



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: Hsi Chun Chiang

Heard: January 12, 2012 in Vancouver, British Columbia
Reasons for Decision: February 6, 2012

REASONS FOR DECISION

Hearing Panel of the Pacific Regional Council:

The Hon. H. Benjamin Casson, Q.C.	Chair
Elaine Davison	Industry Representative
Robert Polischuk	Industry Representative

Appearances:

Francis Roy)	For the Mutual Fund Dealers Association of
)	Canada
)	
Robert Cooper)	For the Respondent, Hsi Chun Chiang
Joelle Walker)	
)	

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A. **LIST OF EXHIBITS**

EXHIBIT	DESCRIPTION
#1	Notice of Hearing dated March 22, 2011
#2	Affidavit of Service sworn March 31, 2011
#3	Notice of Settlement Hearing filed January 6, 2012
#4	New Release announcing Settlement Hearing dated January 6, 2012
#5	Settlement Agreement dated January 12, 2012

B. **REVIEW OF PROCEEDINGS**

1. By Notice of Hearing dated March 22, 2011, the Mutual Fund Dealers Association of Canada (the “MFDA”) commenced a disciplinary proceeding against Hsi Chun Chiang (the “Respondent”) pursuant to ss. 20 and 24 of MFDA By-Law No. 1 (Exhibit #1).

2. The Notice of Hearing was served on the Respondent in compliance with Rule 4 of the MFDA’s Rules of Procedure and the Affidavit of Service is marked as (Exhibit #2).

3. The Notice of Hearing set out the following allegations:

Allegation #1:

Between July 2007 and February 4, 2009, Chiang had and continued in another gainful occupation that was not disclosed to and approved by the member by:

- (i) Acting as Vice-President, Public Relations of an Alberta corporation known as Maple Leaf Reforestation Inc. (“Maple Leaf”);
- (ii) Acting as an agent or employee for a British Columbia corporation known as Future Canada China Environment Inc. (Canada) (“FCCE Canada”); and
- (iii) Acting as President, CEO and director for an American corporation known as Future Canada China Environment Inc. (USA) (“FCCE USA”);

Allegation #2:

Between July 2007 and February 27, 2009, Chiang engaged in securities related business that was not carried on for the account and through the facilities of the Member by selling, recommending or facilitating the sale of shares in Maple Leaf, FCCE Canada and FCCE USA to clients and other individuals, contrary to MFDA Rule 1.1.1(a) and 2.1.1.

Allegation #3:

Between July 2007 and February 27, 2009, Chiang engaged in activities that gave rise to conflicts or potential conflicts of interest between her interests and the interests of clients, which conflicts she failed to address by the exercise of responsible business judgment influenced only by the best interests of the clients by:

- (i) selling, recommending or facilitating the sale of Maple Leaf shares to clients JCWW, MCYF, FYCC, CCL, HFL, MCL, CYC, WCAT and YSL while she was a shareholder and officer of Maple Leaf;
- (ii) selling, recommending or facilitating the sale of FCCE Canada shares to clients TMC, MCL, SYH/HMC, WCS, HFL/CCL, CJL and JFC, and other individuals while she was an agent or employee of FCCE Canada;
- (iii) selling, recommending, facilitating or referring the sale of FCCE USA shares to clients JCWW, MCYF, TML and CCC while she was a shareholder, officer and director of FCCE USA.

contrary to MFDA Rules 2.1.4, 2.4.2 and 2.1.1

Allegation #4:

From July 19, 2007 to October 23, 2007, Chiang engaged in trading activity that was not

permitted by the terms of her registration as a mutual fund salesperson by selling Maple Leaf Shares held by client FYCC and FYCC's husband, AT, in an online trading account at TD Waterhouse pursuant to FYCC's and AT's request, contrary to MFDA Rule 2.1.1.

