



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: Sandra Lynn Kolendreski

Heard: February 25, 2019 in Saskatoon, Saskatchewan
Decision: February 25, 2019
Reasons for Decision: May 3, 2019

REASONS FOR DECISION

Hearing Panel of the Prairie Regional Council:

Sherri Walsh
Diane Jaspers
James Samanta

Chair
Industry Representative
Industry Representative

Appearances:

Justin Dunphy)	Enforcement Counsel for the Mutual Fund
)	Dealers Association of Canada
)	
)	
Sandra Lynn Kolendreski)	Respondent, in person
)	
)	

I. Background

1. This matter involves a Settlement Hearing which was held on February 25, 2019 pursuant to s. 24.4 of By-law No. 1 of the Mutual Fund Dealers Association of Canada (“MFDA”).
2. The Purpose of the hearing was to consider a Settlement Agreement dated December 17, 2018 (“Settlement Agreement”) which was entered into between Staff of the MFDA (“Staff”) and Sandra Lynn Kolendreski (“Respondent”). The Settlement Agreement is attached to these Reasons as Schedule 1.
3. The Respondent was registered in Saskatchewan as a mutual fund sales person almost continuously from February 1999 to November 2017.
4. As a result of the conduct which gave rise to the matters at issue the Respondent was terminated from her position with the Member TD Asset Management Inc. She is no longer registered in the mutual fund industry.
5. The Respondent appeared in person at the hearing. She was not represented by counsel.
6. At the conclusion of the hearing the Hearing Panel accepted the proposed Settlement Agreement, with reasons to follow. These are our Reasons for Decision.

II. Respondent's Admission of Violations

7. Pursuant to the Settlement Agreement, the Respondent admitted to the following violations of the MFDA’s Rules, By-laws and Policies:
 - a) on or about October 3, 2016 the Respondent cut and pasted a client’s signature from an account form previously signed by a client onto a new account form, and used the new account form to process a transaction, contrary to MFDA Rule 2.1.1;
 - b) between March 2011 and June 2016, the Respondent altered 13 account forms in respect of 8 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and
 - c) on or about January 15, 2016, the Respondent obtained and possessed 2 pre-signed account forms in respect of 1 client, contrary to MFDA Rule 2.1.1.

III. Terms of Settlement

8. Staff and the Respondent agreed on the following terms of settlement:
 - a) the Respondent shall pay a fine in the amount of \$13,000.00 in certified funds upon acceptance pursuant to s. 24.1.1.(b) of MFDA By-law No. 1;
 - b) the Respondent shall pay costs in the amount of \$2,500.00 in certified funds upon acceptance pursuant to s. 24.2 of MFDA By-law No. 1;
 - c) the payment by the Respondent of the Fine and Costs shall be made to and received by MFDA Staff in certified funds as follows:
 - i) \$2,500 (Costs) and \$2,500 (Fine) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - ii) \$5,000 (Fine) on or before the last business day of the 3rd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - iii) \$5,500 (Fine) on or before the last business day of the 6th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - d) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
 - e) the Respondent will attend in person, on the date set for the Settlement Hearing.

IV. Agreed Facts

9. The facts which have been agreed to by the parties and which are relevant for the purposes of the Hearing Panel's decision are set out in section III of the Settlement Agreement, which is attached as Schedule 1 to these Reasons.

V. Analysis

Role of the Panel

10. A Hearing Panel has only two options when considering a settlement agreement - either accept or reject the Agreement.

11. The role a Hearing Panel performs at a settlement hearing is fundamentally different from the role it performs at a contested hearing.

12. As stated by the Hearing Panel in *Sterling Mutuals Inc. (Re)* citing the I.D.A. Ontario District Council in *Milewski (Re)*:

“...while in a contested hearing the Panel attempts to determine the correct penalty, in a settlement hearing the Panel ‘will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness.’” (in *re Milewski*, [1999] I.D.A.C.D. No. 17.)

