



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: Jason Christopher Campbell

Heard: September 16, 2021 by electronic hearing in Toronto, Ontario

Decision: September 16, 2021

Reasons for Decision: October 25, 2021

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Joan Smart
Matthew Prew
Kenneth Mann

Chair
Industry Representative
Industry Representative

Appearances:

| | | |
|----------------------------|---|---|
| Brenden Forbes |) | Enforcement Counsel for the Mutual Fund |
| |) | Dealers Association of Canada |
| |) | |
| Ashley Thomassen |) | Counsel for Respondent |
| |) | |
| |) | |
| Jason Christopher Campbell |) | Respondent |
| |) | |
| |) | |

I. INTRODUCTION

1. By Notice of Settlement Hearing, dated August 18, 2021, the Mutual Fund Dealers Association of Canada (the “MFDA”) commenced proceedings against Jason Christopher Campbell (the “Respondent”) indicating that an electronic hearing would be held on September 16, 2021, to consider whether the Hearing Panel should accept the settlement agreement, dated August 17, 2021 (the “Settlement Agreement”), entered into between the staff of the MFDA (“Staff”) and the Respondent.

2. At the Settlement Hearing on September 16, 2021, the Hearing Panel, after hearing submissions of counsel for the parties and considering the Settlement Agreement, decided to accept it. These are our reasons for that decision.

II. THE RESPONDENT’S ADMISSION OF CONTRAVENTIONS

3. The Respondent admitted to the following violations of MFDA Rule 2.1.1:

- a) Between November 2014 and February 2017 he obtained, possessed and, in some instances, used to process transactions, three pre-signed account forms in respect of four clients; and
- b) Between January 2015 and February 2019, he altered and, in some instances, used to process transactions, 24 account forms in respect of 22 clients by altering information on the account forms without having the clients initial the alterations.

III. PROPOSED SETTLEMENT

4. Staff and the Respondent agreed to the following terms of settlement that require that the Respondent:

- a) pay a fine of \$11,000 in certified funds upon acceptance of the Settlement Agreement by the Hearing Panel, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
- b) pay costs of \$2,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1; and
- c) in the future comply with MFDA Rule 2.1.1.

IV. AGREED FACTS

Registration

5. Since April 2008 the Respondent has been registered in Ontario as a dealing representative with Sun Life Investment Services (Canada) Inc. (the “Member”), a Member of the MFDA.

Pre-signed Forms

6. At all material times, the Member’s policies and procedures prohibited its Approved Persons from using pre-signed account forms.

7. Between November 2014 and February 2017, the Respondent obtained, possessed and, in some instances, used to process transactions, three pre-signed account forms in respect of four clients.

8. The pre-signed account forms included: one Transfer Authorization, one Pre-Authorized Contribution Form, and one Canada Revenue Agency Direct Transfer Form.

Altered Account Forms

9. Beginning in May 2017, the Member’s policies and procedures prohibited its Approved Persons from altering client account forms without obtaining client initials.

10. Between January 2015 and February 2019, the Respondent altered and, in some instances, used to process transactions, 24 account forms in respect of 22 clients, by altering information on the account forms without having the clients initial the alterations.

11. The altered account forms consisted of: 15 Know Your Client (“KYC”) Forms, three Pre-Authorized Contribution Forms, two Tax Free Savings Account Application Forms, one Registered Education Savings Plan Appointment of Beneficiary Form, one Order Ticket, one Transfer Authorization and one Limited Trade Authorization.

The Member’s Investigation

12. In April 2019, the Member conducted an audit of a sample of the Respondent’s client files during which the Member identified five deficient account forms and in May 2019, conducted a full review of the Respondent’s client files, in which the remaining subject forms were identified.

13. In June 2019, the Member sent letters to all clients whose accounts were affected by the Respondent's conduct indicating that the Member had identified instances where forms were used in the client accounts which may not have been complete when they were signed by the client. The Member attached copies of client account statements for the prior two years and listed the KYC information for each client. The Member asked the clients to review the KYC information and account statements and contact the Member if the clients identified any discrepancies in the information.

14. No clients responded to the Member with any concerns.

15. Between May 2019 and May 2020, the Member placed the Respondent under close supervision and in October 2019 issued a warning letter to the Respondent in respect of the deficient account forms.