Allegation #5:

Commencing February 4, 2009, Chiang interfered with the ability of the Member to conduct a reasonable supervisory investigation relating to her involvement in Maple Leaf, FCCE Canada and FCCE USA by failing to respond truthfully and completely to inquiries from the Member and withholding relevant information concerning the subject matter of the investigation from the Member, contrary to MFDA Rules 1.1.2 and 2.11 and MFDA Rule 2.1.1.

4. A First Appearance was held by teleconference on July 7, 2011. Both parties were present with counsel, i.e. the MFDA being represented by Francis Roy ("Enforcement Counsel") and the Respondent being represented by Joelle Walker.

5. At the First Appearance, there were no preliminary issues raised and no objections to marking the Notice of Hearing as Exhibit #1 and the Affidavit of Service as Exhibit #2.

6. The parties agreed to set dates (being January 9 to 12 (inclusive), 2012) for a Hearing on the Merits, however, it was to be understood that those dates could be available for a Settlement Hearing if a settlement were reached.

7. On January 6, 2012, a Notice of Settlement Hearing was issued, filed and posted on the MFDA's website.

8. On January 10, 2012, the Panel received a copy of the Settlement Agreement in this matter; the Submissions of Staff of the MFDA; and a Book of Authorities. Parties agreed that a Settlement Hearing would proceed, as it did, on January 12, 2012.

9. At the commencement of the Settlement Hearing on January 12, 2012, the Panel granted a joint application to close the hearing pending a decision by the Panel as to whether or not, it would approve the Settlement Agreement.

C. **AGREED FACTS**

10. **REGISTRATION HISTORY:**

- The Respondent was registered in British Columbia with Portfolio Strategies Corporation (“PSC”) or the “Member”) as a mutual funds salesperson from May 25, 2005 to February 4, 2009 and as a branch manager from March 26, 2005 to May 27, 2008.
- Previously, from October 2001 to May 2005, she was registered as a mutual fund salesperson with Dundee Private Investors Inc. The Respondent had also been registered as a mutual fund salesperson with Balanced Planning Investment Corporation from August 1997 to October 2001, and with PFSL Investments Canada Ltd. from November 1996 to June 1997.
- The Respondent was terminated by PSC on February 4, 2009 as a result of the events described herein.
- PSC is a Member of the MFDA and is registered as a mutual fund dealer and an exempt market dealer in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

The Respondent and Maple Leaf Reforestation Inc.

- Maple Leaf Reforestation Inc. (“Maple Leaf”) was incorporated in Alberta on February 24, 2005. It is a public company based in Calgary whose shares trade on the Toronto Stock Exchange (stock ticker symbol: MPE). Maple Leaf’s operations appear to involve reforestation projects and the production of bio fuels in China.
- In or about July 2007, MH, Maple Leaf’s Chairman of the Board, requested that the Respondent accept a role with the company to promote Maple Leaf to potential investors. The Respondent accepted MH’s offer and although not an officer of Maple Leaf was given the title of Maple Leaf’s “Vice-President, Public Relations”. The Respondent ended her association with Maple Leaf in about March 2008.
- For her promotional efforts on behalf of Maple Leaf, the company paid the Respondent approximately \$1,000.00.
- In July 2007, after accepting her role with Maple Leaf, the Respondent purchased 1.5 million restricted shares of Maple Leaf from MH. She also later purchased additional

non-restricted shares of Maple Leaf.

