



**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: William Joe Yau Chan**

Heard: December 12, 2018 in Toronto, Ontario

Decision: December 12, 2018

Reasons for Decision: May 7, 2019

**REASONS FOR DECISION**

Hearing Panel of the Central Regional Council:

Frederick W Chenoweth  
Melody Potter  
Kenneth P. Mann

Chair  
Industry Representative  
Industry Representative

Appearances:

David Babin	)	Counsel for the Mutual Fund Dealers
	)	Association of Canada
	)	
	)	
William Joe Yau Chan	)	Respondent, in person
	)	
	)	

## **I. BACKGROUND**

1. By Notice of Settlement Hearing, a Panel of the Central Regional Council of the Mutual Fund Dealers Association of Canada (the “MFDA”) was convened to consider whether, pursuant to s. 24.4 of By-law No. 1 of the MFDA, the Panel should accept a settlement agreement dated June 22nd, 2018, (“Settlement Agreement”) entered into by the Staff of the MFDA (“Staff”) and the Respondent, assisted by his then counsel.

2. At the outset of the proceeding, the Panel considered a joint motion by Staff and the Respondent to move the proceedings “*in camera*”. The Panel granted the motion. The Panel then considered the provisions of the Settlement Agreement, aided by submissions as to the applicable law, which should guide the Panel in determining whether or not to accept or reject the Settlement Agreement. The Panel unanimously accepted the Settlement Agreement and issued an Order accordingly. These are the Panel’s reasons for doing so. Following the Panel’s acceptance of the Settlement Agreement, the “*in camera*” order was rescinded.

## **II. CONTRAVENTIONS**

3. In the Settlement Agreement, the Respondent admitted that between June 2013 and March 2016, he engaged in securities related business that was not carried on for the account and through the facilities of the Member by selling, recommending, referring or facilitating the sale of approximately \$1,213,000 of unapproved investment products to at least eight clients and three individuals outside the Member and earned at least \$83,160 in commissions, contrary to MFDA Rules 1.1.1, 1.1.2, 2.1.4, 2.4.2 and 2.1.1 and the requirements of sections 13.7 and 13.8 of National Instrument 31-103.

## **III. THE FACTS**

4. In the Settlement Agreement, Staff of the MFDA and the Respondent agreed to the existence of a series of facts, which are set out in Part IV of the said Settlement Agreement. The Settlement Agreement is attached as Appendix “A” to these Reasons.

5. As set out in paragraphs 6 to 10 of the Settlement Agreement, the Respondent was first registered in the mutual fund industry commencing in June of 1995. From July 31, 2009 to June 6, 2016, the Respondent was registered in Ontario as a mutual fund sales person (now known as a

dealing representative) with IPC Investment Corporation, a Member of the MFDA (the “Member”). At all material times, the Respondent carried on business in and around Toronto, Ontario.

6. The Respondent is no longer registered in the securities industry in any capacity.

#### IV. DISCUSSION

7. The Hearing Panel was aware that prior to accepting a Settlement Agreement, a Hearing Panel must be satisfied that:

- a) The facts admitted by the Respondent constitute misconduct in contravention of the By-law, MFDA Rules or policies, or provincial securities legislation; and
- b) The penalties contemplated in the Settlement Agreement fall within a reasonable range of appropriateness, bearing in mind the nature and extent of the misconduct and all the circumstances.

8. The Hearing Panel accepted the submission of the parties that at a settlement hearing, the role of the Hearing Panel is said to be fundamentally different from its role during a contested hearing. As stated in *Sterling Mutual Inc.*, citing the leading decision of *Milewski*: we also note that while in contested hearing, the Panel attempts to determine the correct penalty, in a settlement hearing, the Panel “will tend not to alter a penalty that is considered 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”.

*Sterling Mutual Inc. (Re)*, MFDA File No. 201619, Hearing Panel of the Central Regional Council, Decision and Reasons dated June 27, 2016 at para. 11.

