



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: Robert Angus Colvin

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Mutual Fund Dealers Association of Canada (the “MFDA”) will announce that it proposes to hold a hearing (the “Settlement Hearing”) to consider whether, pursuant to section 24.4 of MFDA By-law No. 1, a hearing panel of the Prairie 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 the Respondent, Robert Angus Colvin (the “Respondent”).

2. Staff and the Respondent, consent and agree to the terms of this Settlement Agreement.

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

II. CONTRAVENTIONS

4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the MFDA:

- a) Between October 2010 and November 2019, without the Member’s prior written consent, the Respondent paid compensation totaling approximately \$1,376 directly

to 9 clients for fees or penalties incurred by the clients due to errors by the Respondent, contrary to the Member's policies and procedures and MFDA Rules 2.1.4, 2.1.1, 1.1.2 (as it relates to Rule 2.5.1), and MFDA Policy No. 3;

- b) Between December 2014 and September 2019, the Respondent altered and used to process transactions, 30 account forms in respect of 26 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and
- c) Between February 2015 and February 2020, the Respondent obtained, possessed and used to process transactions, 7 pre-signed account forms in respect of 8 clients, contrary to MFDA Rule 2.1.1.

III. TERMS OF SETTLEMENT

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 \$25,000 in certified funds, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
- b) the Respondent shall pay costs in the amount of \$5,000 in certified funds, pursuant to s. 24.2 of MFDA By-law No. 1;
- c) the Respondent shall successfully complete the Ethics and Professional Conduct Course offered by the IFSE Institute, or a different industry course acceptable to the MFDA, within 12 months of acceptance of the Settlement Agreement, pursuant to s. 24.1.1(f) of MFDA By-Law No. 1;
- d) the Respondent shall in the future comply with MFDA Rules 2.1.1, 2.1.4, and 1.1.2 (as it relates to Rule 2.5.1), and MFDA Policy No. 3; and
- e) the Respondent shall 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 this Settlement Agreement herein and consent to the making of an Order in the form attached as Schedule "A".

IV. AGREED FACTS

Registration History

7. Since approximately 1996, the Respondent has been registered in the securities industry.

8. Since approximately September 28, 2009, the Respondent has been registered in Manitoba as a dealing representative with Investia Financial Services Inc. (the “Member”), a Member of the MFDA.¹

9. At all material times, the Respondent conducted business in the Winnipeg, Manitoba area.

Compensation Paid Directly to Clients

10. At all material times, the Member’s policies and procedures required that all requests to reimburse clients be made by the Approved Person to the Member, required that all reimbursements paid to clients flow through the books and records of the Member, and prohibited Approved Persons from writing cheques directly to clients.

11. Between approximately October 2010 and November 2019, the Respondent paid compensation totaling approximately \$1,376 directly to clients for fees and penalties incurred as a result of errors for which the Respondent was responsible, including compensation to clients in respect of short term-trading fees, transfer fees, and an over-contribution to a Tax-Free Savings Account (TFSA).

12. The Respondent determined the amount of loss arising from his errors and paid compensation directly to clients. The Respondent paid compensation directly to clients, as follows:

Client	Date	Approx. Amount Paid to Clients
CN	November 8, 2010	\$50
JW	January 5, 2011	\$250
MD	January 21, 2012	\$13
RH	April 7, 2014	\$331
IT and AT	December 24, 2015	\$125
LV	August 14, 2015	\$400
MV and ML	November 26, 2019	\$206
		Total: \$1,376

13. The Respondent did not disclose to the Member his errors or that he paid compensation directly to the clients as described above.

¹ The Respondent is also registered as a dealing representative with the Member in Ontario, British Columbia, and Alberta, and was previously registered as a dealing representative in Nova Scotia and Saskatchewan.

14. None of the payments of compensation to the clients flowed through the books and records of the Member.
15. No clients complained to the Member in respect of the errors or the compensation paid by the Respondent to the clients.
16. By paying clients without the knowledge of the Member, the Respondent prevented the Member from supervising his conduct.
17. On September 23, 2021, the Member issued a warning letter to the Respondent addressing the Respondent paying compensation to clients without its prior knowledge and authorization.

Altered Account Forms

18. Between approximately December 2014 and September 2019, the Respondent altered and used to process transactions, 30 account forms in respect of 26 clients by altering information on the account forms without having the clients initial the alterations.
19. The account forms consisted of:
 - a) 20 Order Instruction Forms;
 - b) 6 Systematic Instruction Forms;
 - c) 2 Know Your Client (“KYC”) Update Forms;
 - d) 1 Automatic Rebalancing Service Form; and
 - e) 1 Advisory Service Fee Agreement Form.

20. The alterations the Respondent made to the account forms included alterations to income, special instructions, transaction instructions, dollar amount, account type, transaction type, account number, fund code, fund number, fund description, fund name, client number, plan type, and dates.