Sterling Mutuals Inc. (Re), MFDA File No. 200820, Hearing Panel of the Central Regional Council, Decision and Reasons dated September 3, 2008, at page 9

13. Settlements which have been worked out by the parties should be respected. Panels do not know what led to the settlement, what was given up by the parties during the course of the negotiations, or what intent each party had in agreeing to resolve the matter.

Fike (Re), MFDA File No. 2017102, Hearing Panel of the Central Regional Council, Decision and Reasons dated December 7, 2017, at paras.22 and 23

14. The rationale for respecting settlements of the nature found in the Settlement Agreement in this case, was also articulated by the British Columbia Court of Appeal in a case which, although it arose in the context of a securities commission hearing, is frequently cited by Panels which preside over MFDA Settlement Hearings:

"Settlements assist the Commission to ensure that its overriding objective, the protection of the public, is met. Settlements proscribe activities that are harmful to the public. In so doing, they are effective in accomplishing the purposes of the statute. They provide means of reaching a flexible remedy that is tailored to address the interests of both the Commission and the person under investigation. Enforcement is rarely a concern because the settlement is voluntary. A person who is the subject of an investigation retains the option of refusing to settle and proceeding to a hearing. Settlements are also efficient. Both parties can forego the time and expense of a hearing. Or, they can settle some matters, and direct their resources to the matters that are in dispute, and therefore to be resolved by way of a hearing."

British Columbia (Securities Commission) v Seifert, 2007 BCCA 484, para.31

Factors Concerning Acceptance of a Settlement Agreement

15. The primary goal of all securities regulation is investor protection. In addition to investor protection, the goals of securities regulation include fostering public confidence in the capital markets and in the securities industry, generally.

Pezim v British Columbia (Superintendent of Brokers), [1994] 2 S.C.R. 557 at paras. 59 & 68

16. MFDA Hearing Panels have taken into account the following criteria when considering whether to accept a proposed settlement:

1. That it is in the public interest to do so and that the penalties proposed will be sufficient to protect investors;
2. That the agreement is reasonable and proportionate, having regard to the conduct of the Respondent;
3. That the agreement addresses the issues of both specific and general deterrence;
4. That the agreement is likely to prevent the type of conduct set out in the facts;
5. That the agreement will foster confidence in the integrity of the Canadian capital markets;
6. That the agreement will foster confidence in the integrity of the MFDA; and
7. That the agreement will foster confidence in the regulatory process itself.

Sterling Mutuals Inc. (Re), *supra*, at pages 8 and 9

Appropriateness of the Proposed Penalty

17. In determining the appropriateness of a proposed penalty, Hearing Panels frequently cite the decision in *Breckenridge (Re)*, where the Panel stated that sanctions "... should be preventative, protective and prospective in nature ..." taking into account the following considerations:

- a) the protection of the investing public;
- b) the integrity of the securities markets;
- c) specific and general deterrence;
- d) the protection of the MFDA's membership; and

- e) protection of the integrity of the MFDA's enforcement processes.

Breckenridge (Re), MFDA File No. 200718, Hearing Panel of the Central Regional Council, Decision and Reasons dated November 14, 2007, at paras. 75 & 76

18. The Panel in *Breckenridge (Re)* set out the following additional factors which a Panel should consider when determining an appropriate penalty:

- a) The seriousness of the allegations proved against the respondent;
- b) The respondent's experience in the capital markets;
- c) The level of the respondent's activity in the capital markets;
- d) The harm suffered by investors as a result of the respondent's activities;
- e) The benefits received by the respondent as a result of the improper activity;
- f) The risk to investors and the capital markets in the jurisdiction, were the respondent to continue to operate in capital markets in the jurisdiction;
- g) The damage caused to the integrity of the capital markets in the jurisdiction by the respondent's improper activities;
- h) The need to deter not only those involved in the case being considered, but also any others who participate in the capital markets, from engaging in similar improper activity;
- i) The need to alert others to the consequences of inappropriate activities to those who are permitted to participate in capital markets; and
- j) Previous decisions made in similar circumstances.

