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: David Edward Hucul

Heard: April 11, 2019 in Vancouver, British Columbia
Decision: April 11, 2019
Reasons for Decision: May 15, 2019

REASONS FOR DECISION

Hearing Panel of the Pacific Regional Council:

Joseph A. Bernardo	Chair
Nova Aitchison	Industry Representative
Susan Monk	Industry Representative

Appearances:

Christopher Corsetti	)	Enforcement Counsel for the Mutual Fund Dealers Association of Canada
David Edward Hucul	)	Respondent, in person

1. On April 11, 2019, a settlement agreement ("Settlement Agreement") entered into between the staff of the Mutual Fund Dealers Association of Canada ("MFDA") and David Hucul, ("Respondent") was presented for acceptance to the Hearing Panel in closed session. It is attached as Appendix "1".

2. The Hearing Panel accepted the Settlement Agreement for the following reasons.

Relevant agreed facts

3. IPC Investments Corporation ("IPC") is a Member of the MFDA.

4. From May 1, 2002 to April 21, 2017, the Respondent was an Approved Person with IPC by virtue of his registration in British Columbia, as a mutual fund salesperson, now known as a dealing representative.

5. At all material times, IPC's policies and procedures required:

a) Approved Persons to confirm client instructions by telephone before processing any redemption of mutual funds.

b) That any payment of redemption proceeds be made to the client directly, either by cheque or electronic transfer to the bank account identified in IPC's records as belonging to the client.

6. In June 2016, an individual ("Client X") opened an account at IPC. The Respondent and another Approved Person ("HC") were responsible for servicing this account.

7. On December 19, 2016, HC forwarded to the Respondent an email HC had previously received from Client X's email address. The next day, HC went on vacation. He played no further role in the events as disclosed in the Settlement Agreement.

8. The email purporting to be from Client X requested information about the client's investment account.

9. On December 20, 2016, the Respondent replied by email, attaching a copy of Client X's portfolio summary. This initiated an exchange of further emails that day, culminating in the Respondent receiving:

a) An order entry form purportedly signed by Client X requesting the redemption of $500,000 in mutual funds.
b) A direct deposit form instructing the Respondent that the proceeds be deposited in a bank account located in Woodbridge, Ontario that apparently belonged to a law firm.

10. On December 21, 2016, the Respondent submitted the order entry and the direct deposit forms for processing. He did not telephone Client X to confirm the authenticity of the email instructions before doing so.

11. On December 22, 2016:

a) IPC's compliance department asked the Respondent why the redemption proceeds were being directed to a third party bank account.
b) The Respondent sent an email to Client X's address asking the same question.
c) The email reply from the person purporting to be Client X explained that the funds were required to make a personal loan and that "the law firm is holding it in escrow/on behalf of my friend".

12. This response was apparently sufficient for IPC, which processed the redemption.

13. On December 28, 2016:

a) The Woodbridge bank notified IPC that it could not accept the redemption proceeds because the named account had been closed.
b) The Respondent emailed Client X's address to advise that the deposit had been rejected.
c) The person purporting to be Client X responded by providing new deposit instructions, stating that the proceeds should be directed to an account located at a Calgary, Alberta branch of a different bank. This account was not in the name of

the law firm identified in the previous instructions, but instead appeared to belong to a trucking company.

d) Without informing either his branch manager or IPC's compliance department, the Respondent amended the deposit information as instructed and forwarded it directly to a financial service representative.

e) The redemption proceeds were deposited to the third party bank account located in Calgary.

14. On January 5 and 9, 2017, IPC learned, respectively, that the bank accounts named in the initial and subsequent deposit instructions were each fraudulent.

15. On or about January 10, 2017, the Respondent telephoned Client X to ask about the Calgary bank account. This was the first time he had spoken to Client X to discuss any aspect of the redemption. Client X told the Respondent that he had no knowledge of the redemption request, had not authorized it, and had not participated in any email exchanges with the Respondent in December 2016 or January 2017.

16. The Respondent had apparently been fraudulently directed to make the redemption by an individual who had gained unlawful access to Client X's email account.

17. Between January 2017 and March 17, 2017, $397,446.56 were recovered from the Calgary bank and returned to Client X. IPC subsequently reimbursed the client for the balance of the loss, including interest.

18. On April 21, 2017, IPC terminated the Respondent.

19. The relevant events took place in Coquitlam, British Columbia. There is no evidence that the Respondent gained any improper financial benefit from them.

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

21. The Respondent is not currently registered in the securities industry.

Misconduct

22. MFDA Rule 2.1.1, among other things, requires Approved Persons to observe high standards of conduct in the transaction of business and to refrain from engaging in any business conduct or practice which is unbecoming or detrimental to the public interest.

23. The main effect of these general conduct obligations is to require an Approved Person to be scrupulous in following the more specific requirements imposed by other MFDA Rules.

