



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: Bradley Lawrence Griffith

Heard: June 11, 2014, in Toronto, Ontario
Reasons for Decision: August 19, 2014

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Frederick H. Webber)	Chair
Linda J. Anderson)	Industry Representative
Brigitte Geisler)	Industry Representative

Appearances:

Lyla Simon)	Enforcement Counsel, Mutual Fund Dealers
)	Association of Canada
)	
Paul Morrissey)	Counsel for the Respondent
)	
)	

1. As a result of a Settlement Agreement dated June 2, 2014, a copy of which is attached hereto, entered into between MFDA and the Respondent, a Settlement Hearing was conducted on June 11, 2014 in Toronto. Rule 15.2(i) of the MFDA Rules of Procedure requires that a hearing panel shall not consider a settlement agreement unless at least 10 days' notice of the settlement hearing has been given by the MFDA. At the outset of the hearing, this 10 day requirement was waived by the parties. The Hearing Panel received and considered oral submissions from MFDA counsel and the Respondent's counsel, and written submissions of the MFDA. Respondent's counsel advised the panel that he agreed with the submissions of the MFDA.

2. The contraventions alleged by the MFDA and admitted by the Respondent are set out in the Settlement Agreement and are as follows:

- i. from July 2007 to August 2009, the Respondent processed trades based on requests from someone other than the client, thus failing to obtain proper authorization for redemptions of approximately \$39,516 from the client's account, contrary to MFDA Rule 2.3.1(a) and Rule 2.1.1; and
- ii. from May 2010 to August, 2011, the Respondent failed to report to the Member a complaint he received, which raised the prospect of nine instances of unauthorized trading in the client's account, contrary to MFDA Rule 1.2.2(b), Rule 2.1.1 and section 4 of MFDA Policy No.6; and thereby interfering with the ability of the Member to supervise the Respondent and comply with its obligations pursuant to MFDA Rule 2.5.1.

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

- i. the Respondent shall pay a fine in the amount of \$10,000, pursuant to section 24.1.1(b) of By-law No.1;
- ii. the Respondent shall pay costs in the amount of \$5,000, pursuant to section 24.2 of By-law No. 1;

- iii. the Respondent shall in future comply with MFDA Rules 1.2.2(b), 2.3.1(a) and MFDA Rule 2.1.1;
 - iv. the Respondent shall attend the Settlement Hearing in person.
4. The salient facts are set out in the Settlement Agreement attached hereto as Schedule "1" and need not be repeated in these reasons. In summary:
- a) The Respondent has been registered as a mutual fund salesperson with Sterling Mutuals Inc., ("Sterling"), an MFDA Member, since May 2003. He has no previous disciplinary history.
 - b) In January 2007, the Respondent became the mutual fund salesperson responsible for servicing the account of client, CD. On January 22, 2007 the Respondent met with CD who signed account opening documents including an Account Application form and a Limited Authorization form ("LTA"). In July 2007, the Respondent received a phone call from CD's husband, FD, advising that CD had serious health problems and requesting redemption of \$15,000 from CD's account. In response to the Respondent's inquiry, the husband told the Respondent that he had a power of attorney ("POA") from CD authorizing the redemption. The Respondent accepted the husband, FD, at his word and did not obtain a copy of the POA. From July 2007 until August 2009, the Respondent processed various redemptions from CD's account at the request of FD, totalling approximately \$39,000. At no time did he ever obtain a POA authorizing the redemptions.
 - c) Each time the Respondent processed a redemption, he made handwritten notes on the trade forms such that it appeared to Sterling that the Respondent had spoken with and received instructions from the client, CD, when in fact he had only spoken with FD and that the LTA could be relied on since the Respondent had received phone instructions from the client, CD.