- During her time with Maple Leaf, the Respondent publicized and promoted the company by discussing it with, and distributing materials and brochures prepared by the company to, clients of PSC and others, and referring both to Maple Leaf's website.
- The Maple Leaf materials and brochures that were disseminated by the Respondent referenced Maple Leaf's stock ticker symbol (MPE.V) and included research reports of Maple Leaf's financial performance, the company's plans and future projections, and information relating to private placement offerings by Maple Leaf.
- Maple Leaf did not conduct any business in Canada or offer any products or services to Canadian residents or individuals. It appears that its presence in Canada was limited to raising capital for investments and business ventures located in China.
- Between July 2007 and March 2008, while acting on behalf of Maple Leaf, the Respondent recommended or facilitated the sale of Maple Leaf shares to a number of individuals, including nine PSC clients for whom the Respondent was the mutual fund salesperson responsible for servicing their accounts. The PSC clients who purchased Maple Leaf shares were JCWW, MCYF, FYCC, CCL, HFL, MCL, CYC, WCAT and YSL.
- Regarding client FYCC and her husband, AT, in or about September 2007 client FYCC requested the Respondent to help them sell shares of Maple Leaf which they owned and held in an online trading account at TD Waterhouse (the "TD Waterhouse Account"). As part of their request, clients FYCC and AT provided the Respondent with log-in and password information for the TD Waterhouse Account.
- The Respondent sold the Maple Leaf shares in FYCC's and AT's TD Waterhouse Account on five separate occasions between September 12, 2007 and October 23, 2007. Details of those trades were summarized by the Respondent in an email she sent to FYCC on October 24, 2007 which stated as follows:

"I have sold everything on [AT's online trading account at TD Waterhouse]. According to my previous email about my fees, if you are agree to that, here is the summary:

SEPT. 12	\$4,000.00
SEPT. 14	\$18,000.00
SEPT. 17	\$25,110.01
SEPT. 19	\$27,608.50

OCT. 23 \$84,885.36 (everything will be settled on Oct.26)

TOTAL: \$163,103.87

2% OF \$163,103.87 is \$3,262.08 is my fee.”

- In her October 24, 2007 email to FYCC, the Respondent further requested that the clients “transfer the [fee] amount into my TD Canada Trust Bank account”. In doing so, the Respondent provided clients with her bank account number, transit number and branch address.
- However, subsequent to the October 24, 2007 email, the Respondent states that by oral agreement between FYCC, AT and the Respondent, no fee was paid. Staff’s investigation did not find any evidence that the fee had been paid.
- The Respondent was given discretion as to when to sell the Maple Leaf shares owned by clients FYCC and AT. Specifically, she alone could determine when to sell and the price at which to do so.
- Maple Leaf shares were not (and could not be since PSC was not registered as an investment dealer) and investment product approved for sale by PSC.
- The Respondent’s registration as a mutual fund salesperson with PSC did not permit her to advise or trade in the shares of Maple Leaf on behalf of clients or other individuals.
- The Respondent mentioned an association with Maple Leaf to her then branch manager on one occasion in July 2007, but she did not seek or obtain approval from PSC to commence or continue her involvement in Maple Leaf or to trade, recommend or facilitate the sale of Maple Leaf shares to clients or other individuals.

The Respondent and Future Canada China Environment Inc. (Canada)

- Future Canada China Environment Inc. (Canada) (“FCCE Canada”) was incorporated in British Columbia on August 22, 2007.
- At or about that time, and pursuant to a request she received from MH, FCCE Canada’s Officer and Director, the Respondent agreed to act as a consultant for FCCE Canada and to perform administrative duties on the company’s behalf. As part of her role with FCCE Canada, the Respondent also agreed to distribute marketing and promotional materials prepared by FCCE Canada to potential investors.