24. In the present case, the specific requirement at issue is that imposed by MFDA Rules 1.1.2 and 2.10, which operating together obligate an Approved Person to follow the supervisory policies and procedures of the employing Member firm.

25. In the Settlement Agreement the Respondent admits, and the facts establish, that in processing the $500,000 redemption solely on the basis of email instructions and then facilitating the deposit of the proceeds in a third party bank account the Respondent contravened MFDA Rules 2.10, 1.1.2 and 2.1.1 by acting contrary to IPC's policies and procedures.

Standard

26. The Settlement Agreement came before the Hearing Panel under MFDA By-Law No. 1, section 24.4, which sets out settlement hearing procedures and grants hearing panels jurisdiction to accept or reject settlements.

27. It is well established that settlements are to be encouraged and supported. This is because an efficient allocation of limited enforcement resources necessarily serves to advance public protection, the core purpose of securities regulation.

28. Settlements are also the result of negotiations between litigants opposed in interest. This means they are pragmatic, and therefore nuanced, assessments of events deliberately crafted to resolve controversy by the persons best positioned to assess the full significance of all the facts.

> *British Columbia Securities Commission v. Seifert*, 2007 BCCA 484 at paras. 26 and 31.

29. For these reasons, it is commonly accepted that a settlement hearing panel ought not to assess a proposed outcome against what it would itself deem appropriate if exercising its own independent judgment. Instead, the panel should be pragmatic and weigh the agreed upon sanctions solely against the objectives of protecting the investing public and the integrity of the mutual fund industry. An outcome may properly be rejected if it clearly falls "outside a reasonable range of appropriateness" given the facts disclosed in the settlement, but not otherwise. In other words, it is incumbent on a hearing panel to accept a settlement unless, in its reasonable judgment, the proposed sanctions are clearly inappropriate.

> *Sterling Mutuals Inc.* (*Re*), 2008 MFDA 16, at para. 37, citing the reasoning in *Milewski* (*Re*), [1999] I.D.A.C.D. No. 17 at p. 11, Ontario District Council Decision dated July 28, 1999.

Decision

30. The Settlement Agreement proposes the following penalties:

a) $10,000 fine; and
b) $2,500 costs.

31. Enforcement counsel reviewed a number of recent cases in which Approved Persons unwittingly facilitated fraud by redeeming mutual funds on email instructions alone.

> *Craig Richard MacDonald (Re)*, [2016] MFDA File #201506
> *Christine S.P.T. Scott (Re)*, [2017] MFDA File #201647
> *Ping-Chung Peter Chiu (Re)*, [2017] MFDA File #201757
> *Chun-Yi Tay* (*Re*), [2018] MFDA File #201713
> *Jennifer Claire Coward (Re)* [2018] MFDA File #2017101

32. *Scott, Chiu* and *Coward* are settlement hearing decisions, while *MacDonald* and *Tay* are disciplinary hearing decisions. The fraudulent redemptions in these cases ranged from approximately $8,400 to $60,000. Apart from the *Coward* case, in each instance the failure to follow Member procedures was accompanied by other misconduct. This included client signature falsification, the use of pre-signed forms, and discretionary trading. The fines ordered in the decisions ranged from $10,000 to $12,500, and the costs orders ranged from $2,500 to $5000.

33. The Respondent's breach, by contrast, was limited to a single episode of failing to observe proper procedures that resulted in a dramatically higher fraudulent redemption.

34. In considering the proposed outcome in this case, the hearing panel considered the following factors as particularly relevant:

a) The Respondent's failure to observe key operating procedures resulted in serious harm: the theft of $500,000 from Client X. Although much of the money was recovered, compensating the client for the balance resulted in IPC suffering a loss of $102,553.44, plus interest.

b) Although serious in its consequences, it is clear the misconduct was unintentional. There is nothing to suggest improper motivations were at play and the Respondent did not gain any improper financial benefit from his lapse. It is evident he was operating in good faith throughout.

c) The misconduct was isolated and limited to a single episode in connection with a single client account.

d) In a career that spanned approximately fifteen years as an Approved Person, the Respondent has no prior disciplinary history with the MFDA.

e) By co-operating with the investigation and making a timely admission of fault, the Respondent has demonstrated he accepts responsibility for his part in the episode.

35. Taking into account the facts as disclosed in the Settlement Agreement and the sanctions ordered in similar recent cases, the Hearing Panel is satisfied that the orders agreed upon by the parties do not fall outside the reasonable range of appropriateness.

DATED this 15th day of May, 2019.