- d) In April 2010, approximately 8 months after CD's account had been closed, the Respondent received a phone call from CD's sister, MLC, requesting information about CD's account. The Respondent asked MLC to provide a POA which she did and the Respondent provided the account information to MLC. In May 2010, MLC again phoned the Respondent questioning the withdrawals from CD's account and advising that CD and FD had marital issues, had separated, that FD was not honest and that the redemptions had not been for the benefit of CD. This caused the Respondent to be concerned that he did not have proper documentation to support the redemptions.
- e) Notwithstanding the complaints from MLC and his concerns about the lack of documentation for the redemptions and the absence of authorization from CD, the Respondent did not report any of this to Sterling.
- f) On August 22, 2011, approximately 14 months after his phone conversations with MLC, the Respondent received a letter from a lawyer representing CD asserting that the redemptions from CD's account had not been properly authorized by CD. On the same date, the Respondent disclosed to Sterling for the first time that:
- i. from July 2007 to August 2009, he had processed 9 redemptions in CD's account on requests from a person other than CD;
 - ii. from July 2007 to August 2009, he had completed the trade forms so that it appeared to Sterling that he had phone instructions from CD and that the LTA could be relied on when such was not the case; and
 - iii. from May 2010 to August 2011, he had failed to report to Sterling a complaint from MLC that the redemptions from CD's account had not been authorized by CD.
- g) From September 2011 to November 2011 Sterling placed the Respondent on strict supervision and limited his ability to process trades using an LTA. On July 31, 2012 Sterling again placed the Respondent on strict supervision which remains to the date

of the hearing.

- h) On October 4, 2011 Sterling reviewed 150 of the Respondent's client files during which no issues were revealed. In addition, Sterling wrote to all of the Respondent's clients and, in response, received no complaints about unauthorized trading in their accounts or personal financial dealings or outside investment/business dealings with the Respondent.
- i) The Respondent has paid approximately \$12,892 to Sterling in respect of heightened supervision and legal fees. CD's approximate loss was \$55,000; Sterling's insurer paid CD \$45,000 and the Respondent voluntarily paid CD \$25,000 such that the client, CD has been made whole.

5. As stated in the MFDA written submissions, (citing Professional Investments (Kingston) Inc. (Re), 2009 LNCMFDA 9), the proper approach to determine whether the Panel should accept the Settlement Agreement is as follows:

“in a contested Hearing, the Hearing Panel attempts to determine the correct penalty. In a Settlement Hearing, the Hearing Panel takes into account the settlement process itself and the fact that the Parties have agreed to the penalties set out in the Settlement Agreement...[A] Hearing Panel should not interfere lightly in a negotiated settlement and should not reject a Settlement Agreement unless it views the penalty as clearly falling outside a reasonable range of appropriateness.”

This principle has been followed in a number of cases. This Panel agrees with the principle stated and has followed it in this case.

Given the standard of “reasonableness”, it is the responsibility of this Panel to determine whether the penalties set forth in the Settlement Agreement strike a reasonable balance between fairness to the Respondent in the circumstances and the need to protect the investing public, the industry membership, the integrity of the discipline process, the integrity of the securities markets and prevention of a repetition of the offence.

6. The MFDA written submissions, set forth a number of factors commonly considered by hearing panels in determining whether a penalty is appropriate and also outlined the MFDA Penalty Guidelines regarding the misconduct of the type in this case. The MFDA written submissions, with which Respondent's counsel agreed, then set out the factors which were applied in this case, as follows:

Seriousness of the activity

Discretionary Trading (Misuse of LTA)

7. As set out in the MFDA written submissions, MFDA Rules and securities legislation as well as Sterling's policies and procedures prohibit Approved Persons ("APs") from discretionary trading in a client's account, but do permit the use of LTAs in order to avoid the necessity of obtaining the client's signature in order to do a trade. Where the client has signed an LTA, the AP must still obtain the consent of the client although not his signature, and must maintain a written record of the client's instructions. An AP is not permitted to take instructions from anyone other than the client unless that person has trading authority or a POA to act on behalf of the client. The foregoing is supported by the cases cited in the MFDA written submissions. In this case, the Respondent took instructions from a person other than the client, a person who did not have trading authority over CD's account or a POA to trade in CD's account. Though only one client was affected, the impact was repeated and serious. There were 9 redemptions over 2 years resulting in a loss to the client of approximately \$39,516. The Panel agrees with the MFDA that this was serious misconduct by the Respondent because it undermines the ability of the client to make decisions for and control his/her account.

Not Reporting a Complaint

8. As set out in the MFDA written submissions, MFDA Rule 1.2.2(b) in conjunction with MFDA Policy No. 6 requires that an AP must report to the Member, within 2 business days, a complaint involving allegations of, among other things, unauthorized trading or whenever the AP has reason to believe he may have contravened or is named as a defendant or respondent in any proceeding alleging the contravention of any securities law or any regulatory requirement. In this

case, the Respondent received a complaint from the client's sister who provided a POA. This raised the Respondent's own concerns that he did not obtain proper documentation to allow him to take trading instructions from FD. The Respondent delayed reporting to Sterling the complaint he received in May 2010 and his own growing concerns over the next 14 months. This delay was a serious breach of MFDA Rules and Policies because it could have resulted in further harm.