9. The Hearing Panel further accepted that in the recent matter of *Yu*, the hearing panel stated: Hearing Panels should respect settlements worked out by the parties. The Panel does not know what led to a settlement, what was given up by one party or the other in the course of the negotiations, and what interest each party has in agreeing to resolve the matter. The Panel cannot go beyond the Settlement Agreement. There are almost always facts that play a role in the settlement which are not set out in the settlement agreement or brought to the attention of the Panel.

*Yu (Re)*, 2018, LNCMFDA 87 at para. 22, Reasons for Decision of the MFDA Central Regional Council dated June 13, 2018.

10. The Panel considered in detail the agreed facts set out in the Settlement Agreement, and having done so, concluded that the allegation admitted by the Respondent had been proven and constituted misconduct in contravention of the By-laws, MFDA Rules or policies, or provincial securities legislation.

11. The Panel then proceeded to consider the appropriateness of the proposed penalty as set out in the Settlement Agreement. In doing so, the Panel considered the submissions of Staff and the Respondent, the MFDA Penalty Guidelines and the substantial case law to which the Panel was referred.

12. In doing so, the Panel was mindful that the primary goal of securities regulation is the protection of the investor. The Panel was further mindful that in addition to protection of the public, the goals of securities regulation also include fostering public confidence in the capital markets and the securities industry.

*Pezim v. British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557.

*Breckenridge (Re)*, MFDA File No. 200718, Hearing Panel of the Central Regional Council, Decision and Reasons dated November 14, 2007 at para. 71.

13. The Panel also accepted the submissions of Staff that the following factors are frequently considered by Hearing Panels when determining whether a penalty is appropriate:

- a) The seriousness of the allegations proved against the Respondent;
- b) The Respondent's past conduct, including prior sanctions;
- c) The Respondent's experience and level of activity in the capital markets;
- d) Whether the Respondent recognizes the seriousness of the improper activity;
- e) The harm suffered by investors as a result of the Respondent's activity;
- f) The benefits received by the Respondent as a result of the improper activity;
- g) The Risk to investors and the capital markets in the jurisdiction, were the Respondent to continue to operate in capital markets in the jurisdiction.
- h) The damage caused to the integrity of the capital markets in the jurisdiction by the Respondent's improper activities;

- i) The need to deter not only those involved in the case being considered, but also any others who participate in the capital markets, from engaging in similar improper activity;
- j) The need to alert others to the consequences of inappropriate activity to those who are permitted to participate in the capital markets; and
- k) Previous decisions made in similar circumstances.

*Breckenridge, supra*

14. In this respect, the Panel considered that:

- a) The nature of the contraventions that had been admitted by the Respondent were serious and warranted significant penalties. This was confirmed by the fact that the misconduct involved at least 8 clients with investments totalling approximately \$1,213,000 in unapproved syndicated mortgage investments. The misconduct involved two investment vehicles outside the Member's approved offerings, and a significant quantum of investors' monies. The Respondent had also received a benefit exceeding \$80,000 as a result of his improper activity;
- b) The Respondent had not been subject to past discipline or sanction by the MFDA;
- c) The Respondent was an experienced approved person having been involved in the industry since 1995;
- d) By entering into a Settlement Agreement, the Respondent acknowledged that he recognized the seriousness of the improper activity, and by doing so, avoided an expenditure of substantial resources by the MFDA;
- e) Staff was unaware of any complaint by investor clients, nor was Staff aware that any harm had been suffered by them;
- f) The risk to investors and the capital markets in the jurisdiction, where the Respondent worked, was hereafter negligible as the Respondent was no longer registered in the security industry in any capacity;
- g) The Panel was satisfied that the proposed sentence provided adequate deterrence to those involved in the case and also to others who participated in the capital markets. There was every anticipation that similar improper activity would be deterred.

