



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: Michael James Farrell

Heard: June 4, 2021 by electronic hearing in Toronto, Ontario

Decision: June 4, 2021

Reasons for Decision: March 23, 2022

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

John Lorn McDougall, Q.C.
Guenther W. K. Kleberg
Linda J. Anderson

Chair
Industry Representative
Industry Representative

Appearances:

Maria Abate)	Enforcement Counsel for the Mutual Fund
)	Dealers Association of Canada
)	
)	
Rafal Szymanski)	Counsel for Respondent
)	
)	
Michael James Farrell)	Respondent

I. INTRODUCTION

1. By a Notice of Hearing dated November 20, 2020, the Mutual Fund Dealers Association of Canada (the “MFDA”) gave notice of a hearing to be held before a hearing panel of the Central Regional Council of the MFDA (the “Hearing Panel”) on February 16, 2021 at 10:00 a.m. (Eastern).
2. On March 8, 2021, the MFDA announced by MFDA news release that the hearing in this matter would be heard on June 4, 2021, commencing at 10:00 a.m. (Eastern).
3. On May 18, 2021, by MFDA news release the MFDA announced that as a result of a settlement agreement dated April 26, 2021 between the parties (the “Settlement Agreement”) a Settlement hearing would be held on June 4, 2021 in lieu of the previously scheduled hearing on the merits.

II. ALLEGATIONS AND ADMISSIONS

4. The Notice of Hearing contains the following allegations that the Respondent, Michael James Farrell, (the “Respondent”):
 - a) **Allegation #1**: between June 14, 2013 and January 15, 2019, obtained, possessed, and in some instances, used to process transactions, 172 pre-signed account forms in respect of 89 clients, contrary to MFDA Rule 2.1.1; and
 - b) **Allegation #2**: between June 6, 2013 and December 19, 2018, altered and used to process transactions, 66 account forms in respect of 48 clients, by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1.
5. In Part II of the Settlement Agreement, at paragraph 4, the Respondent admitted forgoing the allegations as follows:
 4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the Mutual Fund Dealers Association of Canada (“MFDA”):
 - a) between June 14, 2013 and January 15, 2019, the Respondent obtained, possessed, and in some instances, used to process transactions, 172 pre signed account forms in respect of 89 clients, contrary to MFDA Rule 2.1.1; and
 - b) between June 6, 2013 and December 19, 2018, the Respondent altered and used to process transactions, 66 account forms in respect of 48 clients, by altering information on the

account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1.

6. Further, as set out in Part II of the Settlement Agreement at paragraph 5, Staff and the Respondent agreed to the following penalties and terms:

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 \$20,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No.1;
 - b) the Respondent shall be suspended 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 60 days, pursuant to s. 24.1.1(c) of MFDA By-law No.1;
 - c) the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No.1;
 - d) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
 - e) the Respondent will attend in person or by videoconference on the date set for the Settlement Hearing.

7. Further, in paragraph 6 of the Settlement Agreement, Staff and the Respondent agreed as follows:

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. SETTLEMENT AGREEMENT AND AGREED FACTS

8. The Settlement Agreement is attached to these Reasons for Decision. The following are the agreed facts from the Settlement Agreement which are most salient for present purposes:

Registration History:

- 7. Commencing in December 1989, the Respondent was registered in the securities industry.
- 8. Commencing on September 15, 1999, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a dealing representative) with FundEx Investments Inc. (the "Member"), a Member of the MFDA.
- 9. From July 4, 2002 to October 20, 2009, the Member designated the Respondent as a branch manager with the Member.
- 10. At all material times, the Respondent conducted business in the Oshawa, Ontario area.

Pre-Signed Account Forms

11. At all material times, the Member's policies and procedures prohibited its dealing representatives from using pre-signed account forms.
12. Between June 14, 2013 and January 15, 2019, the Respondent obtained, possessed, and in some instances, used to process transactions, 172 pre-signed account forms in respect of approximately 89 clients.
13. The pre-signed account forms include: order entry forms; Registered Education Savings Plan ("RESP") withdrawal forms; fund company investment application forms; direct transfer and transfer authorization forms; RESP payment forms; Know Your Client ("KYC") update forms; a Home Buyers Plan withdrawal form and New Client Application forms ("NCAF").