Respondent's Experience and Past Conduct

9. The Respondent worked in the financial services industry for over 20 years and was registered with Sterling as a mutual fund salesperson since May 2003. He cannot claim that his misconduct was the result of inexperience. On the other hand, the fact that he has no previous disciplinary history with the MFDA is a mitigating factor in determining the appropriate penalty.

Client Harm/Respondent Benefit

10. The client suffered substantial harm although she was eventually made whole after the misconduct was discovered. The Respondent did not have a personal financial motive for engaging in the unauthorized trading and did not benefit from the misconduct.

Risk to Investors and Capital Markets

11. The Respondent does not appear to have engaged in any misconduct with any of his clients other than CD. Sterling has placed him on strict supervision which remains in place to date. Furthermore the Respondent has cooperated with the MFDA investigation and agreed to the penalties in the Settlement Agreement. Therefore there appears to be little or no risk to investors or the capital markets if the Respondent continues to operate.

Respondent Recognition of Improper Activity

12. The payments by the Respondent to the client and to Sterling referred to above, together with his admissions of misconduct and having entered into the Settlement Agreement, demonstrate the Respondent's recognition of the seriousness of his misconduct and eliminated

the need for MFDA to conduct a contested hearing.

General and Specific Deterrence

13. This Panel agrees with the MFDA written submissions that general and specific deterrence are important considerations in making orders that are both protective and preventative, and that the penalties agreed to in the Settlement Agreement will act as both a general deterrent and a deterrent specific to the Respondent engaging in misconduct in the future.

Case Law

14. The Panel was referred to cases set out in the MFDA written submissions. Although each case turns on its own facts, these cases were general guidance to this Panel in determining the reasonableness of the penalties proposed in the Settlement Agreement.

Acceptance of Settlement Agreement

15. Given the nature of the misconduct, the need for specific and general deterrence, the mitigating and aggravating factors and the cases to which the Panel was referred, the Panel agreed that the terms of the Settlement Agreement were reasonable. Accordingly, the Settlement Agreement was accepted by the Panel.

DATED this 19th day of August, 2014.

“Frederick H. Webber”

Frederick H. Webber
Chair

“Linda J. Anderson”

Linda J. Anderson
Industry Representative

“Brigitte J. Geisler”

Brigitte J. Geisler
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Re: Bradley Lawrence Griffith

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff conducted an investigation into the Respondent's activities. The investigation disclosed that the Respondent had engaged in 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

2. Staff conducted an investigation into the Respondent's activities. The investigation disclosed that the Respondent had engaged in 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.

3. Staff and the Respondent recommend settlement of the matters disclosed by the investigation in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule “A”.

4. Staff and the Respondent agree that the terms of this 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.

III. ACKNOWLEDGEMENT

5. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the MFDA (subject to Part XI) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

IV. AGREED FACTS

Registration History

6. From May 2003 to present, the Respondent has been registered in Ontario as a mutual fund salesperson with Sterling Mutuals Inc. (“Sterling”), a Member of the MFDA. From November 1, 2010 to present, the Respondent has also been registered as a mutual fund salesperson in Saskatchewan with Sterling.

7. At the material time, the Respondent carried on business at a Sterling branch located in London, Ontario (the “Branch”).

8. The Respondent was previously registered as a mutual fund salesperson as follows:

- January 2003 to May 2003 – Dundee Private Investors; and
- January 1993 to December 2002 – Royal Mutual Funds Inc.

9. The Respondent is also licensed to sell insurance.

Client CD's Account

10. In November 2004, client CD opened an employer sponsored individual RSP mutual fund account with Sterling, with monthly payroll contributions. Client CD was married. The RSP account was in her name, and named her spouse (FD) as the sole beneficiary.

11. In January 2007, the Respondent became the mutual fund salesperson at Sterling responsible for servicing client CD's account.

12. On January 22, 2007, the Respondent met with client CD, and client CD signed account opening documents, including an *Account Application Form*, and a *Limited Authorization* form¹. At the same meeting, client CD provided the Respondent with a void cheque for a bank account jointly held by client CD and FD.

13. In or about June 2007, the payroll contributions to client CD's RSP account stopped. The Respondent noticed that the payments had stopped, called the payroll department of client CD's employer, and was advised that she had suffered a serious health issue and was no longer working.

