



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: Jason Daniel Hare

Heard: August 20, 2021 by electronic hearing in Toronto, Ontario

Decision: August 20, 2021

Reasons for Decision: September 17, 2021

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Paul M. Moore, Q.C.
Cheryl Hamilton
Selwyn Kossuth

Chair
Industry Representative
Industry Representative

Appearances:

Audrey Smith)	Enforcement Counsel for the Mutual Fund
)	Dealers Association of Canada
)	
)	
Rafal Szymanski)	Counsel for the Respondent
)	
)	
Jason Daniel Hare)	Respondent
)	
)	

I. SETTLEMENT AGREEMENT

1. The Hearing Panel accepted the settlement agreement dated August 3, 2021 (“Settlement Agreement”) between the staff of the MFDA (“Staff”) and Jason Daniel Hare (“Respondent”) at an electronic settlement hearing held in accordance with MFDA rules for an electronic hearing.
2. 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.

II. CONTRAVENTIONS

3. The Respondent admitted that
 - a) between August 25, 2014 and July 4, 2019, the Respondent obtained, possessed and used to process transactions, 120 pre-signed account forms in respect of 63 clients, contrary to MFDA Rule 2.1.1; and
 - b) between October 23, 2014 and November 20, 2018, the Respondent altered and used to process transactions, 45 account forms in respect of 35 clients, by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1.

III. AGREED PENALTIES

4. Under the terms of the Settlement Agreement, the Respondent:
 - a) will pay a fine of \$28,500;
 - b) will pay costs of \$2,500; and
 - c) will be suspended from conducting securities related business for 30 days.

IV. 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 taking into consideration relevant circumstances) and should appear to be so to members of the public and 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 the Respondent of the agreed penalties.

V. MISCONDUCT

6. The Hearing Panel determined that the alleged misconduct was in contravention of MFDA Rule 2.1.1.

VI. OTHER CONSIDERATIONS IN DETERMINING ACCEPTABILITY OF AGREED PENALTIES

7. On November 14, 2019, the Member placed the Respondent on strict supervision for 90 days. The Member had the Respondent confirm that he had reviewed and would adhere to the Member's Compliance Policies and Procedures Manual.

8. During the period of strict supervision, the Member required the Respondent to pay a non-compliance charge for the costs associated with the period of strict supervision, amounting to \$2,500. In addition, the Member required the Respondent to pay \$1,200 for the costs of mailings to clients while the Member was investigating the misconduct of the Respondent.

9. Respondent's counsel, with the consent of Staff, made the following observation outside of the agreed facts. The agreed fine of \$28,500, the costs award of \$2,500, and the \$3,700 paid to the Member do not show the full financial impact on the Respondent flowing from the disciplinary consequences of his misconduct: during the 30 day suspension agreed to as part of the agreed penalties, the Respondent will not receive trailer fees or other remuneration from the Member but the Respondent will continue to have his own staff to pay and other overhead expenses.

10. The Respondent agreed with the agreed penalties, including the 30 day suspension as reflected in the Settlement Agreement and did not dispute the agreed penalties. We noted that the Respondent was not claiming financial hardship and that he submitted that we should accept the Settlement Agreement.

11. There was 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.

12. There was no evidence of client complaints, client loss or lack of client authorization.

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

14. 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.

15. The agreed penalties are within the recommendations of the MFDA Sanction Guidelines and the reasonable range of appropriateness with regard to MFDA decisions submitted to us by Staff and Respondent's counsel, which were made by MFDA Hearing Panels in similar circumstances. They are fair and reasonable and will serve as a specific and general deterrent.

VII. COSTS

16. The costs award is reasonable.

VIII. CONCLUSION

17. We concluded that the Settlement Agreement was in the public interest and, consequently, we accepted it.

DATED this 17th day of September, 2021.

"Paul M. Moore"

Paul M. Moore, Q.C.
Chair

"Cheryl Hamilton"

Cheryl Hamilton
Industry Representative

"Selwyn Kossuth"

Selwyn Kossuth
Industry Representative



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PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Jason Daniel Hare

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Jason Daniel Hare (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 August 25, 2014 and July 4, 2019, the Respondent obtained, possessed and used to process transactions, 120 pre-signed account forms in respect of 63 clients, contrary to MFDA Rule 2.1.1; and

- b) between October 23, 2014 and November 20, 2018, the Respondent altered and used to process transactions, 45 account forms in respect of 35 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 \$28,500 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 30 days commencing on the date the Settlement Agreement is accepted by the Hearing Panel, 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. Since October 12, 2004, the Respondent has been registered in Ontario as a dealing representative with FundEX Investments Inc. (the “Member”), a Member of the MFDA.