Altered Account Forms

14. Between June 6, 2013 and December 19, 2018, the Respondent altered and used to process transactions, 66 account forms in respect of 48 clients by altering information on the account forms without having the client initial the alterations. In some instances, the Respondent used white out to alter information on the account forms.
15. The Respondent altered information on the account forms such as fund codes and names; sales charge percentage information; KYC information; beneficiary designations; purchase start dates; and purchase instructions and transaction amounts.

The Member's Investigation

16. On December 20, 2018 and February 22, 2019, the Member conducted a branch review of the Respondent's files and identified the account forms that are the subject of this Settlement Agreement.
17. On May 13, 2019, the Member placed the Respondent on strict supervision for a minimum period of 90 days.
18. The Member's strict supervision program required that the Respondent obtain pre-approval from his branch manager for all orders and he was no longer permitted to act on client Limited Trading Authorizations. The Respondent was also required to provide the Member with all trade documentation including current client KYC information and notes.
19. On or about August 23, 2019, the Member sent letters to all clients for whom the Respondent obtained pre-signed forms or altered forms, along with 3-year transaction histories. The Member requested that the clients review their transaction histories and, if applicable, their KYC information, to ensure that the trading activity was as the client directed and to advise the Member of any inconsistencies in the information. No clients reported any concerns to the Member in

response to its letters.

20. Commencing in May 2019, the Respondent has paid a \$625 monthly charge to the Member, deducted from the Respondent's commission for the costs associated with his strict supervision program. As of April 1, 2021, the Respondent remains on strict supervision and has paid \$14,375 to the Member. The monthly charge continues to accrue until the MFDA proceeding is concluded.
21. The Respondent has also paid a total of \$1,857 to the Member for the cost of letters and account statements mailed to the clients.
22. On September 19, 2019, the Member issued a Warning Letter to the Respondent for his misconduct and required that the Respondent sign a Letter of Understanding confirming that he adhere to all policies and procedures of the Member regarding the use of pre-signed and altered forms, as well as the rules and regulations of the MFDA.

IV. ANALYSIS AND REASONS

9. In each of the two allegations made and now admitted, as set out in paragraphs 5 above, the specific breach by the Respondent was of MFDA Rule 2.1.1.

...which establishes the standard of conduct expected of Approved Persons. It is designed to protect the public interest by requiring Approved Persons to adhere to a high standard of ethical conduct. The rule is central to the MFDA mandate of enhancing investor protection and strengthening public confidence in the Canadian mutual fund industry.

MFDA Rule 2. 1.1.

Stemshorn-Russel (Re), 2018 CanLII 11771 (CA MFDAC) at para. 20.

10. The Respondent admits to obtaining, possessing and in some instances, using to process transactions, pre-signed account forms. The Respondent also admits to altering account forms without having the client initial the alterations and in some instances, using white out to alter information on the account forms. These are both acts that are ones that previous hearing panels have consistently held constitute breaches of MFDA Rule 2.1.1.

11. "Pre-signed account forms" is a generic term which is applied to a variety of situations where an Approved Person seeks to rely on a client's signature on a document when the signature was not provided by the client at the time the document was completed. Commonly, an Approved Person obtains a client's signature on a partially or completely blank account form, completes the form, then uses the form to process transactions in the client's account. A pre- signed form may also include a form with a photocopied client signature.

12. Pursuant to section 24.4.3 of MFDA By-law No. 1, a Hearing Panel may either accept or reject a settlement agreement. A Hearing Panel's role is therefore not to determine the correct sanction, but instead to ascertain whether the sanction agreed to between Staff and a respondent falls within the reasonable range of appropriateness. As stated by the Hearing Panel in *Sterling Mutuals Inc. (Re)*:

[W]hile in a contested hearing the Panel attempts to determine the correct penalty, in a settlement hearing the Panel "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."