- Commencing in the fall of 2007, the Respondent began to distribute FCCE Canada's marketing and promotion materials to potential investors, including PSC clients for whom she was the mutual fund salesperson responsible for servicing their accounts.
- On or about November 30, 2007, FCCE Canada made a distribution of 2,080,000 common shares to 18 investors residing in British Columbia at a price of \$1.00 per share (the "Distribution"), thereby raising capital in the amount of \$2,080,000. The Distribution was effected by FCCE Canada by obtaining signed subscription agreements from all 18 investors. The Distribution purported to rely upon the Accredited Investor exemption available under National Instrument 45-106, section 2.3.
- 14 of the 18 investors who purchased FCCE Canada shares on November 30, 2007 signed subscription agreements that were witnessed and submitted to FCCE Canada by the Respondent (representing 1,580,000 of 2,080,000 common shares sold to investors or \$1,580,000 of the capital raised by FCCE Canada). Of those 14 investors, 7 were PSC clients for whom the Respondent was the mutual fund salesperson responsible for servicing their accounts: TMC, MCL, SYH/HMC, WCS, HFL/CCL, CJL and JFC. The Respondent provided information promoting FCCE Canada to each of these 7 clients. In addition, 2 of the 14 investors who were not PSC clients state that they purchased FCCE Canada shares on the advice and recommendations of the Respondent.
- There is no evidence that a market exists or ever existed for the securities of FCCE Canada. In addition, there is no evidence that the shares of FCCE Canada now have any underlying or inherent value.
- Between December 2007 and September 2008, the Respondent received consulting fees totaling \$22,000 for the services she rendered to FCCE Canada. During that time, she was further reimbursed for office expenses she incurred on FCCE Canada's behalf in the amount of \$634.44.
- The Respondent did not seek or obtain approval from PSC to commence or continue her activities on behalf of FCCE Canada or to recommend or facilitate the sale of FCCE Canada shares to clients or other individuals.
- FCCE Canada shares were not an investment product approved for sale by PSC.

The Respondent's Involvement in Future Canada China Environment Inc. (USA)

- On February 6, 2008, Future Canada China Environment Inc. (USA) (“FCCE USA”) was incorporated in Nevada, USA. FCCE USA was related to and affiliated with FCCE Canada. Amongst other things, both companies’ stated purpose was to invest in “green” industries in China. In addition, they share the same website, which listed two company addresses: the head office located in the state of Washington, USA (the “Head Office”) and the FCCE Canada office located in Vancouver, British Columbia. When FCCE USA was incorporated, the Respondent’s sister became its sole shareholder.
- FCCE USA was a public company whose shares (stock ticker symbol: FCCE) traded on both the NASDAQ Over-the-Counter Bulletin Board and Pink Sheets, an electronic quotation system operated by Pink OTC Markets Inc.
- From February 5, 2008 to February 27, 2009, the Respondent was FCCE USA’s sole officer and held the titles of President, Principal Executive Officer, Secretary, Treasurer, Principal Financial Officer and Principal Accounting Officer. She was also FCCE USA’s sole director from February 5, 2008 to April 30, 2009, when she resigned from that position.
- On November 14, 2008, the Respondent became a shareholder of FCCE USA when she purchased 82.14% of FCCE’ USA’s outstanding common shares (or 32,920,000 shares) from her sister for \$292.
- Amongst her various roles within FCCE USA, the Respondent was responsible for completing and submitting regulatory filings with the United States Securities and Exchange Commission (the “SEC”), including the preparation and filing of FCCE USA’s prospectus. She was also responsible for preparing financial statements and managing the company’s cash flow. In addition, she had sole signing authority over FCCE USA’s bank accounts and opened and operated the company’s Head Office.
- Between October and December 2008, four PSC clients for whom the Respondent was the mutual fund salesperson responsible for servicing their accounts at PSC (CCC, JCWW, MCYF and TML) traded shares of FCCE USA through Blackmont Capital Inc. (“Blackmont”), a Member of the Investment Industry Regulatory Organization of Canada. All four of those clients opened accounts at Blackmont in March and April 2008. The Blackmont new account application forms completed for clients CCC and JCWW indicated that they had been referred to Blackmont by the Respondent.
- Blackmont account statements reveal that JCWW, MCYF and TML effected the

following trades of FCCE USA shares:

Client	Amount of FCCE USA Shares Purchased or Sold and Unit Price	Total purchase price (Canadian \$)	Settlement Date
CCL	Buy – 1300 @ \$10.00 per share	\$13,130.00	December 6, 2008
JCWW	Buy – 1000 @ \$1.16 per share	\$1,120.00	October 30, 2008
	Buy – 4000 @\$0.92 per share	\$3,795.00	November 10, 2008
	Sell - 1000 @ \$10.00 per share	\$9,799.94	December 5, 2008
	Sell – 500 \$28.00 per share	\$13,649.92	December 15, 2008
MCYF	Buy - 1500 @ \$1.16 per share	\$1,840.00	October 23, 2008
TML	Buy – 3000 @ \$1.16 per share	\$3,595.00	October 27, 2008
	Buy – 1000 \$ 1.16 per share	\$1,160.00	October 28, 2008
	Sell – 3000 @ \$10.00 per share	\$29,099.83	December 5, 2008