**V. RESULT**

15. For all the above reasons, the Panel concluded that the Settlement Agreement was reasonable and proportionate. Accordingly, the following penalties were imposed upon the Respondent:

- a) The Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member;
- b) The Respondent shall pay a fine of \$40,000 in certified funds upon acceptance of the Settlement Agreement pursuant to section 24.1.1(b) of By-law No. 1;
- c) The Respondent shall pay costs in the amount of \$5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of By-law No. 1; and
- d) 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 Rule 1.8(2) and (5) of the *MFDA Rules of Procedure*.

**DATED** this 7<sup>th</sup> day of May, 2019.

“Frederick Chenoweth”

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Frederick Chenoweth  
Chair

“Melody Potter”

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Melody Potter  
Industry Representative

“Kenneth P. Mann”

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Kenneth P. Mann  
Industry Representative



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**Re: William Joe Yau Chan**

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**SETTLEMENT AGREEMENT**

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**I. INTRODUCTION**

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (the "MFDA") will announce that it proposes to hold a hearing to consider whether, pursuant to section 24.4 of 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 William Joe Yau Chan (the "Respondent").

**II. JOINT SETTLEMENT RECOMMENDATION**

2. Staff conducted an investigation of the Respondent's activities. The investigation disclosed that the Respondent had engaged in 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.

3. Staff and the Respondent recommend settlement of the matters disclosed by the investigation in accordance with the terms and conditions set out below. The Respondent agrees

to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule “A”.

4. Staff and the Respondent agree that the terms of this 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.

### **III. ACKNOWLEDGEMENT**

5. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the MFDA (subject to Part IX) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

### **IV. AGREED FACTS**

#### **Registration History**

6. The Respondent was registered in the mutual fund industry commencing in June 1995.

7. From July 31, 2009 to June 6, 2016, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative) with IPC Investment Corporation, a Member of the MFDA (the “Member”).

8. On June 6, 2016, the Member terminated the Respondent’s registration as a result of the events described herein.

9. The Respondent is no longer registered in the securities industry in any capacity.

10. At all material times, the Respondent carried on business in and around Toronto, Ontario.

## **The FMP Mortgage Investments Inc. and Hi-Rise Capital Inc. Referral Arrangements**

11. At all material times, the Member's policies and procedures required that its Approved Persons:

- a) only offer products the Member had approved for sale, and that all products be sold through Member; and
- b) only participate in referral arrangements that it had approved, and that all fees or commissions must flow through the books and records of the Member.

12. On November 6, 2009, the Respondent disclosed to the Member his involvement as a mortgage agent with a mortgage brokerage as an outside activity.

13. On November 13, 2009, the Member approved the Respondent's outside activity as a mortgage agent.

14. In October 2011, the Respondent purchased a franchise of Centum Financial Group Inc. which he operated as Centum Camelot Financial Solutions Inc. ("Centum Camelot"). Centum Camelot is registered as a mortgage broker with the Financial Services Commission of Ontario ("FSCO"). The Respondent is listed as the principal broker of Centum Camelot.

15. On October 26, 2011, the Respondent disclosed to the Member his involvement with Centum Camelot as an outside activity, and described Centum Camelot as a "Mortgage" business.

16. On March 26, 2012, the Member approved the Respondent's outside activity with Centum Camelot.

17. On June 18, 2013, the Respondent, on behalf of Centum Camelot, entered into a referral agreement with FMP Mortgage Investments Inc. ("FMP"), a mortgage broker which marketed syndicated mortgage investments offered by Fortress Real Capital ("Fortress").

18. In accordance with the terms of the FMP referral arrangement, the Respondent was to receive a referral fee from FMP of 5% of the cumulative amount invested in Fortress investment products by referred investors where those amounts totaled less than \$1,000,000, and 7% of the

cumulative amount invested by referred investors where those amounts totaled more than \$1,000,000.

19. On July 25, 2013, the Respondent entered into a referral agreement with Hi-Rise Capital Inc. (“HRC”), a mortgage broker that also offered syndicated mortgage investments.

20. In accordance with the terms of the HRC referral arrangement, the Respondent would receive a referral fee of 8% of the total amount invested in HRC investment products by referred investors.

