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: Scott Allan George Boassaly

Heard: March 28, 2019 in Toronto, Ontario
Decision: March 28, 2019
Reasons for Decision: May 15, 2019

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Paul M. Moore, QC	Chair
Brigitte J. Geisler	Industry Representative
Guenther W. K. Kleberg	Industry Representative

Appearances:

Jacklyn Neborak	)	Enforcement Counsel for the Mutual Fund Dealers Association of Canada
	)	
	)	
	)	
Scott Allan George Boassaly	)	Respondent, by teleconference
	)	
	)	

Acceptance of Settlement Agreement

1. The Hearing Panel accepted the settlement agreement dated February 28, 2019 ("Settlement Agreement") between the Staff of the MFDA and Scott Allan George Boassaly ("Respondent"). A copy of the Settlement Agreement is attached to these reasons as Schedule "1".

Agreed Facts

2. The agreed facts are set out in Part III of the Settlement Agreement.

Contraventions

3. The violations of the By-laws, Rules, or Policies of the MFDA admitted to by the Respondent are set out in paragraph four of the Settlement Agreement.

4. The Hearing Panel determined that the violations amounted to breaches of the By-laws, Rules, and/or Policies of the MFDA referred to in paragraph four of the Settlement Agreement.

Agreed Penalties

5. The agreed penalties are set out in paragraph five of the Settlement Agreement.

Considerations

6. The Hearing Panel determined that it had to be satisfied regarding three considerations before it could accept the Settlement Agreement. First, the agreed penalties had to be within the reasonable range of appropriateness taking into account similar cases made by MFDA Hearing Panels in similar cases. Secondly, the agreed penalties had to be fair and reasonable (i.e. proportional to the seriousness of the contraventions and taking into consideration other relevant circumstances) and should appear to be so to members of the public and industry. Thirdly, the agreed penalties 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.

7. The Hearing Panel took into consideration submissions of Staff, the precedent cases provided by Staff, the MFDA Sanction Guidelines, and the additional factors set out in Sections 34 to 39 of the Settlement Agreement.

Determinations

8. The Hearing Panel concluded that the agreed penalties are consistent with the suggestions in the MFDA Sanction Guidelines and are within the reasonable range of appropriateness taking into account the precedent cases submitted to us by Staff. They are fair and reasonable and will serve as a specific and general deterrent.

9. 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 hearing.

Costs

10. The costs award is reasonable.

Conclusion

11. We concluded that the Settlement Agreement was in the public interest and, consequently, we accepted it and signed an order in the form of the order attached as Schedule "A" to the Settlement Agreement.

DATED this 15th day of May, 2019.

"Paul M. Moore"
Paul M. Moore, QC
Chair

"Brigitte J. Geisler"
Brigitte J. Geisler
Industry Representative

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

Schedule "1"

Settlement Agreement

File No. 201918

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: Scott Allan George Boassaly

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Scott Allan George Boassaly (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 July 2015 and September 2015, the Respondent used liquid correction fluid on the signature of another Approved Person at the Member, affixed the Respondent's own signature and representative code, and in some instances altered or added new dates, on 9 account forms that he submitted to the Member for processing, contrary to MFDA Rule 2.1.1;

b) between July 2015 and September 2015, the Respondent obtained, possessed, or in some instances, used to process transactions, 11 pre-signed account forms in respect of 6 clients, contrary to MFDA Rule 2.1.1; and

c) between December 2015 and April 2016, the Respondent altered, and used to process transactions, 6 account forms in respect of 4 clients by altering information on the account forms without having the client initial the alterations, 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 $12,500, pursuant to section 24.1.1(b) of MFDA By-law No. 1, in instalments as follows:

i) $7,500, in certified funds, upon acceptance of this Settlement Agreement by the Hearing Panel;

ii) $833.33, in certified funds, on or before the last business day of the first month following the acceptance of the Settlement Agreement by the Hearing Panel;

iii) $833.33, in certified funds, on or before the last business day of the second month following the acceptance of the Settlement Agreement by the Hearing Panel;

iv) $833.33, in certified funds, on or before the last business day of the third month following the acceptance of the Settlement Agreement by the Hearing Panel;

v) $833.33, in certified funds, on or before the last business day of the fourth month following the acceptance of the Settlement Agreement by the Hearing Panel;

vi) $833.33, in certified funds, on or before the last business day of the fifth month following the acceptance of the Settlement Agreement by the Hearing Panel;

vii) $833.33, in certified funds, on or before the last business day of the sixth month following the acceptance of the Settlement Agreement by the Hearing Panel;

b) the Respondent shall pay costs in the amount of $2,500 in certified funds upon acceptance of this Settlement Agreement by the Hearing Panel, 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 or by teleconference, 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 August 2004, the Respondent has been registered in the mutual fund industry.

8. Since June 2015, the Respondent has been registered in Ontario and Quebec as a mutual fund salesperson (now known as a dealing representative) with Quadrus Investment Services Inc. ("Quadrus"), a Member of the MFDA.

9. Prior to being registered with Quadrus, the Respondent was registered in Ontario as a mutual fund salesperson with Investors Group Financial Services Inc. ("Investors Group") from August 2004 to November 2014, and in Quebec from March 2010 to March 2012 and from March 2013 to November 2014.

10. Between November 2014 to June 12, 2015, the Respondent was not registered as an Approved Person with any Member of the MFDA.

11. At all material times, the Respondent conducted business in the Ottawa, Ontario area.

Background

12. In November 2014, during the period that the Respondent was not registered in the securities industry, the Respondent began working with JS, an Approved Person with Quadrus.

13. At this time, the Respondent worked in an administrative capacity for JS. The Respondent intended to transfer his registration to Quadrus from his prior MFDA dealer, Investors Group.