- The Respondent’s registration as a mutual fund salesperson did not permit her to advise or trade in FCCE USA shares on behalf of clients or other individuals.
- The Respondent received \$85,000 from FCCE USA as reimbursement for expenses incurred in the set-up of the company, various administrative expenses incurred in its day to day operations and payment of director fees between February 5, 2008 and April 30, 2009.
- On November 29, 2008, the Respondent sent an email to her PSC branch manager at the material time requesting the following:

“Dear [Branch Manager],

Could you please do me a favour to confirm if I can keep my licence with the branch as a non-resident representative (if I have my resident address change to California in the US) and have my assistant to do the services job.”

- On December 11, 2008, the Respondent sent a further email to her branch manager in which she stated the following:

“Hi [Branch Manager],

It is always so warm to meet you. As I mentioned this afternoon, I am the CEO and

President of a US co. to keep my US green card and will not affect my business practices through [PSC]. Is there anything I need to bring to your attention?"

- On January 28, 2009, the SEC issued an Order of Suspension of Trading in respect of FCCE USA for the period from January 28, 2009 to February 10, 2009. The Order sated the following:

"It appears to the [SEC] that the public interest and the protection of investors require a suspension of trading in the securities of [FCCE USA]. Questions have arisen concerning recent trading activity in the company's stock during which its share price increased from \$0.92 to \$28.50. Questions have also arisen concerning the accuracy and adequacy of publicly available information regarding its potential acquisition of another company..."

- On February 2, 2009, a reporter from the Vancouver Sun called the Respondent to inquire about the SEC's Order of Suspension of Trading in respect of FCCE USA. Immediately after that call, the Respondent attempted to contact her branch manager, but was unable to speak with him. She therefore sent him the following email:

"Hi [Branch Manager],

Here is some updated information regarding the email I sent on Dec. 11, 2008.

The US company I am involving in running the day-to-day administrative jobs as the President & CEO called Future Canada China Environment Inc. currently listed at OTC BB in the US. Since some of the US Co's administrative jobs done in BC, the Future Canada China Environment Inc. also do the corporate filing and it does in the US according to the new regulation from BCSC effective September 19, 2008. Please let me know if this disclosure is sufficient? Or be free to contact me... if more information need to be provided."

- On February 4, 2009, the Vancouver Sun released an article in respect of the SEC's Order of Suspension of Trading in respect of FCCE USA and the Respondent's involvement in running that company.
- On February 4, 2009, following the release of an article by the Vancouver Sun about the

SEC's Order of Suspension of Trading in respect of FCCE USA and the Respondent's involvement in running that company, as well as the February 2, 2009 email from the Respondent to her then branch manager which email was forwarded by the branch manager to PSC's compliance department, PSC terminated the Respondent.

- On February 9, 2009, FCCE USA's shares were delisted from the NASDAQ Over-the-Counter Bulletin Board and Pink Sheets due to a failure to comply with American securities rules and regulations.
- Other than mentioning an association with FCCE USA to her branch manager as described in paragraph 45 and her more fulsome email to her branch manager as described in paragraph 47, the Respondent agrees that she did not seek or obtain approval from PSC to commence or continue her activities in FCCE USA, nor did she seek or obtain approval from PSC to recommend or facilitate the sale of FCCE USA shares to clients and other individuals.