8. At all material times, the Respondent conducted business in the Kingston, Ontario area.

Pre-signed Account Forms

9. At all material times, the Member’s policies and procedures prohibited its dealing representatives from using pre-signed account forms.

10. Between August 25, 2014 and July 4, 2019, the Respondent obtained, possessed and used to process transactions, 120 pre-signed account forms in respect of 63 clients.

11. The pre-signed account forms include: Order Entry Forms; Know Your Client update forms; DSC Transfer Disclosure Forms; DSC Disclosure Forms; CRA Direct Transfer Forms; Transfer Authorization Forms; Client Systematic Instruction Forms; RESP Redemption Forms; RESP Withdrawal Forms; RESP Application Forms; New Client Account Forms; Self-Directed Account Application Forms; Commission Rebate Forms; Investment Change Forms; Fee for Service Forms; Investment Account Application Forms; Annual Conversion of Free Units Forms; and CRA Home Buyers Withdrawal Forms.

Altered Account Forms

12. Between October 23, 2014 and November 20, 2018 the Respondent altered and used to process transactions, 45 account forms in respect of 35 clients, by altering information on the account forms without having the client initial the alterations. In one instance, the Respondent used liquid correction fluid to alter information on the account forms.

13. The information that the Respondent altered on the account forms included: fee and purchase amounts; redemption amounts; relinquishing institution information; fund codes and names; trade instructions; plan types; account numbers; client KYC information and beneficiary names.

The Member's Investigation

14. On September 26, 2019, the Member conducted a full review of the client files maintained by the Respondent and discovered the account forms that are the subject of this Settlement Agreement.

15. On or about November 14, 2019, the Member placed the Respondent on strict supervision for a period of 90 days. In addition, the Member required the Respondent to confirm that he had reviewed and would adhere to the Member's Compliance Policies and Procedures Manual.

16. On or about November 25, 2019, the Member sent a letter to all clients for whom the Respondent obtained pre-signed or altered account forms, along with 3-year transaction histories. The Member requested that the clients review their transaction histories to ensure that the trading activity was completed as the client had directed and to advise the Member of any inconsistencies

in the information. The Member also requested that clients contact the Member if the client's personal and financial circumstances changed in order to ensure the clients' portfolios are in-line with the clients' investment objectives and risk tolerance. No clients reported any concerns to the Member in response to its letters.

17. During the period of strict supervision, the Member required the Respondent to pay a non-compliance charge for the costs associated with the period of strict supervision, which amounted to \$2,500.

18. The Respondent also paid \$1,200 to the Member for the cost of letters and account statements mailed to clients.

19. On March 17, 2020, the Member issued a Warning Letter to the Respondent for the conduct described above and ended the period of strict supervision.

Additional Factors

20. There is no evidence that the Respondent received any financial benefit from the misconduct described above beyond the commissions or fees he would ordinarily be entitled to receive had the transactions been carried out in their required manner.

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

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

23. The Respondent states that he engaged in the conduct described in this Settlement Agreement for the purposes of client convenience.

24. 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

25. 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.

26. 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.

27. 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.

28. 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 contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any contraventions that are not set out in this Settlement Agreement. 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.

29. 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.

30. 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.

31. 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 3rd day of August, 2021.

“Jason Daniel Hare”

Jason Daniel Hare

“SG”

Witness – Signature

SG

Witness – Print Name

“Charles Toth”

Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement



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Re: Jason Daniel Hare

ORDER

WHEREAS on August 4, 2021, 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 Jason Daniel Hare (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated August 3, 2021 (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:

- a) between August 25, 2014 and July 4, 2019, the Respondent obtained, possessed and used to process transactions, 120 pre-signed account forms in respect of 63 clients, contrary to MFDA Rule 2.1.1; and
- b) between October 23, 2014 and November 20, 2018, the Respondent altered and used to process transactions, 45 account forms in respect of 35 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 \$28,500, 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 30 days commencing on the date the Settlement Agreement is accepted by the Hearing Panel, 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, 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]

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