



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: Laura Caitlin Kowall

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and Laura Caitlin Kowall (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) between February 2018 and September 2019, the Respondent altered and in some cases, used to process transactions, 18 account forms in respect of 15 clients by

altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and

- b) between January 2017 and January 2019, the Respondent obtained, possessed, and used to process transactions, 8 pre-signed account forms in respect of 5 clients, 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 \$17,500 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 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;
- c) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- d) the Respondent will attend in person or via video-conference, 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. Commencing in February 2018, the Respondent was registered in Manitoba as a dealing representative with Investia Financial Services Inc. (the “Member”), a Member of the MFDA.

8. At all material times, the Respondent worked as a licensed assistant for Approved Person RW.

9. At all material times, the Respondent conducted business in the Winnipeg, Manitoba area.

Altered Account Forms

10. Between February 2018 and September 2019, the Respondent altered, and in 17 instances, used 18 account forms in respect of 15 clients by altering information on the account forms without

having the clients initial the alterations. In some instances, the Respondent used liquid correction fluid to alter information on the account forms.

11. The altered account forms consisted of:

- a) 1 transfer form;
- b) 2 investment application forms;
- c) 10 order instruction forms;
- d) 2 systematic instruction forms;
- e) 1 trade ticket; and
- f) 2 transfer authorization forms.

12. The alterations the Respondent made to the account forms included alterations to dates, amounts, fund names and codes, and clients' net worth.

13. There is no evidence of any client loss, complaints, or that any transactions in relation to the altered account forms were unauthorized.

Pre-Signed Account Forms

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

15. Between January 2017 and January 2019, the Respondent obtained, possessed, and used to process transactions, 8 pre-signed account forms in respect of 5 clients.

16. The pre-signed account forms consisted of:

- a) 2 investment application forms;
- b) 1 order instruction form; and
- c) 5 trade tickets.

17. There is no evidence of any client loss, complaints, or that any transactions were unauthorized with respect to the pre-signed account forms.

The Member's Investigation

18. In September 2019, during the course of a full review of client files maintained by the Respondent and Approved Person RW, the Member identified the altered and pre-signed account forms that are the subject of this Settlement Agreement.

19. On or about January 10, 2020, the Member sent letters to all clients whose accounts the Respondent and Approved Person RW serviced, along with a three-year transaction history, in order to determine whether the transactions in the clients' accounts were authorized. Where the Member identified pre-signed or altered account forms containing Know-Your-Client ("KYC") information, the Member sent clients letters that included the clients' KYC information in order to determine whether the KYC information was accurate. No clients reported any concerns in response to the Member's letters.

20. On or about March 18, 2020, the Member issued a warning letter to the Respondent.

Additional Factors

21. 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.

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

23. 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

24. 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.

25. 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.

26. 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.

27. 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.

28. 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.

29. 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.

30. 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 5th day of December, 2022.

“Laura Caitlin Kowall”

Laura Caitlin Kowall

“AS”

Witness – Signature

AS

Witness – Print name

“Charles Toth”

Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement



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Re: Laura Caitlin Kowall

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 MFDA By-law No. 1 in respect of Laura Caitlin Kowall (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 MFDA By-law No. 1;

AND WHEREAS based upon the admissions of the Respondent, the Hearing Panel is of the opinion that:

- a) between February 2018 and September 2019, she altered and in some cases, used to process transactions, 18 account forms in respect of 15 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and
- b) between January 2017 and January 2019, she obtained, possessed, and used to process transactions, 8 pre-signed account forms in respect of 5 clients, 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 \$17,500 in certified funds upon acceptance of the Settlement Agreement, 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 upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;
3. The Respondent shall in the future comply with MFDA Rule 2.1.1; and
4. 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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