



**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: Maria Peregrina Fernandes Dias Pereira**

Heard: July 27, 2017 in Toronto, Ontario  
Decision: July 27, 2017  
Reasons for Decision: September 18, 2017

**REASONS FOR DECISION**

Hearing Panel of the Central Regional Council:

Frederick H. Webber	Chair
Brigitte J. Geisler	Industry Representative
Robert C. White	Industry Representative

Appearances:

Sarah Glickman	)	Counsel for the Mutual Fund Dealers
	)	Association of Canada
	)	
Corry Lomer	)	Counsel for the Respondent
	)	
Maria Peregrina Fernandes	)	Respondent
Dias Pereira	)	
	)	

## **Settlement Agreement**

1. The Hearing Panel accepted the corrected settlement agreement dated June 6, 2017 (“Settlement Agreement”) between the staff of the MFDA and Maria Peregrina Fernandes Dias Pereira (“Respondent”). A copy of the Settlement Agreement is attached to these reasons as Schedule “1”. The agreed facts are set out in Section III of the Settlement Agreement.

## **Contraventions**

2. The Respondent admitted that:
- a) between March 2003 and March, 2015, she obtained, possessed, and in some instances, used to process transactions, 8 pre-signed account forms in respect of 7 clients, contrary to MFDA Rule 2.1.1; and
  - b) between March 2003 and March 2015, she altered and in some cases, used to process transactions, 3 account forms in respect of 3 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1.

## **Agreed penalties**

3. The agreed penalties were: i) a fine of \$7000, (ii) costs of \$2500, the fines and costs payable in certified funds as follows:
- a) \$2500 (Costs) upon entering into the Settlement Agreement; and
  - b) \$583.33 on the last business day of each month from and including August 2017 to and including July 2018.
  - c) If the Respondent fails to make any of such payments, any outstanding balance of the Fines and Costs shall become immediately due and payable to the MFDA and the Respondent shall be immediately suspended from conducting securities

related business while in the employ of or associated with a Member of the MFDA until such time as the total amount outstanding of Fines and Costs owed by the Respondent is paid to the MFDA.

4. The following additional penalties were also agreed; (iii) the Respondent shall in the future comply with MFDA Rule 2.1.1. and (iv) she will attend the Settlement Hearing in person.

### **Considerations**

5. The Hearing Panel determined that it had to be satisfied regarding three considerations before it could accept the Settlement Agreement. First, the agreed penalty had to be within an acceptable range taking into account similar cases. Secondly, the agreed penalty had to be fair and reasonable (i.e. proportional to the seriousness of the contravention and taking into consideration other relevant circumstances) and should appear to be so to members of the public and the industry. Thirdly, the agreed penalty should serve as a deterrent to the Respondent and to the 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 her of the agreed penalty.

### **Nature of the Misconduct**

6. Obtaining and/or using pre-signed account forms and altering and using account forms without having the clients initial the alterations are serious forms of misconduct in violation of MFDA Rule 2.1.1.

### **Other considerations in determining acceptability of agreed penalties**

7. There was no evidence of client loss, no client complaints and no evidence of unauthorized trading.

8. There was no evidence that the Respondent received any financial benefit from engaging in the misconduct other than the commissions or fees she would ordinarily be entitled to had the transactions been completed in the proper manner.
9. The agreed penalties are significant and help the MFDA to send a message to the Respondent and others in the capital markets about the seriousness of the misconduct.
10. The Respondent has not previously been subject to MFDA disciplinary proceedings.
11. By entering into the Settlement Agreement, the Respondent has accepted responsibility for her misconduct and avoided the necessity of the MFDA incurring the time and expense of conducting a full disciplinary hearing.
12. On August 28, 2015, the Respondent's Member issued a warning letter to her placing her under close supervision for a period of 12 months.
13. The Respondent has been registered in the mutual fund industry since 1999. As an experienced mutual fund salesperson, she ought to have known and respected the compliance requirements of the Member and the MFDA.
14. The agreed penalties are within the reasonable range of appropriateness with regard to penalties determined by MFDA Hearing Panels in similar circumstances, in MFDA decisions submitted to us by staff, and are in accordance with the MFDA penalty guidelines.