14. In or about July 2007, the Respondent received a telephone call from client CD's spouse, FD. During the call, FD introduced himself to the Respondent, and advised that CD had

¹ The purpose of a *Limited Authorization* form ("LTA") is to facilitate a trade where the assets are held at the mutual fund company in the name of the client. In the normal course, the client would have to sign all trade instructions before a mutual fund company would be able to complete the transaction. By signing an LTA, the client is authorizing the Member to process trades on the client's behalf without the need to provide his or her signed written instructions to the mutual fund company. Members and Approved Persons are nevertheless required to record and maintain evidence of client instructions for all trades.

suffered a major neurological event, which affected her speech and sight, and left her partially paralyzed.

Unauthorized Redemptions

15. The Respondent states that on July 20, 2007, FD telephoned the Respondent and advised that client CD's health condition was necessitating renovations to their home, including a wheelchair ramp and paving the driveway. FD requested a redemption in the amount of \$15,000 from client CD's account.

16. The Respondent states that he asked FD whether he had a power of attorney document ("POA") authorizing FD to make redemptions from client CD's account, and FD told the Respondent that he did. The Respondent states that he accepted FD at his word, and did not request a copy of the alleged POA, and FD did not provide one. This was the only time the Respondent discussed a POA with FD.

17. The Respondent made handwritten notes on the relevant trade forms such that it appeared to Sterling that:

- i. the Respondent had spoken with and received instructions from client CD regarding the redemptions, when in fact he had spoken only with FD; and
- ii. the LTA on file for client CD could be relied upon since the Respondent had received telephone instructions from client CD, when in fact he had spoken only with FD.

18. Acting on the request from FD, the Respondent proceeded to redeem \$14,496 from client CD's account, which were divided into three redemptions in an effort to minimize the tax consequences for client CD. In each case, the Respondent arranged for the proceeds of the redemptions to be transferred electronically to the bank account jointly held by client CD and FD, for which there was a void cheque on file. The notes on the trade forms, and the redemptions, were as follows:

Transaction	Date on trade form	Notes made by Respondent on the trade form	Amount requested on trade form	Amount redeemed (gross)
#1	July 22, 2007	"LTA. per phone instr [sic] from client 7/20/07 @ 9:30 a.m."	\$4,999 gross	\$4,499
#2	July 31, 2007	nil	\$4,999 gross	\$4,998
#3	August 8, 2007	"LTA. per instruction from client 08/06/07 @ 3p.m. via my cellphone."	\$4,999 net	\$4,999

19. From October 2007 to August 2009, the Respondent processed five more redemptions from client CD's account, the proceeds of which were transferred electronically to the bank account jointly held by client CD and FD. In each instance, the redemption was preceded by a telephone call from FD requesting the redemption.

20. At no time from October 2007 to August 2009, did the Respondent make further inquiries of FD or anyone else in order to confirm that FD had a POA permitting him to act as attorney regarding client CD's financial affairs, or to obtain a copy of the POA the Respondent states FD had earlier asserted he had.

21. Each time the Respondent processed a redemption, he made handwritten notes on the relevant trade forms such that it appeared to Sterling that:

- i. the Respondent had spoken with and received instructions from client CD regarding the redemptions, when in fact he had spoken only with FD; and
- ii. the LTA on file for client CD could be relied upon since the Respondent had received telephone instructions from client CD, when in fact he had spoken only with FD.

22. The notes on the trade forms, and the redemptions, were as follow:

Transaction	Date on trade form	Notes made by Respondent on the trade form	Amount requested on trade form	Amount redeemed (gross)
#4	October 5, 2007	“spoke to client to her home # [redacted] Oct 5 th at 10:15 a.m.” Regarding this redemption, the Respondent additionally sent an email to his branch manager at Sterling confirming that he had spoken to client CD by telephone, and that there was an LTA on file.	\$4,000 net	\$4,550
#5	November 26, 2007	“LTA. Client call @ 10:00 a.m. Nov 26/07”	\$4,000 net	\$4,688
#6	February 15, 2008	“LTA. Per call from client @ 9:15 a.m. Feb 15/08”	\$4,000 net	\$4,618
#7	April 2, 2008	“LTA. Spoke with client 04/01/08 @ 2:00 p.m.”	\$3,000 net	\$3,565
#8	June 18, 2008	“LTA. Per call from client @ 10:-- -m. [not legible] June 18/08”	\$3,000 gross	\$3,000

23. The Respondent states that on August 25, 2009, at approximately 3:30 p.m., he received a call from FD requesting a further withdrawal. On August 27, 2009, the Respondent processed the ninth and final redemption from client CD’s account in the amount of \$4,095 gross and the account was closed. On the trade form, the Respondent indicated that:

- i. there was an LTA on file;
- ii. he had spoken to the client by telephone on August 25, 2009 at 3:30 p.m., when in fact he had spoken only with FD; and
- iii. the monies were needed due to client CD’s illness, and the transaction would have the effect of closing the account.