21. On January 21, 2015, the Respondent entered into a further referral agreement with HRC on substantially similar terms as the July 25, 2013 agreement, except that in accordance with the terms of the new referral arrangement, he would receive a referral fee of 9% of the total amount investment by referred investors, where the cumulative amount invested by referred investors totaled more than \$1,000,000.

**Investments made by clients and individuals outside the Member**

22. As described in the table below, between June 2013 and March 2016, the Respondent, recommended, sold, facilitated the sale of, or made referrals in respect of the sales of Fortress and HRC products (collectively, the “Investments”) totaling approximately \$1,213,000 to at least 8 clients of the Member and 3 individuals outside the facilities of the Member.

<b>Investor</b>	<b>Investment</b>	<b>Date of Investment</b>	<b>Amount Invested</b>	<b>Commissions Earned</b>
<b>Member Clients</b>				
ST	Fortress	Jan/28/2015	\$52,000.00	\$3,120.00
	Fortress	Jul/29/2013	\$80,000.00	\$4,000.00
	Fortress	Jul/29/2013	\$80,000.00	\$4,000.00
	HRC	Oct/22/2013	\$105,000.00	\$8,400.00
SD	Fortress	Jun/2013	\$50,000.00	\$2,500.00
	HRC	Mar/17/2015	\$25,000.00	\$2,000.00
AA	HRC	Mar/18/2015	\$24,000.00	\$1,920.00
YE	HRC	Apr/22/2015	\$25,000.00	\$1,920.00
	HRC	Feb/10/2014	\$24,000.00	\$1,920.00
EA	HRC	Oct/29/2013	\$53,000.00	\$4,240.00
AM	HRC	Nov/27/2013	\$53,000.00	\$4,240.00
HE	HRC	Dec/11/2013	\$28,000.00	\$2,240.00

<b>Investor</b>	<b>Investment</b>	<b>Date of Investment</b>	<b>Amount Invested</b>	<b>Commissions Earned</b>
CL	HRC	Jan/06/2014	\$36,000.00	\$2,880.00
<b>Non-Member Clients</b>				
RB	Fortress and Kingridge Developments Corp. <sup>1</sup>	Mar/16/2016	\$173,000.00	\$10,380.00
	Fortress		\$150,000.00	\$7,500.00
JD	HRC	Mar/03/2016	\$80,000.00	\$6,400.00
	HRC	Mar/03/2016	\$150,000.00	\$13,500.00
CB	HRC	Mar/25/2015	\$25,000.00	\$2,000.00
		<b>Total:</b>	<b>\$1,213,000.00</b>	<b>\$83,160.00</b>

23. As described above, the Respondent also earned a total of at least \$83,160 in commissions. Fortress and HRC paid those commissions directly to the Respondent.

24. Some of the Respondent's clients redeemed funds in their Registered Retirement Savings Plan accounts at the Member to purchase the Investments.

25. Despite being asked by the Member in October 2015 on an annual compliance attestation whether he sold exempt products, and specifically, "private mortgage securities", the Respondent did not disclose to the Member that he was recommending, selling, facilitating the sale of, and/or making referrals in respect of the sale of the Investments to clients.

26. The Member did not approve the Investments for sale to its clients by its Approved Persons, including the Respondent (i.e. the Investments were not on the Member's product shelf.)

27. None of the purchases of the Investments by clients were carried on for the account of the Member or through its facilities.

28. The Member did not have a referral arrangement with Fortress or HRC, and none of the referral fees the Respondent received from Fortress or HRC flowed through the books and records of the Member.

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<sup>1</sup> Kingridge Developments Corp. is a development company that participated in a joint offering with a Fortress related entity.

## **Additional Factors**

29. On April 27, 2018, FMP surrendered its mortgage brokerage license and suspended all business operations.

30. Fortress Real Developments Inc., the development company behind the Fortress projects, and its affiliated entities are currently the subject of at least four legal actions following a series of payment defaults, at least one of which concerns a project that one of the Respondent's clients invested in. Further, in April 2018, FSCO placed Fortress' affiliated syndicated mortgage company, Building and Development Mortgages Canada Inc. into receivership.

