair

"Guenther W. K. Kleberg"
Guenther W. K. Kleberg
Industry Representative

"Joseph Yassi"
Joseph Yassi
Industry Representative

Schedule "1"

Settlement Agreement

File No. 202107

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: James Leslie Bennett

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, James Leslie Bennett (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 section 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 February 2015 and June 2019, the Respondent altered and used to process transactions 21 account forms in respect of 8 clients by altering information on the account form without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and

b) between September 2014 and February 2019, the Respondent obtained, possessed and in multiple instances, used to process transactions, 17 pre-signed account forms in respect of 8 clients, contrary to MFDA Rule 2.1.1.

5. Staff and the Respondent agree and consent to the following terms of settlement:

a) the Respondent shall pay a fine in the amount of $11,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 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 section 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 (video-conference), 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

7. Since November 2005, the Respondent has been registered in the securities industry.

8. Since November 2010, the Respondent has been registered in Ontario as a dealing representative with FundEX Investments Inc. (the "Member"), a Member of the MFDA.

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

Altered Account Forms

10. Beginning in March 2018, the policies and procedures of the Member prohibited Approved Persons from altering any information on a signed document without having the client initial the document to show the change was approved.

11. Between February 2015 and June 2019, the Respondent altered and used to process transactions, 21 account forms in respect of 8 clients by altering information on the account forms without having the client initial the alterations.

12. The altered account forms included: 10 Letters of Direction, 5 Systematic Instruction Forms, 3 Order Entry Forms, 1 Registered Education Savings Plan ("RESP") Educational Assistance Payment Form, 1 RESP Savings Plan Application Form and 1 New Client Application Form.

13. The alterations made by the Respondent consist of changes to: fund names, fund codes, Pre-Authorized Contribution ("PAC") start dates, PAC amounts and PAC frequency.

Pre-Signed Account Forms

14. At all material times, the Member's policies and procedures prohibited holding pre-signed account forms.

15. Between September 2014 and February 2019, the Respondent obtained, possessed and in multiple instances, used to process transactions, 17 pre-signed account forms in respect of 8 clients.

16. The pre-signed account forms consisted of: 4 RESP Educational Assistance Payment Forms, 3 Know-Your-Client ("KYC") Update Forms, 3 Estate Claim Forms, 2 Letters of Direction, 1 Systematic Instruction Form, 1 Request for Commission Rebate, 1 Mutual Fund Application Form, 1 Transfer Authorization for Registered Investments and 1 Deregistration/Withdrawal Form.

The Member's Investigation

17. On September 5, 2019, the Member conducted a review of all of the client files maintained by the Respondent, during which the Member identified the account forms which are the subject of this Settlement Agreement.

18. In or about October 2019, the Member placed the Respondent under strict supervision which the Member advises will continue until the conclusion of this MFDA proceeding.

19. On November 1, 2019, the Respondent signed an agreement with the Member wherein he acknowledged that he was subject to the terms of the Member's strict supervision and further acknowledged that he read and understood the Members Compliance Policies and Procedures Manual.

20. On November 13, 2019, the Member sent letters to clients whose accounts were affected by the Respondent's conduct described above. The Member attached the transaction history in the client's account for the prior 3 years, and asked the clients to review it and ensure that all trading

activity in the account had been completed as directed. The Member also requested that the clients contact the Member if the client identified any inconsistencies between their instructions and the activity in their account.

21. The November 13, 2019 letter further requested that clients contact the Member to advise of any changes to the client's personal or financial information in order to ensure that the client's investment portfolio remained in line with KYC information for the client.

22. The Member did not receive any responses from clients which indicated concerns with the transactions processed by the Respondent or which advised of any material changes to client KYC information.

23. The Respondent has paid a total of approximately $9,636 in fees to the Member as a result of the strict supervision requirements placed upon the Respondent by the Member.

The Respondent Previously Signed a Document on Behalf of a Client

24. On May 7, 2009, while the Respondent was registered with another MFDA Member, the Respondent was issued a Letter of Reprimand for signing a Letter of Direction on behalf of a client.

Additional Factors

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

26. There is no evidence of client loss, complaints or lack of authorization.

27. 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

28. 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.

29. 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.

30. 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.

31. 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 section 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with section 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.

32. 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.

33. 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.

34. 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 5th day of March 2021.

"James Leslie Bennett"
James Leslie Bennett

"DG"
Witness – Signature

DG
Witness – Print Name

"Charles Toth"
Staff of the MFDA
Per: Charles Toth
Vice-President, Enforcement

Schedule "A"

Order

File No. 202107

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: James Leslie Bennett

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of MFDA By-law No. 1 in respect of James Leslie Bennett (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 sections 20 and 24.1 of MFDA By-law No. 1;

AND WHEREAS the Hearing Panel is of the opinion that:

a) between February 2015 and June 2019, the Respondent altered and used to process transactions 21 account forms in respect of 8 clients by altering information on the account form without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and

b) between September 2014 and February 2019, the Respondent obtained, possessed and in multiple instances, used to process transactions, 17 pre-signed account forms in respect of 8 clients, contrary to MFDA Rule 2.1.1.

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

1. The Respondent shall pay a fine in the amount of $11,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 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 section 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]

DM 821928