Failing to Report Concerns of MLC to the Member

24. On or about April 27, 2010, approximately eight months after client CD’s Sterling

account had been closed, the Respondent received a telephone call from client CD's sister, MLC, wherein MLC requested information, including account statements, regarding client CD's account. The Respondent requested that MLC send him a copy of a POA if she wished to receive information regarding client CD's account.

25. Following the telephone call, MLC provided the Respondent with copies of two POAs dated March 2010 (i.e. after client CD's account had been closed), one regarding client CD's property, and the other regarding client CD's personal care. Both POAs appointed client CD's sisters, MLC and TA, as her attorneys. The Respondent proceeded to provide account statements for client CD's (former) account to MLC.

26. Approximately two weeks later, in early May 2010, the Respondent received a second telephone call from MLC, wherein MLC questioned the reason for the various withdrawals from client CD's account. The Respondent advised MLC that the withdrawals had been made under the authority of a POA granted to FD. MLC advised the Respondent that:

- client CD and FD had marital issues, they had separated, and FD was not an honest person; and
- the redemptions processed from client CD's account had not been for client CD's benefit.

27. The Respondent was surprised by the information he learned from MLC. The Respondent became concerned that:

- FD's representation that he held a POA for client CD's account might not be true;
- he (the Respondent) had not obtained a copy of the POA from FD; and
- he had nothing on file to prove that FD had POA for client CD when he (the Respondent) acted on FD's requests to redeem funds from client CD's accounts and had said redemption proceeds transferred into the joint bank account of client CD and FD.

28. Notwithstanding the complaint received from MLC, and the Respondent's growing concerns that the nine redemptions had not been properly documented by him, or authorized by client CD, the Respondent did not report to Sterling the complaint by MLC, the fact that he did

not have a copy of a POA in favor of FD on file, and his resulting concerns that he may have processed redemptions without the required authorization of client CD.

29. On August 22, 2011, approximately 14 months after the Respondent's telephone calls with MLC, the Respondent received a letter from a lawyer representing client CD asserting that there had been redemptions in client CD's account without client CD's authorization, and requesting documents.

30. Notwithstanding the Respondent's concerns starting in April 2010 (when he first spoke with MLC) and continuing to August 2011, at no time prior to receiving the letter from the lawyer representing client CD on August 22, 2011, did the Respondent report to Sterling:

- that he had acted on telephone requests from someone other than the account holder, namely FD, in order to process trades in the account of client CD, rather than receiving instructions and authorization from client CD as required;
- his two telephone calls with MLC, wherein MLC advised that client CD and FD had marital issues, FD was not an honest person, and that the redemptions from client CD's account had not been for the benefit of client CD; and
- his resulting concern that the nine redemptions in the account of client CD had not been authorized by client CD.

31. On or about August 22, 2011, the Respondent disclosed to his branch manager and other Sterling staff for the first time that:

- from July 2007 to August 2009, he had processed nine redemptions in the account of client CD based on requests from someone other than client CD;
- from July 2007 to August 2009, he had completed the trade forms in a manner such that it appeared to Sterling that he had telephone instructions from client CD, such that the LTA on the account could be relied upon, when, in fact, he had spoken only with FD, who did not have POA over client CD's account; and
- from May 2010 to August 2011, he had failed to report to Sterling a complaint he received from MLC to the effect that the redemptions from client CD's account had not been authorized by client CD.

Actions Taken by the Member

32. At the material time, Sterling's policies and procedures, consistent with MFDA Rules, prohibited an Approved Person from engaging in discretionary trading in a client's account, and permitted the use of an LTA form in conjunction with documented instructions from the account holder, in order to process a trade, but made explicit that an LTA did not in any way confer general discretionary trading authority to Approved Persons.

33. From September 2011 to November 2011, Sterling placed the Respondent on strict supervision, and imposed limitations on his ability to process trades using an LTA.