Breckenridge (Re), *supra*, at para.77

MFDA Sanction Guidelines

19. On November 15, 2018, the MFDA issued Sanction Guidelines to assist Staff and Respondents in conducting disciplinary proceedings and negotiating settlement agreements pursuant to s. 20 and s. 24 of MFDA By-law No. 1. The Guidelines have also been prepared to assist Hearing Panels in the fair and efficient imposition of sanctions, whether in settled or contested disciplinary proceedings commenced pursuant to s. 20 or s. 24 of MFDA By-law No. 1.

20. The Sanction Guidelines state that they are "... intended to promote consistency, fairness and transparency by providing a framework of applicable regulatory principles to guide the exercise of discretion in determining sanctions."

21. The Guidelines are not mandatory. They specifically articulate that the determination of the appropriate sanction in any given case is discretionary: "... depends on the facts of a particular case and the circumstances of the conduct."

22. The Guidelines stress that when exercising their judgment and discretion to determine appropriate sanctions, Hearing Panels should always consider the appropriate aggravating and mitigating factors of each case.

23. In this regard, the Guidelines list a non-exhaustive series of key factors upon which such discretion may be exercised.

24. Those key factors include:

- a) general and specific deterrence;
- b) public confidence;
- c) the seriousness of the allegations proved against the Respondent;
- d) whether the Respondent recognizes the seriousness of the misconduct;
- e) any benefits the Respondent received as a result of the misconduct;
- f) any harm suffered by investors as a result of the Respondent's misconduct;
- g) the Respondent's past conduct, including prior sanctions;
- h) the Respondent's assistance to the MFDA; and
- i) previous decisions made in similar circumstances.

Enhanced Penalties

25. In this matter, Staff submitted that there is an additional consideration for the Hearing Panel to take into account. In MFDA Bulletin #0661-E, dated October 2, 2015, Staff reminded Members and Approved Persons that "Signature Falsification" is not permissible under the MFDA Rules. That term includes conduct such as pre-signed account forms, altered account forms and the falsification of a client's signature. In the Bulletin, Staff advised both Members and Approved

Persons that it would be seeking enhanced penalties at MFDA disciplinary proceedings for such conduct that occurred after the publication of the October 2, 2015 Bulletin.

Application of the Above Factors in the Present Case

Nature of the Misconduct: Pre-Signed, Altered and Falsified Account Forms

26. The Respondent's misconduct in this case was serious: she obtained and possessed 2 pre-signed forms; altered 13 forms; and falsified 1 form.

27. MFDA Rule 2.1.1 sets out the standard of conduct to be followed by all Approved Persons.

28. The Rule requires that each Member and Approved Person deal fairly, honestly, and in good faith with clients, observe high standards of ethics and conduct in the transaction of business and not engage in any business, conduct or practice which is unbecoming or detrimental to the public interest.

MFDA Rule 2.1.1

29. It is designed to protect the public interest by requiring Approved Persons to adhere to a high standard of ethical conduct. It has been interpreted and applied in a purposive manner in a wide range of circumstances. It has been described as articulating the most fundamental obligations of all registrants in the securities industry.

Breckenridge (Re), supra, at para. 71

Price (Re), MFDA File No. 200814, Hearing Panel of the Central Regional Council, Decision and Reasons dated April 18, 2011, at paras. 118 – 121

30. Since October 31, 2007, the MFDA has made clear to Approved Persons in both MFDA Staff Notices and Bulletins, that possessing and using pre-signed and altered account forms is contrary to the obligations imposed by Rule 2.1.1.

Member Staff Notice 0066: Pre-Signed Forms, dated October 31, 2007 (updated March 4, 2013)

MFDA Bulletin #0661-E: Signature Falsification, dated October 2, 2015

31. The dangers that are posed by obtaining and using pre-signed forms were well described by the MFDA Hearing Panel in *Price (Re)* as follows:

- a) pre-signed forms present a legitimate risk that they may be used by an Approved Person to engage in discretionary trading;
- b) at worst, pre-signed forms create a mechanism for an Approved Person to engage in acts of fraud, theft or other forms of harmful conduct towards a client; and
- c) pre-signed forms subvert the ability of a Member to properly supervise trading activity.