Section 24.4.3 of MFDA By-law No. 1, MFDA Staff's Book of Authorities, Tab 1B.

Sterling Mutuals Inc. (Re), 2008 LNCMFDA 16, at para. 37.

Milewski (Re), [1999] I.D.A.C.D. No. 17 at p. 11, Ontario District Council, Decision dated July 28, 1999.

13. The principle that a Hearing Panel will not reject a settlement agreement unless the proposed penalty clearly falls outside the reasonable range of appropriateness assists the MFDA to fulfill its regulatory objective of protecting the public. Settlements advance this regulatory objective by proscribing activities that are harmful to the public, while enabling the parties to reach a flexible remedy tailored to address the interests of both the regulator and a respondent, as long as the result falls within a reasonable range of what is appropriate.

British Columbia Securities Commission v. Seifert, [2007] BCCA 484 at para. 31.

14. The primary goal of securities regulations is protection of the investor. It is axiomatic that by acting to enforce its By-laws, Rules and Regulations, the MFDA is thereby acting in the public interest. The role of this Hearing Panel is to ensure that the Settlement Agreement is in the public interest when deciding to accept or reject it, the only two options open to it.

Ramjohn, Zanieca (Re), *supra* at p. 7.

15. MFDA Hearing Panels have often taken into account the following considerations when determining whether a proposed settlement should be accepted. It is not an exclusive list:

- a) whether acceptance of the settlement agreement would be in the public interest and

- whether the penalty imposed will protect investors;
- b) whether the settlement agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the settlement agreement;
- c) whether the settlement agreement addresses the issues of both specific and general deterrence;
- d) whether the proposed settlement will prevent the type of conduct described in the settlement agreement from occurring again in the future;
- e) whether the settlement agreement will foster confidence in the integrity of the Canadian capital markets;
- f) whether the settlement agreement will foster confidence in the integrity of the MFDA; and
- g) whether the settlement agreement will foster confidence in the regulatory process itself.

Jacobson (Re) [2007] MFDA Hearing Panel of the Prairie Regional Council, Reasons for Decision dated July 13, 2007, MFDA File No. 200712, at para. 68.

16. Factors that Hearing Panels frequently consider when determining whether a penalty is appropriate include the following:

- 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 activities;
- 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 activities to those who are permitted to participate in the capital markets; and
- k) previous decisions made in similar circumstances.

17. The MFDA Sanction Guidelines are an additional source of matters to be taken into account with regards to penalty. The MFDA Sanction Guidelines are not mandatory but are intended to assist hearing panels, MFDA Staff and Respondents in considering the appropriate penalties in MFDA disciplinary proceedings. There are of course many other factors which can be considered but the Sanction Guidelines provide a clear direction of regulatory purpose.

MFDA Sanction Guidelines, MFDA Staff's Book of Authorities, Tab 15.

18. The foregoing paragraphs are listings of things that a Hearing Panel should consider, as are the MFDA Sanction Guidelines. It is for a Hearing Panel to decide whether a particular one is relevant to the case before them and if so, what weight to give it in determining whether the penalty agreed to by the parties falls within an appropriate range of what is reasonably acceptable.

19. The Hearing Panel, as is to be expected, considered some factors to be more relevant than others in the determination of whether the Settlement Agreement should be accepted. In what follows we set out in separate items the factors that we considered to be most significant for our consideration followed by our conclusions with respect to each:

i. Nature of the Misconduct

The Hearing Panel agree with Staff that the conduct set out in the allegations constitute to a serious breach of MFDA Rule 2.1.1 although it would be part of the low part of a scale measuring the seriousness of the wrongdoing.

ii. Client Harm

There was no evidence of client complaints, client loss or lack of authorization for the underlying transaction.

iii. Benefits received by the Respondent

There was also no evidence that the Respondent received any financial benefit from engaging in the misconduct at issue in this proceeding. Indeed, there was no evidence that the Respondent benefited in any fashion from his breach of Rule 2.1.1.