## Conclusion

15. We concluded that the agreed penalties were within an acceptable range based on precedents, would serve as a specific and general deterrent, and were fair and reasonable. We concluded, therefore, that the Settlement Agreement was in the public interest and, consequently, we accepted it.

**DATED** this 18<sup>th</sup> day of September, 2017.

“Frederick H. Webber”

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Frederick H. Webber  
Chair

“Brigitte J. Geisler”

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Brigitte J. Geisler  
Industry Representative

“Robert C. White”

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Robert C. White  
Industry Representative

**Schedule “1”**

**Settlement Agreement**

**File No. 201652**



**Mutual Fund Dealers Association of Canada**  
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**IN THE MATTER OF A SETTLEMENT HEARING  
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**Re: Maria Peregrina Fernandes Dias Pereira**

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**SETTLEMENT AGREEMENT**

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**I. INTRODUCTION**

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Maria Peregrina Fernandes Dias Pereira (“Respondent”), consent and agree to settlement of this matter by way of this agreement (“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 s. 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 MFDA:

- a) between March 2003 and March 2015, the Respondent altered and, in some instances, used to process transactions, 3 account forms in respect of 3 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and
- b) between March 2003 and March 2015, the Respondent obtained, possessed and, in some instances, used to process transactions, 8 pre-signed account forms in respect of 7 clients, 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 \$7,000 pursuant to s. 24.1.1(b) if MFDA By-law No. 1 (the “Fine”);
- b) the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1 (“Costs”);
- c) The Respondent shall pay the Fine and Costs in certified funds as follows:
  - i) \$2,500 (Costs) payable upon entering into the Settlement Agreement;
  - ii) \$583.33 on the last business day of August 2017;
  - iii) \$583.33 on the last business day of September 2017;
  - iv) \$583.33 on the last business day of October 2017;
  - v) \$583.33 on the last business day of November 2017;
  - vi) \$583.33 on the last business day of December 2017;
  - vii) \$583.33 on the last business day of January 2018;
  - viii) \$583.33 on the last business day of February 2018;
  - ix) \$583.33 on the last business day of March 2018;
  - x) \$583.33 on the last business day of April 2018;
  - xi) \$583.33 on the last business day of May 2018;
  - xii) \$583.33 on the last business day of June 2018;
  - xiii) \$583.33 on the last business day of July 2018;

- d) if the Respondent fails to make any of the payments described in paragraph 5(a)-(c), any outstanding balance of the Fine and Costs shall become immediately due and payable to the MFDA and the Respondent shall be immediately suspended from conducting securities related business while in the employ of or associated with a Member of the MFDA until such time as the total amount outstanding of Fine and Costs owed by the Respondent is paid to the MFDA, pursuant to s. 24.3.13(c) of MFDA By-law No. 1;
- e) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- f) the Respondent will attend in person, 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 1999, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative).

8. Since 2001, the Respondent has been registered with Sun Life Financial Investment Services (Canada) Inc. (“Sun Life”)<sup>1</sup>, a Member of the MFDA.

9. At all material times, the Respondent conducted business in the Mississauga, Ontario area.

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<sup>1</sup> Prior to March 2003, the Respondent was registered with Clarica Investco Inc., which merged with Sun Life at that time.

### **Altered Account Forms**

10. Between March 2003 and March 2, 2015, the Respondent altered, and in 2 instances, used to process transactions, 3 account forms in respect of 3 clients.

11. The altered account forms consisted of two transfer authorization forms and an investment application form.

12. The Respondent altered the account forms either by using liquid correction fluid to alter information on the form, or by overwriting the already populated form with new information, without having the clients initial the alterations.

### **Pre-Signed Account Forms**

13. Between March 2003 and March 2, 2015, the Respondent obtained, possessed, and in some instances, used to process transactions, 8 pre-signed account forms in respect of 7 clients.