Price (Re), supra, at paras 122-124

32. We agree with Staff's submission that the reasoning in *Price (Re)* is equally applicable to the use of altered account forms with the additional concern that there exists the possibility that changes were made to the forms without the client's knowledge or consent.

33. In this case, the Respondent has admitted to falsifying an account form by using liquid correction fluid to alter information on the account form without having the clients initial the alterations.

34. The Hearing Panel finds this deliberate action to avoid detection of falsification to be a serious breach of Rule 2.1.1, indeed.

Post-Bulletin Misconduct

35. As noted above, the MFDA advised Members and Approved Persons that conduct involving "Signature Falsification" which occurs after the issuance of Bulletin #0661-E on October 2, 2015 will warrant higher penalties. Hearing Panels in several MFDA decisions have considered such conduct to be an aggravating factor.

Owen (Re), MFDA File No. 201784, Hearing Panel of the Prairie Regional Council, Decision and Reasons dated December 7, 2017, at para. 35

Lo (Re), MFDA File No. 201776, Hearing Panel of the Central Regional Council, Decision and Reasons dated February 7, 2018, at paras. 16 and 18

36. In this case, 4 account forms were obtained after the issuance of that Bulletin.

The Respondent's Experience in the Securities Industry

37. The Respondent was registered as a mutual fund dealing representative almost continuously from February 1999 until May 2017 and ought, therefore, to have known that the conduct in question violated the Rules of the MFDA. At the same time, the Panel notes that the Respondent has not previously been the subject of MFDA disciplinary proceedings.

Settlement Agreement, at paras 7 -9

The Respondent's Recognition of the Seriousness of her Misconduct

38. By entering into the Settlement Agreement, the Respondent has accepted responsibility for her misconduct and has saved the MFDA the necessity of incurring the additional time and expense of a full contested hearing.

Client Harm and Benefits Received by the Respondent

39. Staff's investigation did not reveal any evidence of unauthorized trades or client losses. There is no evidence to suggest that the Respondent received a financial or other benefit through her conduct above and beyond any commissions and fees that she would ordinarily have been entitled to receive.

40. The Respondent stated that the account forms that were the subject of the Settlement Agreement were obtained solely for the purpose of client convenience.

Deterrence

41. Staff submitted that a fine of \$13,000 and costs of \$2,500 is a serious penalty which would be sufficient to achieve the goals of specific and general deterrence, having regard to the aggravating factors described above. We agree.

Previous Decisions in Similar Cases

42. Staff cited in support of its submission the following cases:

Case:	Facts:	Penalties:
<i>Aitken (Re)</i>	<ul style="list-style-type: none"> The Respondent cut and pasted a client signature from an account form previously signed by a client onto a new account form, and used the new account form to process a transaction. The Respondent was a branch manager. 	<p>The Hearing Panel approved the following settlement:</p> <ul style="list-style-type: none"> \$4,500 fine 3 month BM prohibition \$2,500 costs
<i>Simard (Re)</i>	<ul style="list-style-type: none"> The Respondent falsified 7 account forms in respect of 5 clients by altering information without having the clients initial the alterations. The Respondent obtained, possessed, and in some instances, used, 21 pre-signed account forms in respect of 15 clients. 4 forms were post-bulletin. 	<p>The Hearing Panel approved the following settlement:</p> <ul style="list-style-type: none"> \$11,000 fine \$2,500 costs
<i>Georgijev (Re)</i>	<ul style="list-style-type: none"> The Respondent falsified 3 account forms by altering information on the forms without having the clients initial the alterations. The Respondent obtained, possessed, and in some cases, used, 24 pre-signed forms in respect of 10 clients. The Member fined the Respondent \$750. 	<p>The Hearing Panel approved the following settlement:</p> <ul style="list-style-type: none"> \$10,000 fine \$2,500 costs
<i>Williams, Todd (Re)</i>	<ul style="list-style-type: none"> The Respondent falsified 1 account form, altered 24 account forms, and obtained and in some cases used, 14 pre-signed forms. Some of the forms were post-bulletin. 	<p>The Hearing Panel approved the following settlement:</p> <ul style="list-style-type: none"> \$12,500 fine \$1,250 costs (\$2,500 jointly with another approved person as part of settlement.)