iv. Respondent's Experience and Level of Activity in the Capital Markets

The Hearing Panel did not consider that this was an important factor to determine the appropriateness of the penalties sought to be imposed. There was a breach and that is admitted. The degree of seriousness of the breach is in its nature which is not and should not be related to an individual's experience; All Approved Persons are expected to know the rules.

v. Deterrence

The penalties which were agreed are significant and will help the MFDA to send a message to both the Respondent and others in the capital markets as to how such misconduct is regarded. The difficulty of course is this objective has not been completely successful as the misconduct persists. It is hoped that some remedy will be found to rectify the situation in the near future, perhaps with a change in technology.

vi. Disciplinary History

It was noted that the Respondent in this case had not previously been subject to a MFDA disciplinary proceeding and had recognized the seriousness of his behaviour by entering into the settlement agreement. He has accepted responsibility for his transgressions.

vii. Previous Decisions made in Similar Circumstances

There is a very significant number of decisions relating to offences under Rule 2.1.1. For pre-signed forms significant penalties have been imposed, which have increased over recent years. What was agreed by the parties in this case is within a reasonable range of appropriateness having regard to the evolution of the severity of the penalties imposed.

20. There are so many cases which serve as guidance for the reasonable range it wouldn't be useful to review them in detail. Staff, as is usual in their Submissions, provided the Hearing Panel with a very useful matrix of those cases which are factually most similar to the present case. We relied upon them in fixing the range of appropriateness. The most significant are listed below:

1. *Bedard, Luke Victor (Re)*, [2017], MFDA Hearing Panel of the Central Regional Council, Reasons for Decision dated February 7, 2018, MFDA File No. 201772.
2. *Wilcott, Edgar Donald (Re)*, [2018] MFDA Hearing Panel of the Atlantic Regional Council, Reasons for Decision dated March 7, 2019, MFDA File No.

201896.

3. *Brenchley, Alan Dickson (Re)* [2018] MFDA Hearing Panel of the Central Regional Hearing Panel, Reasons for Decision dated June 25, 2019, MFDA File No. 2018102.
4. *Ramjohn, Zanieca (Re), supra.*

V. DECISION

21. It was for the foregoing reasons that the Hearing Panel accepted the Settlement Agreement and signed the Order on June 4, 2021.

DATED this 23rd day of March, 2022.

“John Lorn McDougall”

John Lorn McDougall, Q.C.
Chair

“Guenther W. K. Kleberg”

Guenther W. K. Kleberg
Industry Representative

“Linda J. Anderson”

Linda J. Anderson
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**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: Michael James Farrell

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Michael James Farrell (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 Mutual Fund Dealers Association of Canada ("MFDA"):

- a) between June 14, 2013 and January 15, 2019, the Respondent obtained, possessed, and in some instances, used to process transactions, 172 pre-signed account forms in respect of 89 clients, contrary to MFDA Rule 2.1.1; and
 - b) between June 6, 2013 and December 19, 2018, the Respondent altered and used to process transactions, 66 account forms in respect of 48 clients, by altering information on the account forms without having the client initial the alterations, 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 \$20,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No.1;
 - b) the Respondent shall be suspended 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 60 days, pursuant to s. 24.1.1(c) of MFDA By-law No.1;
 - c) the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No.1;
 - d) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
 - e) the Respondent will attend in person or by videoconference 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. Commencing in December 1989, the Respondent was registered in the securities industry.
8. Commencing on September 15, 1999, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a dealing representative) with FundEx Investments Inc. (the “Member”), a Member of the MFDA.

9. From July 4, 2002 to October 20, 2009, the Member designated the Respondent as a branch manager with the Member.
10. At all material times, the Respondent conducted business in the Oshawa, Ontario area.