14. Between March 2015 and May 2015, while not registered, the Respondent and JS, met with 5 clients whose accounts the Respondent had previously serviced while registered with Investors Group.

15. The purpose of meeting with the 5 clients was to complete Quadrus account instructions to facilitate the transfer of the clients' accounts to Quadrus.

16. The Respondent states that during the client meetings described above, he acted in an administrative capacity to JS and it was JS who advised the clients.

17. The 5 clients and JS, as the advisor on the account, signed the following Quadrus account forms:

a) Investment Application
b) Know Your Client ("KYC")
c) Subsequent Investment,
d) Switch
e) Conversion
f) Deferred Sales Charge ("DSC") Reimbursement
g) Pre-Authorized Chequing
h) Tax Free Savings Account ("TFSA") Application
i) Transfer Authorization for Registered Investments ("TARI")
j) Education Savings Plan Application
k) Registered Education Savings Plan ("RESP") Transfer
l) Limited Authorization

18. JS provided the Respondent with the above signed account forms to submit for processing with Quadrus.

19. At all material times, Quadrus' policies and procedures required its Approved Persons or an Approved Persons' assistant for whom they are responsible, to submit trade forms to head office within 48 hours of taking client instructions.

20. The Respondent did not submit for processing a total of 9 signed account forms consisting of the Switch, Conversion and DSC Reimbursement forms described above at paragraph 17, until various dates after June 12, 2015, the date the Respondent became registered with Quadrus.

The Respondent's use of Liquid Correction Fluid

21. Between July 2015 and September 2015, the Respondent used liquid correction fluid on JS's signature, affixed the Respondent's own signature and representative code, and in some instances altered or added new dates to the 9 account forms described in paragraph 20, prior to submitting the account forms to Quadrus for processing.

22. By altering the forms in this manner, the Respondent interfered with Quadrus' ability to supervise his conduct and the conduct of JS, impaired Quadrus' ability to verify trade instructions, and compromised the integrity of the audit trail.

Pre-Signed Account Forms

23. At all material times, Quadrus' policies and procedures prohibited its Approved Persons from using pre-signed account forms.

24. Between July 2015 and September 2015, the Respondent obtained, possessed or, in some instances, used to process transactions, 11 pre-signed account forms in respect of 6 clients.

25. The pre-signed account forms consisted of Switch, Conversion and DSC Reimbursement forms.

26. The Respondent states that he obtained the pre-signed account forms for the purpose of client convenience.

Altered Account Forms

27. At all material times, Quadrus' policies and procedures prohibited its Approved Persons from using altered account forms.

28. Between December 2015 and April 2016, the Respondent altered, and used to process transactions, 6 account forms in respect of 4 clients by altering information on the account forms without having the client initial the alterations.

29. The altered account forms consisted of: TFSA Application, KYC, TARI, Switch, Conversion, and DSC Reimbursement forms.

30. The Respondent states that he made alterations on the altered account forms for the purpose of client convenience.

Quadras' Investigation

31. On or about February 22, 2017, during the course of a branch review, Quadrus identified the account forms that are the subject of this Settlement Agreement. As part of its investigation, Quadrus reviewed all of the client files serviced by the Respondent.

32. On or about April 6, 2017, Quadrus issued a disciplinary letter to the Respondent and imposed a one-year period of strict supervision on the Respondent. The Respondent was also required to confirm that he would abide by Quadrus' policies and procedures and to complete internal training at Quadrus.

33. On or about April 7, 2017, Quadrus sent audit letters to all of the clients serviced by the Respondent in order to inform the clients of the Respondent's activities and confirm that the clients had authorized the transactions in their accounts. No client concerns were identified.

Additional Factors

34. There is 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.

35. There is no evidence of client loss or lack of authorization for the underlying transactions.

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

37. The Respondent states that he is remorseful for his misconduct.

38. The Respondent has cooperated fully with Quadrus' investigation, and with Staff's investigation.

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.

IV. ADDITIONAL TERMS OF SETTLEMENT

40. 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.

41. 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.

42. 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.

43. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel:

d) the Settlement Agreement will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter;

e) 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;

f) 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. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations;

g) 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

h) 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.

44. 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.

45. 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.

46. 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 28th day of February, 2019.

"Scott Allan George Boassaly"
Scott Allan George Boassaly

"LB"
Witness – Signature

LB
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. 201918

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: Scott Allan George Boassaly

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 By-law No. 1 in respect of Scott Allan George Boassaly (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 By-law No. 1;

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

a) between July 2015 and September 2015, the Respondent used liquid correction fluid on the signature of another Approved Person at the Member, affixed the Respondent's own signature and representative code, and in some instances altered or added new dates, on 9 account forms that he submitted to the Member for processing, contrary to MFDA Rule 2.1.1;

b) between July 2015 and September 2015, the Respondent obtained, possessed, or in some instances, used to process transactions, 11 pre-signed account forms in respect of 6 clients, contrary to MFDA Rule 2.1.1; and

c) between December 2015 and April 2016, the Respondent altered, and used to process transactions, 6 account forms in respect of 4 clients by altering information on the account forms without having the client initial the alterations, 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 $12,500, pursuant to section 24.1.1(b) of MFDA By-law No. 1, in instalments as follows:

a) $7,500, in certified funds, upon acceptance of this Settlement Agreement by the Hearing Panel;

b) $833.33, in certified funds, on or before [date];

c) $833.33, in certified funds, on or before [date];

d) $833.33, in certified funds, on or before [date];

e) $833.33, in certified funds, on or before [date];

f) $833.33, in certified funds, on or before [date];

g) $833.33, in certified funds, on or before [date].

2. The Respondent shall pay costs in the amount of $2,500 in certified funds upon acceptance of this Settlement Agreement by the Hearing Panel, 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 675150