Aitken (Re), supra

Simard (Re), MFDA File No. 2017123, Hearing Panel of the Prairie Regional Council, Decision and Reasons dated June 5, 2018

Georgijev (Re), MFDA File No. 201721, Hearing Panel of the Central Regional Council, Decision and Reasons dated July 10, 2017

Williams, Todd (Re), MFDA File No. 201864, Hearing Panel of the Prairie Regional Council, Decision and Reasons dated August 30, 2018

Acceptance of the Settlement Agreement

43. Having considered the Settlement Agreement, the relevant law, and the submissions by Staff, both oral and written, the Hearing Panel is prepared to accept the Settlement Agreement.

We find that the penalty set out in the Settlement Agreement is reasonable and proportionate and will foster public confidence in the integrity of the Canadian Markets and the industry as a whole.

44. The Hearing Panel agrees with Staff's submission that the penalty proposed in the Settlement Agreement demonstrates that the Respondent's misconduct is serious and has significant consequences.

45. In finding that the proposed penalty is within the range of appropriateness having regard to similar cases, we note that it is at the higher end of the range which, in light of the fact that it includes post-bulletin conduct, is appropriate.

46. We further agree that the proposed penalty will be sufficient to achieve the goals of specific and general deterrence, preventing others in the Markets from engaging in similar activity.

47. The Hearing Panel thanks Staff for its submission and the Respondent, Ms. Kolendreski for her cooperation in addressing this matter and her participation during the hearing.

DATED this 3rd day of May, 2019.

"Sherri Walsh"

Sherri Walsh
Chair

"Diane Jaspers"

Diane Jaspers
Industry Representative

"James Samanta"

James Samanta
Industry Representative

DM 673713



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: Sandra Lynn Kolendreski

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Sandra Lynn Kolendreski (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 MFDA:

- a) on or about October 3, 2016, the Respondent cut and pasted a client signature from an account form previously signed by a client onto a new account form, and used the new account form to process a transaction, contrary to MFDA Rule 2.1.1;
- b) between March 2011 and June 2016, the Respondent altered 13 account forms in respect of 8 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and
- c) on or about January 15, 2016, the Respondent obtained and possessed 2 pre-signed account forms in respect of 1 client, 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 \$13,000 in certified funds upon acceptance pursuant to s. 24.1.1.(b) of MFDA By-law No. 1;
- b) the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance pursuant to s. 24.2 of MFDA By-law No. 1;
- c) the payment by the Respondent of the Fine and Costs shall be made to and received by MFDA Staff in certified funds as follows:
 - i) \$2,500 (Costs) and \$2,500 (Fine) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - ii) \$5,000 (Fine) on or before the last business day of the 3rd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel; and
 - iii) \$5,500 (Fine) on or before the last business day of the 6th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
- d) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- e) the Respondent will attend in person, 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. From January 2008 to May 2017, the Respondent was registered in Saskatchewan as a mutual fund salesperson (now known as a dealing representative) with Credential Asset Management Inc. (“Credential”), a Member of the MFDA.

8. From February 1999 until November 2007, the Respondent was registered in Saskatchewan as a mutual fund salesperson with TD Investment Services Inc., a Member of the MFDA, and its predecessor, TD Asset Management Inc.

9. On or about May 11, 2017, Credential terminated the Respondent’s registration as a result of the matters which are the subject of this Settlement Agreement.

10. The Respondent is not currently registered in the securities industry in any capacity

11. At all material times, the Respondent conducted business in the Prince Albert, Saskatchewan area.

Cut and Pasted Client Signature

12. At all material times, Credential’s policies and procedures prohibited its Approved Persons, including the Respondent, from using forms that have not been duly executed by the client after information on the form had been properly completed.