"Joseph A. Bernardo"
Joseph A. Bernardo
Chair

"Nova Aitchison"
Nova Aitchison
Industry Representative

"Susan Monk"
Susan Monk
Industry Representative

DM 675147

Appendix "1"

Settlement Agreement

File No. 201924

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: David Edward Hucul

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (the "MFDA") will announce that it proposes to hold a hearing to consider whether, pursuant to section 24.4 of By-law No. 1, a hearing panel of the Pacific Regional Council (the "Hearing Panel") of the MFDA should accept the settlement agreement (the "Settlement Agreement") entered into between Staff of the MFDA ("Staff") and David Edward Hucul (the "Respondent")

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff conducted an investigation of 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 IX) 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. Between May 1, 2002 and April 21, 2017, the Respondent was registered in British Columbia as a mutual fund salesperson / dealing representative[1] and was an Approved Person with IPC Investments Corporation (the "Member"), a member of the MFDA. Between March 14, 2003 and September 28, 2009, the Respondent was designated as a Branch Manager with the Member.

7. The Respondent is not currently registered in the securities industry.

8. At all material times, the Respondent carried on business in the Coquitlam, British Columbia area.

[1] On September 28, 2009, as a result of the implementation of National Instrument 31-103, the mutual fund salesperson registration category was changed to "dealing representative – mutual fund dealer".

Failure to Follow the Member's Policies and Procedures

9. At all material times, the Member's policies and procedures required its Approved Persons to telephone the client before processing redemptions from a client. This policy protects clients from the risk of having unauthorized transactions processed in their accounts as a result of the transmission of written instructions to the Member without the knowledge or authorization of the actual client.

10. At all material times, the Member's policies and procedures required all redemption proceeds to be made payable directly to the client via cheque or electronic deposit into the bank account on file for the client. This policy prevents third parties from directing Approved Persons to send the proceeds of a redemption to a person other than the client or to an account that is not controlled by the client.

11. In June 2016, client X became a client of the Member and opened an account that was jointly serviced by the Respondent and another Approved Person at the Member, Approved Person HC.

12. Between December 20, 2016 and January 18, 2017, Approved Person HC was on vacation and did not have access to her email.

13. On December 19, 2016, the day before Approved Person HC departed for his vacation, the Respondent received an email from Approved Person HC that had been forwarded from the email account of client X. The email that appeared to be from client X requested information about client X's investment account including a copy of client X's portfolio summary.

14. On December 20, 2016, the Respondent sent a reply to the email that appeared to be from client X and attached a copy of client X's portfolio summary.

15. On December 20, 2016, the following occurred:

a) the Respondent received an email that appeared to have been sent from client X's email account requesting information on the procedural steps required to withdraw funds from client X's non-registered account at the Member;

b) the Respondent replied to the email by sending an order entry form and explanation that the order entry form had to be completed with a client signature before it could be processed;

c) the Respondent received a signed order entry form attached to an email that appeared to be from client X's email account and appeared to indicate that client X was requesting a redemption of $500,000 from client X's Equitable Bank High Interest Savings mutual fund held in his non-registered account with the Member; and

d) the Respondent also received a direct deposit form attached to the email that appeared to have been sent from client X's email account and directed the Respondent to arrange for the proceeds of the requested redemption of $500,000 to be deposited into a third party bank account at a branch of Bank 1 located in Woodbridge, Ontario. The name of the third party bank account holder appeared to be a law firm.

16. On December 21, 2016, the Respondent submitted the signed order entry form and the direct deposit form requesting the redemption in the amount of $500,000 with proceeds to be directed to the third party bank account at Bank 1 for processing.

17. The Respondent did not telephone client X to confirm the authenticity of the email instructions that he had received on December 20, 2016.

18. On December 22, 2016, the Member's compliance department queried the trade because the proceeds were being deposited to a third party bank account. The Member asked the Respondent for an explanation as to why the proceeds had been directed to a third party bank account.

19. On December 22, 2016, the Respondent sent an email to client X's email account requesting an explanation as to why the redemption proceeds were being directed to a third party bank account. On the same date, the Respondent received a response from client X's email account stating "It is a personal loan for now – but I will re-invest it back by January..." In response to an additional email inquiry from the Respondent as to why the money was being directed to the bank

account of a law firm, the Respondent received an email reply that stated that "the law firm is holding it in escrow/on behalf of my friend".

20. The Respondent forwarded the response that he had received from client X's email account to the Member's compliance department and the redemption was processed and the proceeds were to be deposited into the third party bank account at Bank 1.

21. On December 28, 2016, the Member was notified that Bank 1 had rejected the deposit because the bank account had been closed.

22. On December 28, 2016, the Respondent sent another email to client X's email account to advise that the deposit had been rejected. Later the same day, the Respondent received an email in response with new instructions to send the redemption proceeds to a different third party bank account at a branch of Bank 2 located in Calgary, Alberta. The name of the third party bank account holder identified in the December 28, 2016 email appeared to be a trucking company.