34. On October 4, 2011, Sterling compliance staff conducted a review of 150 of the Respondent's client files, during which no issues were identified. Sterling additionally wrote to all of the Respondent's clients requesting that they notify Sterling if there were any unauthorized transactions in their accounts, or if they had engaged in any personal financial dealings or outside investment/business dealings with the Respondent, to which Sterling received no complaints.

35. On July 31, 2012, Sterling placed the Respondent on strict supervision, which remains the case to present. The Respondent has paid approximately \$12,892 to Sterling in respect of heightened supervision fees and legal fees.

Actions Taken by the Respondent

36. Client CD's approximate loss was \$55,000 and she incurred legal fees of \$15,000. The insurers for Sterling paid client CD \$45,000, and the Respondent voluntarily paid client CD \$25,000 from his own pocket, such that client CD has been made whole.

V. CONTRAVENTIONS

37. The Respondent admits that:

- i. from July 2007 to August 2009 he processed trades based on requests from someone other than the client, thus failing to obtain proper authorization for redemptions of approximately \$39,516 from the client's account, contrary to MFDA Rule 2.3.1(a) and Rule 2.1.1; and
- ii. from May 2010 to August 2011, he failed to report to the Member a complaint he received, which raised the prospect of nine instances of unauthorized trading in the client's account, contrary to MFDA Rule 1.2.2(b), Rule 2.1.1, and section 4 of MFDA Policy No. 6; and thereby interfering with the ability of the Member to supervise the Respondent and comply with its obligations pursuant to MFDA Rule 2.5.1.

VI. TERMS OF SETTLEMENT

38. The Respondent agrees to the following terms of settlement:

- i. the Respondent shall pay a fine in the amount of \$10,000, pursuant to s. 24.1.1(b) of By-law No. 1;
- ii. the Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of By-law No. 1
- iii. the Respondent shall in future comply with MFDA Rules 1.2.2(b), 2.3.1(a) and MFDA Rule 2.1.1; and
- iv. the Respondent shall attend at the Settlement Hearing in person.

VII. STAFF COMMITMENT

39. If this Settlement Agreement is accepted by the Hearing Panel, 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, subject to the provisions of Part X below. 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 or in respect of conduct that occurred outside the specified date ranges of the facts

and contraventions set out herein, 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.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

40. Acceptance of this Settlement Agreement shall be sought at a hearing of the Central Regional Council of the MFDA on a date agreed to by counsel for Staff and the Respondent.

41. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the settlement hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive his 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.

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

43. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, 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 him.

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

44. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honor any of the Terms of Settlement set out herein, Staff reserves

the right to bring proceedings under s. 24.3 of By-law No. 1 against the Respondent based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding(s) 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.

X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

45. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule “A” is not made 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 ss. 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

46. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

XI. DISCLOSURE OF AGREEMENT

47. 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.

48. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel.

XII. EXECUTION OF SETTLEMENT AGREEMENT

49. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

50. A facsimile copy of any signature shall be effective as an original signature.

Dated this 2nd day of June, 2014.

“Paul Morrissey”
Witness – Signature

Paul Morrissey
Witness – Print name

“Bradley Lawrence Griffith”
Bradley Lawrence Griffith

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

Schedule "A"

Order

File No. 201329



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: Bradley Lawrence Griffith

ORDER

WHEREAS on April __, 2014, the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of MFDA By-law No. 1 in respect of Bradley Lawrence Griffith (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated May __, 2014 (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 Respondent has voluntarily made payment to client CD in the amount of \$25,000 from his own monies;

AND WHEREAS the Hearing Panel is of the opinion that the Respondent:

1. from July 2007 to August 2009 processed trades based on requests from someone other than the client, thus failing to obtain proper authorization for redemptions of approximately \$39,516 from the client's account, contrary to MFDA Rule 2.3.1(a) and Rule 2.1.1; and
2. from May 2010 to August 2011, failed to report to the Member a complaint he received, which raised the prospect of nine instances of unauthorized trading in the client's account, contrary to MFDA Rule 1.2.2(b), Rule 2.1.1, and section 4 of MFDA Policy No. 6; and thereby interfering with the ability of the Member to supervise the Respondent and comply with its obligations pursuant to MFDA Rule 2.5.1.

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 \$10,000, 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, pursuant to s. 24.2 of MFDA By-law No. 1;
3. the Respondent shall in future comply with MFDA Rules 1.2.2(b), 2.3.1(a) and 2.5.1 and Rule 2.1.1;
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]

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