13. On or about October 3, 2016, the Respondent cut a client’s signature from an account form previously signed by the client, pasted the client’s signature onto a new account form, and used liquid correction fluid to give the appearance that the cut and pasted signature did not originate from the prior form. The Respondent subsequently used the falsified account form to process a transaction in the client’s account.

Altered Account Forms

14. Between March 2011 and June 2016, the Respondent altered 13 account forms in respect of 8 clients by:

- a) in 2 instances, altering information on the account form without having the clients initial the alterations; and
- b) in 11 instances, using liquid correction fluid to alter information on the account form, without having the clients initial the alterations.

15. The altered account forms consisted of:

- a) 1 direct transfer form;
- b) 2 investment instruction forms;
- c) 3 Know Your Client update forms;
- d) 1 New Account Application Form;
- e) 3 subsequent investment instruction forms;
- f) 1 system plan instruction form; and
- g) 2 transfer authorization forms.

16. The Respondent submitted the altered forms to Credential to process transactions in the clients' accounts.

Pre-Signed Account Forms

17. At all material times, Credential's policies and procedures prohibited its Approved Persons, including the Respondent, from obtaining, holding, or using pre-signed account forms.

18. On or about January 15, 2016, the Respondent obtained and possessed 2 pre-signed subscription forms in respect of 1 client.

Credential's Investigation

19. On or about May 10, 2017, Credential's compliance staff conducted a branch audit of the Respondent's client files and detected the cut and pasted account form as described above. Credential subsequently commenced an investigation and identified the remaining altered and pre-signed account forms that are the subject of this Settlement Agreement.

20. On or about May 11, 2017, Credential terminated the Respondent's registration as a result of the conduct which is the subject of this Settlement Agreement.

21. Between June 2017 and July 2017, Credential sent letters to the clients serviced by the Respondent for whom the cut and pasted, altered, and pre-signed account forms were identified in order to determine if the transactions in the clients' accounts were authorized. No clients reported any concerns.

Additional Factors

22. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above beyond any commissions and fees that she would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

23. There is no evidence of any client loss or that any transactions were unauthorized.

24. The Respondent states that the account forms that are the subject of this Settlement Agreement were obtained for the purpose of client convenience.

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

26. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a full hearing of the allegations.

IV. ADDITIONAL TERMS OF SETTLEMENT

27. 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.

28. 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.

29. 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.

30. 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 waives any 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;
- c) Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts and contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any facts and contraventions that are not set out in this Settlement Agreement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations;
- d) the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of By-law No. 1; and
- e) neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against the Respondent.

31. 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.

32. 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.

33. 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 17th day of December, 2018.

“Sandra Lynn Kolendreski”

Sandra Lynn Kolendreski

“DK”

Witness – Signature

DK

Witness – Print Name

“Shaun Devlin”

Shaun Devlin

Staff of the MFDA

Per: Shaun Devlin

Senior Vice-President,

Member Regulation – Enforcement

Schedule “A”

Order

File No. 201901



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: Sandra Lynn Kolendreski

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 Sandra Lynn Kolendreski (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 the Respondent:

- a) on or about October 3, 2016, cut and pasted a client signature from an account form previously signed by a client onto a new account form, and used the new account form to process a transaction, contrary to MFDA Rule 2.1.1;

- b) between March 2011 and June 2016, altered 13 account forms in respect of 8 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and
- c) on or about January 15, 2016, obtained and possessed 2 pre-signed account forms in respect of 1 client, 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 \$13,000 in certified funds pursuant to s. 24.1.1.(b) of MFDA By-law No. 1;
2. The Respondent shall pay costs in the amount of \$2,500 in certified funds pursuant to s. 24.2 of MFDA By-law No. 1;
3. The payment by the Respondent of the Fine and Costs shall be made to and received by MFDA Staff in certified funds as follows:
 - a) \$2,500 (Costs) and \$2,500 (Fine) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - b) \$5,000 (Fine) on or before the last business day of the 3rd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel; and
 - c) \$5,500 (Fine) on or before the last business day of the 6th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
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]