Pre-Signed Account Forms

21. At all material times, the Member’s policies and procedures prohibited the possession or use of pre-signed forms in client files.
22. Between approximately February 2015 and February 2020, the Respondent obtained, possessed and used to process transactions, 7 pre-signed account forms in respect of 8 clients.

23. The account forms consisted of:
- a) 2 Applications for TFSA;
 - b) 1 Nominee New Client Application Form (TFSA);
 - c) 1 New Client Application Form;
 - d) 1 New Account Application Form;
 - e) 1 KYC Update Form; and
 - f) 1 Self-Directed (Nominee) New Client Application Form (TFSA).
24. On June 19, 2020, the Member commenced a full review of the Respondent's client files during which time it discovered some of the altered account forms and pre-signed forms.
25. On July 24, 2020, the Member issued a disciplinary letter to the Respondent which imposed a period of strict supervision. Effective November 13, 2020, the Respondent was removed from strict supervision. No concerns were raised or identified during the period when the Respondent was subject to strict supervision.
26. Commencing on October 9, 2020, the Member sent letters to all clients whose accounts the Respondent serviced along with a three year transaction history to determine whether the trading activity in each client account was authorized and that the KYC information that the Member had on file for each client was accurate. No clients reported any concerns to the Member in response to the letters from the Member.
27. On November 13, 2020, the Member issued a warning letter to the Respondent in respect of the forms misconduct described above.

Additional Factors

28. The Respondent has not previously been the subject of MFDA disciplinary proceedings.
29. No clients have complained to the Member or the MFDA in respect of the conduct of the Respondent described herein.
30. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a contested hearing of the allegations.

31. The Respondent states that he altered the account forms and obtained and used the pre-signed account forms described in the settlement agreement for the purpose of client convenience, but he acknowledges that this is not an acceptable justification for such conduct.

V. ADDITIONAL TERMS OF SETTLEMENT

32. 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.

33. The Settlement Agreement is subject to acceptance by the Hearing Panel. 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.

34. 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.

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

- a) the Settlement Agreement will constitute the entirety of the evidence to be submitted at the settlement hearing, subject to rule 15.3 of the MFDA Rules of Procedure;
- b) the Respondent agrees to waive any rights to a full hearing, a review hearing or appeal before the Board of Directors of the MFDA or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction;
- c) except for any proceedings commenced to address an alleged failure to comply with this Settlement Agreement, 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, 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;

- d) the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to section 24.1.1 of MFDA By-law No. 1 for the purpose of giving notice to the public thereof in accordance with section 24.5 of MFDA By-law No. 1; and
- e) neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against the Respondent.

36. 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 this Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding 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.

37. 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 MFDA By-law No. 1, unaffected by the Settlement Agreement or the settlement negotiations.

38. 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. The terms of the Settlement Agreement, including the attached Schedule "A", will be released to the public if and when the Settlement Agreement is accepted by the Hearing Panel.

39. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile or electronic copy of any signature shall be as effective as an original signature.

DATED this 15th day of August, 2022.

“Robert Angus Colvin”

Robert Angus Colvin

“MC”

Witness – Signature

MC

Witness – Print name

“Charles Toth”

Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement



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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: Robert Angus Colvin

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") provided notice to the public of a Settlement Hearing in respect of Robert Angus Colvin (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 MFDA By-law No. 1;

AND WHEREAS based upon the admissions of the Respondent in the Settlement Agreement, the Hearing Panel is of the opinion that the Respondent:

- a) Between October 2010 and November 2019, without the Member's prior written consent, the Respondent paid compensation totaling approximately \$1,376 directly to 9 clients for fees or penalties incurred by the clients due to errors by the Respondent, contrary to the Member's policies and procedures and MFDA Rules 2.1.4, 2.1.1, 1.1.2 (as it relates to Rule 2.5.1), and MFDA Policy No. 3;
- b) Between December 2014 and September 2019, the Respondent altered and used to process transactions, 30 account forms in respect of 26 clients by altering

information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and

- c) Between February 2015 and February 2020, the Respondent obtained, possessed and used to process transactions, 7 pre-signed account forms in respect of 8 clients, contrary to MFDA Rule 2.1.1.

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

1. The Respondent shall pay a fine in the amount of \$25,000 in certified funds, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
2. The Respondent shall pay costs in the amount of \$5,000 in certified funds on the date of this order, pursuant to s. 24.2 of MFDA By-law No. 1;
3. The Respondent shall successfully complete the Ethics and Professional Conduct Course offered by the IFSE Institute, or an industry course acceptable to the MFDA, within 12 months of acceptance of the Settlement Agreement, pursuant to s. 24.1.1(f) of MFDA By-Law No. 1;
4. The Respondent shall in the future comply with MFDA Rules 2.1.1, 2.1.4, and 1.1.2 (as it relates to Rule 2.5.1), and MFDA Policy No. 3;
5. The Respondent shall attend in person or via teleconference on the date set for the Settlement Hearing; and
6. 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 898307