31. Staff is unaware of any client complaints relating to the Investments.

32. The Respondent himself personally invested at least \$400,000 in the Investments.

33. The Respondent has cooperated with MFDA Staff throughout the investigation and the disciplinary proceedings.

34. The Respondent has not been subject to previous MFDA disciplinary proceedings.

35. By admitting the facts and contraventions described above, the Respondent has saved the MFDA the time and resources associated with conducting a fully contested hearing on the merits.

## **V. CONTRAVENTION**

36. The Respondent admits that between June 2013 and March 2016, he engaged in securities related business that was not carried on for the account and through the facilities of the Member by selling, recommending, referring or facilitating the sale of approximately \$1,213,000 of unapproved investment products to at least 8 clients and 3 individuals outside the Member and earned at least \$83,160 in commissions, contrary to MFDA Rules 1.1.1, 1.1.2, 2.1.4, 2.4.2, and 2.1.1, and the requirements of sections 13.7 and 13.8 of National Instrument 31-103.

## **VI. TERMS OF SETTLEMENT**

37. The Respondent agrees to the following terms of settlement:

- a) the Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member;
- b) the Respondent shall pay a fine of \$40,000 in certified funds upon acceptance of this Settlement Agreement, pursuant to section 24.1.1(b) of By-law No. 1;
- c) the Respondent shall pay costs in the amount of \$5,000 in certified funds upon acceptance of this Settlement Agreement, pursuant to section 24.2 of By-law No. 1; and
- d) the Respondent will attend in person, on the date set for the Settlement Hearing.

## **VII. STAFF COMMITMENT**

38. If this Settlement Agreement is accepted by the Hearing Panel, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts set out in Part IV and the contraventions described in Part V of this Settlement Agreement, subject to the provisions of Part IX below. 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 Parts IV and V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the facts and contraventions set out in Parts IV, and V 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.

## **VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT**

39. Acceptance of this Settlement Agreement shall be sought at a hearing of the Central Regional Council of the MFDA on a date agreed to by counsel for Staff and the Respondent. 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](http://www.mfda.ca).

40. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the Settlement Hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive his 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.

41. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, then the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.1 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.

42. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, 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 him.

#### **IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT**

43. 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 Part IV of the 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.

#### **X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT**

44. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule "A" is not made 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 this Settlement Agreement or the settlement negotiations.

45. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

#### **XI. DISCLOSURE OF AGREEMENT**

46. 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.

47. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel.

#### **XII. EXECUTION OF SETTLEMENT AGREEMENT**

48. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

49. A facsimile copy of any signature shall be effective as an original signature.

**DATED** this 22<sup>nd</sup> day of June, 2018.

“William Joe Yau Chan”

\_\_\_\_\_  
William Joe Yau Chan

“PM”

\_\_\_\_\_  
Witness – Signature

PM

\_\_\_\_\_  
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.



**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: William Joe Yau Chan**

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### ORDER

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**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 William Joe Yau Chan (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 June 2013 and March 2016, the Respondent engaged in securities related business that was not carried on for the account and through the facilities of the Member by selling, recommending, referring or facilitating the sale of approximately \$1,213,000 of unapproved investment products to at least 8 clients and 3 individuals outside the Member and earned at least \$83,160 in commissions, contrary to MFDA Rules 1.1.1, 1.1.2, 2.1.4, 2.4.2, and 2.1.1, and the requirements of sections 13.7 and 13.8 of National Instrument 31-103.

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

1. The Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member;
2. The Respondent shall pay a fine of \$40,000 in certified funds upon acceptance of this Settlement Agreement, pursuant to section 24.2 of By-law No. 1;
3. The Respondent shall pay costs in the amount of \$5,000 in certified funds upon acceptance of this Settlement Agreement, pursuant to section 24.2 of By-law No. 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]