14. The pre-signed account forms included Pre-Authorized Contribution agreement forms, transfer authorization form and RRSP application forms.

### **Sun Life's Investigation**

15. On March 20, 2015, Sun Life's compliance department detected the conduct that is the subject for this Settlement Agreement as a result of a routine branch review and subsequent follow up review.

16. As part of its investigation, Sun Life sent letters to all of the clients serviced by the Respondent in order to determine whether the Respondent had engaged in any unauthorized trading. No clients reported any concerns.

17. On August 28, 2015, Sun Life issued a warning letter to the Respondent, placing the Respondent under close supervision for a period of 12 months.

### **Additional Factors**

18. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above beyond any commissions and fees that she would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

19. There is no evidence of any client harm or that the transactions were unauthorized.

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

21. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a full hearing of the allegations.

### **IV. ADDITIONAL TERMS OF SETTLEMENT**

22. 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.

23. The Settlement Agreement is subject to acceptance by the Hearing Panel which shall be sought at a hearing (“Settlement Hearing”). At, or following the conclusion of, the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement.

24. 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.

25. 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 respecting the Respondent in this matter;
- b) 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;
- c) Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts and the contraventions described in this Settlement Agreement. 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 this Settlement Agreement. 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 s. 24.1.2 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; 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.

26. 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.

27. 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.

28. 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 6th day of June, 2017.

“Maria Peregrina Fernandes Dias Pereira”  
\_\_\_\_\_  
Maria Peregrina Fernandes Dias Pereira

“FP”  
\_\_\_\_\_  
Witness – Signature

FP  
\_\_\_\_\_  
Witness – Print Name

“Shaun Devlin”  
\_\_\_\_\_  
Shaun Devlin  
Staff of the MFDA  
Per: Shaun Devlin  
Senior Vice-President,  
Member Regulation – Enforcement



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**Re: Maria Peregrina Fernandes Dias Pereira**

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**ORDER**

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**WHEREAS** on [date], the Mutual Fund Dealers Association of Canada ("MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of Maria Peregrina Fernandes Dias Pereira ("Respondent");

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of the MFDA, dated [date] ("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 between March 2003 and March 2015, the Respondent:

- a) altered and, in some instances, used to process transactions, 3 account forms in respect of 3 clients by altering information on the account forms without having the clients initial the alterations; and

- b) obtained, possessed and, in some instances, used to process transactions, 8 pre-signed account forms in respect of 7 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 \$7,000 pursuant to s. 24.1.1(b) if MFDA By-law No. 1;
2. the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1;
3. the Respondent shall pay the Fine and Costs in certified funds as follows:
  - a) \$2,500 (Costs) payable upon entering into the Settlement Agreement;
  - b) \$583.33 on the last business day of August 2017;
  - c) \$583.33 on the last business day of September 2017;
  - d) \$583.33 on the last business day of October 2017;
  - e) \$583.33 on the last business day of November 2017;
  - f) \$583.33 on the last business day of December 2017;
  - g) \$583.33 on the last business day of January 2018;
  - h) \$583.33 on the last business day of February 2018;
  - i) \$583.33 on the last business day of March 2018;
  - j) \$583.33 on the last business day of April 2018;
  - k) \$583.33 on the last business day of May 2018;
  - l) \$583.33 on the last business day of June 2018;
  - m) \$583.33 on the last business day of July 2018;
4. if the Respondent fails to make any of the payments described above in paragraph 3, any outstanding balance of the Fine and Costs shall become immediately due and payable to the MFDA and the Respondent shall be immediately suspended from conducting securities related

business while in the employ of or associated with a Member of the MFDA until such time as the total amount outstanding of Fine and Costs owed by the Respondent is paid to the MFDA, pursuant to s. 24.3.13(c) of MFDA By-law No. 1;

5. the Respondent shall in the future comply with MFDA Rule 2.1.1; 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]