



**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: Teagan Laine Kliever

Heard: September 30, 2021 by electronic hearing in Winnipeg, Manitoba
Decision September 30, 2021
Reasons for Decision: June 29, 2023

REASONS FOR DECISION

Hearing Panel of the Prairie Regional Council:

Richard Yaffe, K.C.
Birju Shah
Greg Wiebe

Chair
Industry Representative
Industry Representative

Appearances:

Audrey Smith)	Enforcement Counsel for the Mutual Fund
)	Dealers Association of Canada
)	
David Swayze)	Counsel for Respondent
)	
)	
Teagan Laine Kliever)	Respondent
)	
)	

I. BACKGROUND AND CONTRAVENTIONS

1. By Notice of Settlement Hearing dated August 3, 2021, a hearing panel (the “Panel”) of the Prairie Regional Council of the Mutual Fund Dealers Association of Canada (the “MFDA”) was convened via WebEx on September 30, 2021 to consider whether, pursuant to Section 24.4 of MFDA By-law No. 1, the Panel should accept a settlement agreement (the “Settlement Agreement”) entered into between staff of the MFDA and Teagan Laine Kliever (the “Respondent”) on July 30, 2021 with respect to matters for which the Respondent could be disciplined as an Approved Person pursuant to section 24.1.1 of By-law No. 1 of the MFDA.
2. The Settlement Agreement relates to allegations that the Respondent:
 - a) between April 10, 2018 and October 16, 2018, obtained, possessed, and in some instances, used to process transactions, 7 pre-signed account forms in respect of 5 clients, contrary to MFDA Rule 2.1.1; and
 - b) between February 21, 2018 and February 28, 2019, altered and used to process transactions, 26 account forms in respect of 22 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1.

II. FACTS

3. The Respondent has been registered in the Province of Manitoba since April 2015 in the securities industry.
4. The Respondent has been registered in Manitoba as a dealing representative with Investia Financial Services Inc. (“Investia”), a Member of the MFDA, since June 5, 2017.
5. At all material times, the Respondent conducted business in the Souris, Manitoba area.
6. At all material times, the policies and procedures maintained by Investia did not permit Approved Persons to obtain, possess or use pre-signed account forms, or to alter account forms after the clients had signed them.

7. Between April 10, 2018 and October 16, 2018, the Respondent obtained, possessed, and in some instances use to process transactions, 7 pre-signed account forms in respect of 5 clients.
8. The pre-signed account forms included 2 Transfer forms, 3 New Client Application forms, 1 Systematic Instruction form, and 1 Order Instruction Form.
9. Between February 21, 2018 and February 28, 2019, the Respondent altered and used to process transactions, 26 account forms in respect of 22 clients, by altering information on the account forms without having the client initial the alterations.
10. The altered account forms included 5 Know Your Client (“KYC”) Update forms, 5 New Client Application forms, 5 Transfer forms, 3 Order Instruction forms, 1 Dealer Representative Change form, 1 Automatic Conversion of Free Units form, and 6 Systematic Instruction forms.
11. The alterations to the account forms included alterations to client investment objectives, plan type, net worth, risk tolerance, and fund code.
12. Some of the Respondent’s violations were discovered by Investia during the course of a branch review, and more were discovered as a result of a full review of the Respondent’s client accounts. When Investia contacted the Respondent’s clients, no client concerns were raised.
13. On September 6, 2019, letters were sent by Investia to all clients whose accounts were serviced by the Respondent, which included a 3-year transaction history for each client. In respect of pre-signed or altered forms discovered by Investia that contained KYC information, Investia provided a copy of the client’s KYC information on record and asked clients to review the KYC information to ensure that it was recorded accurately. In respect of other types of pre-signed or altered account forms, Investia asked the clients to review their account history for accuracy and to contact Investia if any inconsistencies existed. No clients raised any concern in response to its letters.

14. On August 1, 2019 the Respondent was placed under strict supervision by Investia. During this period, the Respondent paid a total of \$992 to Investia consisting of an administration fee and a fee in respect of the letters sent to clients.

15. On August 8, 2019 the Respondent signed a Letter of Undertaking, agreeing to abide by the policies and procedures of Investia going forward. On December 20, 2019, Investia completed its strict supervision of the Respondent and issued a warning letter to her in respect of the pre-signed and altered account forms.

III. DISCUSSION

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

17. There is no evidence of client loss, client complaints, or a lack of authorization.

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

19. The Respondent has cooperated with MFDA staff throughout the course of its investigation and these proceedings, and has admitted the allegations.

20. By admitting the facts and contraventions described above, the Respondent has saved the MFDA significant time and resources associated with conducting a full hearing on the allegations.

21. The mitigating factors in this case are that the Respondent has no disciplinary record, there were no client complaints, and there is no evidence of harm or loss to clients. Further, the Respondent appears to understand the gravity of her actions and has taken responsibility for them.

22. MFDA hearing panels have taken into account the following considerations when determining whether a proposed settlement should be accepted;¹ hearing panels agree that these considerations remain relevant as guidelines for hearing panels in determining whether or not to accept a proposed settlement agreement:

- 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 satisfactorily addresses the issues of both specific and general deterrence with respect to the Respondent and the industry, respectively;
- 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.

23. The protection of investors is considered by the MFDA to be the primary goal of securities regulation. The goals of securities regulation also include fostering public confidence in the capital markets and the securities industry.²

24. The penalties that are imposed must be sufficient to affirm public confidence in the regulation of the mutual fund industry, and to ensure deterrence.

¹ *Sterling Mutuals Inc. (Re)*, Hearing Panel of the Central Regional Council, File No. 200820, Decision and Reasons dated August 21, 2008

² *Pezim v British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557

25. There are a number of general principles that apply when imposing a penalty, which were presented and which the Panel considered.

26. MFDA counsel also reviewed with the Panel various MFDA cases and the penalties imposed in those cases.

27. When asked by the Panel if she had anything to add, the Respondent's counsel reiterated that the Respondent and her counsel believe that the penalties imposed in the Settlement Agreement are appropriate. The Respondent's counsel pointed out that the Respondent was present at the Hearing to take responsibility, she does not dispute the facts, and she wishes to assure the Panel that violations will not re-occur.

28. The Panel may accept or reject the recommended Settlement Agreement (Section 24.4.3 of MFDA By-law No. 1). Further, it is accepted practice that hearing panels should not interfere lightly in a negotiated settlement.

IV. DISPOSITION

29. At the conclusion of the Hearing, the Panel approved a Settlement Agreement entered into by the parties which, *inter alia*, provides as follows:

- a) the Respondent shall pay a fine in the amount of \$14,500, pursuant to section 24.1.1(b) of MFDA By-law No. 1;
- b) the Respondent shall pay costs in the amount of \$2,500, pursuant to section 24.2 of MFDA By-law No. 1;
- c) the Respondent shall in the future comply with MFDA Rule 2.1.1.; and
- d) 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*.

30. We are satisfied that the penalty agreed upon is reasonable and that the public's interest is served by the Settlement Agreement, and we agree unanimously that the Settlement Agreement should be accepted.

DATED this 29th day of June, 2023.

"Richard Yaffe"

Richard Yaffe, K.C.
Chair

"Birju Shah"

Birju Shah
Industry Representative

"Greg Wiebe"

Greg Wiebe
Industry Representative

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