23. The Respondent amended the banking information. However, the Respondent sent the amended banking information directly to a financial service representative and not to the Member's Operations department and he did not inform his branch manager or the Member's compliance department about the new banking instructions that he had received.

24. On December 28, 2016, the redemption proceeds were deposited to the third party bank account at Bank 2 that was held in the name of the trucking company.

25. On January 5, 2017, the following occurred:

a) the Member was advised by Bank 1 that the third party bank account in the name of the law firm appeared to be a fraudulent account;
b) the Respondent emailed client X's email account requesting details about the suspicious bank account at Bank 1 that had been closed;
c) the Respondent received a response by email that stated that,

> "the account is owned by a friends (*sic*) company. And he also got in touch with me with the same concern earlier today. I am depositing the money as a simple personal loan to a friend and nothing more than that. Can your compliance

department get the money released to the beneficiary on this information or not?"; and

d) the Respondent forwarded the response to his branch manager.

26. On January 9, 2017, the Member received notification from Bank 2 that the third party bank account in the name of the trucking company to which the redemption proceeds had been directed on December 28, 2016 was also a fraudulent account.

27. On or about January 10, 2017, the Respondent called client X to inquire about the third party bank account at Bank 2. When he called client X, he was told that client X had no knowledge of the redemption request that the Respondent had received and client X had not authorized the redemption or sent or received any of the emails that the Respondent had been exchanging in December 2016 and January 2017 concerning the $500,000 redemption request. Instead, the Respondent had apparently been communicating with an individual who had unlawfully accessed client X's email account and had fraudulently directed the Respondent to redeem the investments of client X and send the proceeds to bank accounts that the individual could access.

28. Client X had no knowledge of the fraud until the Respondent contacted him on January 10, 2017.

29. By the time that the Member was informed that the $500,000 in redemption proceeds had been deposited into a fraudulent account, more than $100,000 of the $500,000 had already been withdrawn from the fraudulent bank account at Bank 2 and misappropriated. Between January 2017 and March 17, 2017, $397,446.56 was recovered from Bank 2 through court orders and was returned to client.

30. On April 21, 2017, the Respondent was terminated by the Member as a consequence of his role in the events described above.

31. On May 15, 2017, the Member reimbursed client X for the balance of the loss from the $500,000 redemption that was processed in his account and interest.

Additional Factors

32. The Respondent has not previously been the subject of a MFDA disciplinary proceeding.

33. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct beyond the commissions or fees to which he would have been ordinarily entitled had the transactions in the clients' accounts been carried out in the proper manner.

V. CONTRAVENTIONS

34. The Respondent admits that, between December 19, 2016 and January 9, 2017, the Respondent processed a redemption of $500,000 in a client's account based upon email instructions received from a third party who had obtained unlawful access to a client's email account and subsequently misappropriated the proceeds of the redemption, contrary to the policies and procedures of the Member and MFDA Rules 2.10, 1.1.2 and 2.1.1.

VI. TERMS OF SETTLEMENT

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

a) the Respondent shall pay a fine of $10,000, in certified funds upon acceptance of the Settlement Agreement, pursuant to Section 24.1.1(b) of MFDA Bylaw No. 1;
b) the Respondent shall pay costs in the amount of $2,500, in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.2 of Bylaw No.
c) the Respondent shall in the future comply with MFDA Rules 2.10, 1.1.2, and 2.1.1; and
d) the Respondent will attend the Settlement Hearing in person.

VII. STAFF COMMITMENT

36. 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 set out in Part IV and the contraventions described in Part VII of this Settlement Agreement, subject to the provisions of Part IX 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 Parts IV and VII of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the facts and contraventions set out in Parts IV and VII, 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

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

38. 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.

39. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, then the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. [24.1.1 and/or 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.

40. 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

41. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under section 24.3 of the By-laws of the MFDA 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

42. 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 sections 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

43. 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

44. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 11th day of March, 2019.

"David Edward Hucul"
David Edward Hucul

"RF"
Witness – Signature

RF
Witness – Print Name

"Shaun Devlin"
Shaun Devlin
Staff of the MFDA
Per: Shaun Devlin
Senior Vice-President,
Member Regulation – 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: David Edward Hucul

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 David Edward Hucul (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 December 19, 2016 and January 9, 2017, the Respondent processed a redemption of $500,000 in a client's account based upon email instructions received from a third party who had obtained unlawful access to a client's email account and subsequently misappropriated the proceeds of the redemption, contrary to the policies and procedures of the Member and MFDA Rules 2.10, 1.1.2 and 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 of $10,000, in certified funds upon acceptance of the Settlement Agreement, pursuant to Section 24.1.1(b) of MFDA Bylaw No. 1;

2. the Respondent shall pay costs in the amount of $2,500, in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.2 of Bylaw No. 1;

3. 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]