



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: Luke Dritsoulas

Heard: September 29, 2016, in Toronto, Ontario
Reasons for Decision: January 25, 2017

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Paul M. Moore, Q.C.	Chair
David W. Kerr	Industry Representative
Robert C. White	Industry Representative

Appearances:

Sarah Glickman)	Counsel for the Mutual Fund Dealers
)	Association of Canada
)	
Luke Dritsoulas)	By teleconference
)	
)	

1. The Hearing Panel accepted the settlement agreement dated August 4, 2016 (the "Settlement Agreement") between the Mutual Fund Dealers Association of Canada (the "MFDA") and Luke Dritsoulas (the "Respondent"), a copy of which is attached as Schedule "1" to these reasons.
2. The violations admitted to, the relevant law, and the pertinent facts and considerations taken into account in arriving at the penalty, are set out and explained in the Settlement Agreement.
3. The Respondent admitted to accepting and using 17 account forms to process 11 authorized transactions in respect of two (2) clients, containing falsified client signatures.
4. The agreed penalties included a prohibition for six weeks, and that the Respondent pay costs of \$1,000.
5. We noted that the Respondent is no longer registered in the securities industry in any capacity.
6. We were satisfied that the Respondent did not intentionally mislead anyone and that no client harm was involved in his misconduct. Further investigation by the Respondent's Member did not identify any further issues in client accounts. He has no history of disciplinary proceedings by the MFDA.
7. The Respondent cooperated with his Member's investigation and with the MFDA.
8. The panel reviewed the precedent cases submitted by MFDA Staff and were satisfied that the penalties were within an acceptable and appropriate range.

9. The panel accepted the Settlement Agreement because it was in the public interest to do so.

DATED this 25th day of January, 2017.

“Paul M. Moore”

Paul M. Moore, Q.C.
Chair

“David W. Kerr”

David W. Kerr
Industry Representative

“Robert C. White”

Robert C. White
Industry Representative

DM 515250 v1



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SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Luke Dritsoulas (the "Respondent"), consent and agree to settlement of this matter by way of this agreement (the "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: between February 21, 2013 and September 19, 2014, the Respondent accepted and used 17 account forms to process 11 authorized transactions in respect of 2 clients, which account forms he ought to have known contained falsified client signatures, 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 be prohibited from conducting securities related business in any capacity while in the employ of associated with any Member of the MFDA for a period of six weeks pursuant to section 24.1.1(e) of MFDA By-law No. 1;
- (b) the Respondent shall pay costs in the amount of \$1,000 pursuant to section 24.2 of MFDA By-law No. 1;
- (c) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- (d) 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. From January 29, 1989 to December 16, 2014, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative) with Royal Mutual Funds Inc. (“Royal Mutual”), a member of the MFDA.

8. Royal Mutual terminated the Respondent on December 16, 2014 as a result of the events described below. The Respondent is no longer registered in the securities industry in any capacity.

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

Accepting Forms with Falsified Signatures

10. At all material times, the Respondent was the Approved Person assigned to service the accounts of clients GP and SD, who are a married couple. The Respondent also serviced the accounts of client GP's father, client NP.

11. Between February 21, 2013 and September 19, 2014, the Respondent accepted 17 account forms that he ought to have known contained signatures of clients GP and SD that had been falsified by client NP. The Respondent submitted these 17 account forms to Royal Mutual for processing (the "Transaction Forms").

12. The Respondent states that he:

- a. accepted the Transaction Forms signed by client NP on the mistaken belief that client NP held a power of attorney for the accounts of clients GP and SD;
- b. failed to notice that the Transaction Forms contained falsified signatures of clients GP and SD; and
- c. the transactions were authorized by clients GP and SD.

13. Client NP did not hold a power of attorney or similar authorization from clients GP and SD in relation to their accounts at Royal Mutual.

Royal Mutual's Investigation

14. Royal Mutual's compliance staff became aware of the conduct that is the subject of this Settlement Agreement on December 2, 2014, after a routine branch review and follow-up investigation.

15. As part of its investigation, Royal Mutual reviewed 15 transactions in respect of 11 other clients in order to determine whether the Respondent had engaged in similar conduct with other clients. Royal Mutual did not identify any further issues in these client accounts.

16. Additionally, clients GP and SD received trade confirmations and statements concerning the transactions in question. Royal Mutual also contacted clients GP and SD who confirmed they had no concerns about the transactions.

Additional Factors

17. As part of its investigation, IPC completed a complete review of all client files serviced by the Respondent and identified the remainder of conduct set out above.

18. There is no evidence of client harm.

19. The Respondent co-operated with Royal Mutual's investigation.

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 on 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 (the "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 4th day of August, 2016.

“SD”

Witness – Signature

“Luke Dritsoulas”

Luke Dritsoulas

SD

Witness – Print name

“Shaun Devlin”

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



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ORDER

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 Luke Dritsoulas (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 between February 21, 2013 and September 19, 2014, the Respondent obtained and used 17 account forms to process 11 authorized transactions in respect of 2 clients, which account forms he ought to have known contained falsified client signatures, 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 be prohibited from conducting securities related business in any capacity while in the employ of or associated with any Member of the MFDA for a period of six weeks, pursuant to section 24.1.1(e) of MFDA By-law No. 1;
2. The Respondent shall pay costs in the amount of \$1,000 pursuant to section 24.2 of MFDA By-law No. 1;
3. The Respondent shall in the future comply with MFDA Rules 1.1.2, 2.5.1 and 2.1.1; and
4. If at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, then the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents to the non-party without first redacting from them any and all intimate financial or 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]