16. The Respondent paid \$4,800 to the Member in respect of the close supervision imposed by the Member.

V. CONSIDERATIONS

Role of the Hearing Panel

17. Section 24.4.3 of MFDA By-law No. 1 provides that hearing panels may only accept or reject a settlement agreement.

18. It is generally accepted that a hearing panel will not lightly interfere with a settlement agreement reached between Staff and a respondent and will not reject it unless it views the penalty as clearly falling outside a reasonable range of appropriateness. See, for example, *Sterling Mutuals Inc. (Re)*, LNCMFDA 16 at para. 37.

19. In determining whether to accept the Settlement Agreement, the Hearing Panel considered primarily: whether it was proportionate and fell within a reasonable range of appropriateness, having regard to the Respondent's misconduct and previous MFDA cases; whether it would serve as a specific and general deterrent; and whether it was aligned with the MFDA's objectives to enhance investor protection and strengthen public confidence in the mutual fund industry.

Misconduct

20. MFDA Rule 2.1.1 requires, among other things, that Approved Persons deal fairly, honestly and in good faith with their clients, observe high standards of ethics and conduct in the transaction of business and not engage in any business conduct or practice which is unbecoming or detrimental to the public interest.

21. We found that, as admitted by the Respondent, he contravened MFDA Rule 2.1.1 when he obtained and possessed pre-signed account forms and altered information on account forms without having the clients initial the changes, and in some instances used the subject forms to process transactions.

22. The Respondent's subject actions were also contrary to the Member's policies and procedures.

23. The use of pre-signed and altered account forms is serious misconduct as it can, among other things, negatively impact the integrity of account documents, destroy the audit trail, impede a Member's ability to supervise accounts and respond to client complaints and potentially allow for misuse such as unauthorized trading and misappropriation.

Sanction

24. In our opinion, the nature of the misconduct described above warranted a meaningful fine.

25. In considering the proposed sanction, we regarded the following as aggravating factors:

- a) the Respondent had been registered in the securities industry for over six years before the misconduct commenced and should have been aware of the rules; and
- b) some of the misconduct occurred after the MFDA had issued its Bulletin #0661-E, dated October 2, 2015, in which the MFDA warned the industry against, among other things, using pre-signed account forms and altering account forms and advised that it would be seeking increased penalties in future such cases.

26. In reaching our decision on the sanction, we considered a number of mitigating factors, including that:

- a) there was no evidence that the Respondent received any financial benefit from the misconduct beyond any commissions and fees that he would ordinarily be entitled to receive had the transactions been carried out in the proper manner;
- b) there was no evidence of client loss, complaints or lack of authorization;
- c) the Respondent had not previously been the subject of MFDA disciplinary proceedings;
- d) the Member took action to address the misconduct, including placing the Respondent under close supervision and issuing a warning letter;
- e) the Respondent had paid \$4,800 to the Member in respect of his misconduct; and
- f) by entering into the Settlement Agreement, the Respondent accepted responsibility for his misconduct and saved the MFDA the time, resources and expenses associated with conducting a full hearing.

27. In our view, the fine of \$11,000 should deter the Respondent from engaging in similar conduct in the future.

28. The sanction should also serve the goal of general deterrence by sending a message to others in the mutual fund industry that the subject conduct will not be tolerated and that those who engage in similar conduct will face meaningful penalties.

29. The proposed penalty was within a reasonable range of appropriateness, having regard to the two decisions provided to us made by MFDA hearing panels arising out of settlements in similar circumstances involving both pre-signed and altered forms. The fines imposed in those cases were \$12,500 and \$13,000 and in each case costs of \$2,500 were imposed. We note that in those cases there was no indication that the respondent had made any payment to their Member firm in connection with the matter.

Boassaly (Re), [2019] Hearing Panel of the Central Regional Council, MFDA File No. 201918, Reasons for Decision dated May 15, 2019

Nash (Re), [2019] Hearing Panel of the Atlantic Regional Council, MFDA File No. 2018113, Reasons for Decision dated February 7, 2019

VI. CONCLUSION

30. We concluded that the proposed sanction was proportionate and fell within a reasonable range of appropriateness, having regard to the Respondent's conduct and previous MFDA cases. It should serve as a specific and general deterrent. We were also of the view that it was aligned

with the MFDA's regulatory objectives. Accordingly, we decided to accept the Settlement Agreement.

DATED this 25th day of October, 2021.

"Joan Smart"

Joan Smart
Chair

"Matthew Prew"

Matthew Prew
Industry Representative

"Kenneth Mann"

Kenneth Mann
Industry Representative

DM 847611