Pre-signed Account Forms

11. At all material times, the Member's policies and procedures prohibited its dealing representatives from using pre-signed account forms.
12. Between June 14, 2013 and January 15, 2019, the Respondent obtained, possessed, and in some instances, used to process transactions, 172 pre-signed account forms in respect of approximately 89 clients.
13. The pre-signed account forms include: order entry forms; Registered Education Savings Plan ("RESP") withdrawal forms; fund company investment application forms; direct transfer and transfer authorization forms; RESP payment forms; Know Your Client ("KYC") update forms; a Home Buyers Plan withdrawal form and New Client Application forms ("NCAF").

Altered Account Forms

14. Between June 6, 2013 and December 19, 2018, the Respondent altered and used to process transactions, 66 account forms in respect of 48 clients by altering information on the account forms without having the client initial the alterations. In some instances, the Respondent used white out to alter information on the account forms.
15. The Respondent altered information on the account forms such as fund codes and names; sales charge percentage information; KYC information; beneficiary designations; purchase start dates; and purchase instructions and transaction amounts.

The Member's Investigation

16. On December 20, 2018 and February 22, 2019, the Member conducted a branch review of the Respondent's files and identified the account forms that are the subject of this Settlement Agreement.
17. On May 13, 2019, the Member placed the Respondent on strict supervision for a minimum period of 90 days.

18. The Member's strict supervision program required that the Respondent obtain pre-approval from his branch manager for all orders and he was no longer permitted to act on client Limited Trading Authorizations. The Respondent was also required to provide the Member with all trade documentation including current client KYC information and notes.

19. On or about August 23, 2019, the Member sent letters to all clients for whom the Respondent obtained pre-signed forms or altered forms, along with 3-year transaction histories. The Member requested that the clients review their transaction histories and, if applicable, their KYC information, to ensure that the trading activity was as the client directed and to advise the Member of any inconsistencies in the information. No clients reported any concerns to the Member in response to its letters.

20. Commencing in May 2019, the Respondent has paid a \$625 monthly charge to the Member, deducted from the Respondent's commission for the costs associated with his strict supervision program. As of April 1, 2021, the Respondent remains on strict supervision and has paid \$14,375 to the Member. The monthly charge continues to accrue until the MFDA proceeding is concluded.

21. The Respondent has also paid a total of \$1,857 to the Member for the cost of letters and account statements mailed to the clients.

22. On September 19, 2019, the Member issued a Warning Letter to the Respondent for his misconduct and required that the Respondent sign a Letter of Understanding confirming that he adhere to all policies and procedures of the Member regarding the use of pre-signed and altered forms, as well as the rules and regulations of the MFDA.

Additional Factors

23. There is no evidence that the Respondent received any financial benefit from the conduct set out above beyond the commissions or fees he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

24. The Respondent states that the pre-signed and altered account forms as described above were obtained for the purpose of client convenience.

25. There is no evidence of client loss, client complaints or lack of authorization for the underlying transactions.

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

27. 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

28. 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.

29. 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. 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.

30. 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.

31. 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 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) Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts and 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.

32. 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.

33. 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.

34. 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 26th day of April, 2021.

“Michael James Farrell”

Michael James Farrell

“LH”

Witness – Signature

LH

Witness – Print Name

“Charles Toth”

Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement



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: Michael James Farrell

ORDER

WHEREAS on November 20, 2020, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to section 24.4 of MFDA By-law No. 1 in respect of Michael James Farrell (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 the Hearing Panel is of the opinion that the Respondent that:

- a) between June 14, 2013 and January 15, 2019, the Respondent obtained, possessed, and in some instances, used to process transactions, 172 pre-signed account forms in respect of 89 clients, contrary to MFDA Rule 2.1.1; and
- b) between June 6, 2013 and December 19, 2018, the Respondent altered and used to process transactions, 66 account forms in respect of 48 clients, by altering information on the account forms without having the client initial the alterations, 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 \$20,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No.1;
2. The Respondent shall be suspended 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 60 days, pursuant to s. 24.1.1(c) of MFDA By-law No.1;
3. The Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No.1;
4. The Respondent shall in the future comply with MFDA Rule 2.1.1; and
5. 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 877704