The Respondent's Termination by PSC

- Following the Respondent's termination, PSC conducted an investigation into her activities, including a review of her client files, and found documents establishing the following, among other things:
 - a) she had distributed brochures and other materials related to Maple Leaf, FCCE Canada and FCCE USA to clients and other individuals;
 - b) evidence that she had discussed investments in Maple Leaf, FCCE Canada and FCCE USA with clients and other individuals;
 - c) evidence that she had recommended to client FC that she open the TD Waterhouse Account in order to trade Maple Leaf shares;
 - d) evidence that she had sold shares of Maple Leaf held by clients FC and AT in the TD Waterhouse Account on five separate occasions between July 19, 2007 and October 23, 2007; and
 - e) evidence that she had recommended the purchase of Maple Leaf shares for at least one non-client.

D. **AGREED CONTRAVENTIONS**

11. The Respondent admits that:

- a) Between July 2007 and February 4, 2009, she had and continued in another gainful occupation that was not disclosed to and approved by the Member by:
- i. Acting as Vice-President, Public Relations of Maple Leaf Reforestation Inc. (“Maple Leaf”);
 - ii. Acting as an agent or employee for Future Canada China Environment (Canada) (“FCEE Canada”); and
 - iii. Acting as President, CEO and director for Future Canada China Environment (USA) (“FCCE USA”);

contrary to MFDA Rules 1.2.1(d) and 2.1.1 (“Contravention #1”).

- b) Between July 2007 and February 27, 2009, she engaged in securities related business that was not carried on for the account and through the facilities of the Member, nor permitted by the terms of her registration as a mutual fund salesperson by:
- i. Recommending or facilitating the sale of shares in Maple Leaf, FCCE Canada and FCCE USA to clients and other individuals, contrary to MFDA Rules 1.1.1(a) and 2.1.1; and
 - ii. On five occasions between July 19, 2007 and October 23, 2007, selling Maple Leaf shares held by client FYCC and FYCC’s husband, AT, in an online trading account at TD Waterhouse pursuant to FYCC’s and AT’s request, contrary to MFDA Rule 2.1.1; (“Contravention #2”); and

- c) Between July 2007 and February 27, 2009, she engaged in activities that gave rise to conflicts or potential conflicts of interest between her interests and the interests of clients, which conflicts she failed to address by the exercise of responsible business judgment influenced only by the best interests of the clients by:

- i. Recommending or facilitating the sale of Maple Leaf shares to clients JCWW, MCYF, FYCC, CCL, HFL, MCL, CYC, WCAT and YSL while she was a shareholder and an agent or employee of Maple Leaf;
- ii. Recommending or facilitating the same of FCCE Canada shares to clients TMC, MCL, SYH/HMC, WCS, HFL/CCL, CJL and JFC, and other individuals while she was an agent or employee of FCCE Canada; and,
- iii. Recommending, facilitating or referring the sale of FCCE USA shares to clients JCWW, MCYF, TML and CCC while she was a shareholder, officer and director of FCCE USA;

contrary to MFDA Rules 2.1.4, 2.4.2 and 2.1.1 (“Contravention #3”).

E. **AGREED TERMS OF SETTLEMENT**

12. The Respondent agreed to the following terms of settlement:

- a) She shall pay a fine in the amount of \$45,000, pursuant to section 24.1(b) of By-law No. 1, upon the acceptance of this Settlement agreement;
- b) She shall be prohibited from acting as a mutual fund salesperson for a period of 10 years, pursuant to section 24.1© of By-law No. 1, upon the acceptance of this Settlement Agreement;
- c) She shall pay the costs of this proceeding in the amount of \$5,000, pursuant to section 24.2 of By-law No. 1, upon the acceptance of this Settlement Agreement; and
- d) She will attend in person the date set for the Settlement Hearing.

F. **APPROVAL OF SETTLEMENT AGREEMENT**

13. Pursuant to Rules of Procedure 1.3(1), 1.5(1)(b) and 2.2 and with the consent of the Parties, the Panel ordered that the 10 day Notice requirement in Rule 15.2(1) be abridged so as to

allow the Settlement Hearing to proceed on January 12, 2012.

14. The Panel agrees with the submission of Enforcement Counsel at page 32, lines 1 to 6, when he states:

“..., the Hearing Panel should not interfere lightly with negotiated settlement, so long as the penalties agreed upon fall within a reasonable range of appropriateness in response to the conduct that has been admitted to by the Respondent.”

15. In that regard, the Panel agrees with the reasoning in paragraph 14, page 4 of the decision in the Mutual Fund Dealers Association of Canada and Christopher Andrew Nivet (File No. 200940 dated May 11, 2010):

“We are of the view that a negotiated settlement should not be disturbed provided that the penalties are within the reasonable range of appropriateness. In that regard, we have considered the remarks of the panel of the District Council in *Re Milewski*, [1999] I.D.A.C.D. No. 17, decided on July 28, 1999. The Panel made these comments at page 9:

Although a settlement agreement must be accepted by a District Council before it can become effective, the standards for acceptance are not identical to those applied by a District council when making a penalty determination after a contested hearing. In a contested hearing, the District Council attempts to determine the correct penalty. A District Council considering a settlement agreement will tend not to alter a penalty that it considers 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. Put another way, the District Council will reflect the public interest benefits of the settlement process in its consideration of specific settlements.”

16. The Panel has found that the facts, as agreed to by the Respondent, support the

contraventions of MFDA Rules as set out at pages 14 and 15 of this decision.

17. The Panel considered the following factors (as set out in the MFDA's Penalty Guidelines) in assessing the appropriateness of the proposed penalties:

- The seriousness of the allegations proved against the Respondent;
- The Respondent's past conduct, including prior sanctions;
- The Respondent's experience and level of activity in the capital markets;
- Whether the respondent recognizes the seriousness of the improper activity;
- The harm suffered by investors as a result of the Respondent's activities;
- The risk to investors and the capital markets in the jurisdiction, were the Respondent to continue to operate in capital markets in the jurisdiction
- The damage caused to the integrity of the capital markets in the jurisdiction by the Respondent's improper activities;
- 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;
- The need to alert others to the consequences of inappropriate activities to those who are permitted to participate in the capital markets; and
- Previous decisions made in similar circumstances.

18. In approving the proposed penalties, the Panel recognized that the primary purpose of the MFDA is to enhance investor protection and strengthen public confidence in the Canadian mutual fund industry by ensuring high standards of conduct by Members and Approved Persons.

19. In approving the settlement Agreement, the following factors were of particular significance to the Panel:

- a) The Respondent's agreement to settle, to the satisfaction of the MFDA's Enforcement Staff, all issues raised as a consequence of the admitted violations of the MFDA's regulatory system, thus avoiding the costs necessarily associated with a Hearing on the Merits;
- b) The Respondent had no history of violations of the MFDA's regulatory system;

- c) The Respondent paid the penalties and costs as provided in the Settlement Agreement;
- d) The Respondent co-operated fully in the investigation by the MFDA's Enforcement Staff;
- e) The MFDA was unable to provide any information as to any actual financial harm which may have resulted from the Respondent's violations of the MFDA's regulatory system;
- f) The Panel recognized, however, that the Respondent's failure to disclose her outside business activities to Portfolio Strategies Corporation ("PSC"), the Member with which she was registered as a mutual fund salesperson, prevented PSC from discharging its supervision of the Respondent's compliance with the MFDA's regulatory system including her conflicts, or potential conflicts of interest between the Respondent and clients of PSC.

20. The Panel was satisfied that the terms under which the Respondent has agreed to settle her violations of the MFDA's regulatory system are reasonable and appropriate having regard to her conduct and the circumstances of the case and signed the necessary Order dated January 12, 2012.

DATED this 6th day of February, 2012.

"Benjamin Casson"

The Hon. H. Benjamin Casson, Q.C.,
Chair

"Elaine Davison"

Elaine Davison,
Industry Representative

"Robert Polischuk"

Robert Polischuk,
Industry Representative