



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: Angie Sau Chu Lau

Heard: December 10, 2013 in Toronto, Ontario
Reasons for Decision: January 16, 2014

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Paul M. Moore, Q.C.	Chair
Linda J. Anderson	Industry Representative
Glenda Towle	Industry Representative

Appearances:

David Halasz)	Senior Enforcement Counsel, Mutual Fund
)	Dealers Association of Canada
)	
Angie Sau Chu Lau)	Respondent, Self-represented
(via teleconference))	
)	

INTRODUCTION

Notice of Settlement Hearing

1. By Notice of Settlement Hearing dated November 21, 2013, a hearing panel of the Central Regional Council of the Mutual Fund Dealers Association of Canada (the "MFDA") was convened to consider whether, pursuant to section 24.4 of By-law No. 1 of the MFDA, the panel should accept a settlement agreement, dated November 19, 2013, entered into by the staff of the MFDA ("Staff") and the respondent, Angie Sau Chu Lau (the "Respondent").

In Camera

2. At the outset of the proceedings, we considered a joint motion by Staff and the Respondent to move the proceedings *in camera*. We granted that motion.

The Allegation

3. The subject matter of the proposed settlement agreement concerns matters for which the Respondent may be disciplined as an Approved Person of the MFDA, pursuant to ss. 20 and 24.1.1 of MFDA By-law No. 1. The settlement agreement concerns allegations that, on or about October 6, 2011, the Respondent paid compensation directly to a client to settle the client's complaint without obtaining the prior written consent of the Member, contrary to MFDA Policy No. 3 and MFDA Rule 2.1.1(a).

Approval of the Settlement Agreement

4. We heard submissions from Staff and the Respondent concerning the facts of this matter and as to why this particular settlement agreement should be accepted by the panel. After deliberation we unanimously concluded that it was appropriate to accept the settlement agreement.

FACTS

5. The Respondent has been registered in the mutual fund industry for approximately ten years with HSBC Investment Funds (Canada) Inc., a Member of the MFDA (the “Member”). Her registration was terminated by the Member in 2012 on account of the matters at issue in this proceeding.

6. This matter arose because a client came forward with a complaint to the Member that the client had incurred a \$2,000 market loss that she felt was unjustified, given what she claimed the Respondent had advised her. The Respondent advised the Member that she had resolved the issue with the client by clarifying a misunderstanding that the client had with respect to the market loss that she was complaining about. That is not what happened. In reality, the Respondent had compensated or repaid the client for her market loss in the amount of \$2,000.

7. One year later, the matter came to light again. The Member confronted the Respondent who admitted at that point that she had made the payment to the client. No further client complaints were received in addition to the one in this matter.

8. The Respondent admitted that she paid compensation directly to the client to settle the client's complaint without obtaining the prior written consent of the Member, contrary to MFDA Policy No. 3 and MFDA Rule 2.1.1 (a).

Penalty

9. The Respondent agreed to pay a fine to the MFDA of \$2,500, to pay costs of \$2,500, and in the future to comply with Policy No. 3 and MFDA Rule 2.1.1 (a), being the rule and policy that were contravened by her conduct

REASONS FOR APPROVAL

10. The Respondent cooperated with Staff during this investigation and this hearing. She admitted to the wrongdoing. She accepted responsibility for her conduct. She has been in the industry for ten years and has no prior disciplinary history with the MFDA. She was terminated

by the Member for her conduct in this case, and that is a serious consequence for what she did. There was no evidence of client harm. Neither Staff nor the Member have received any other client complaints in relation to the Respondent's conduct.

11. The penalty is less than the amount suggested in the MFDA penalty guidelines (a \$5,000 fine minimum).

12. In the MFDA case of *Hayat, Re*, [2013] File No. 201210, the Respondent in that case reimbursed a modest amount, \$353, on account of accrued interest on the client's RSP loan, which the client was complaining about, without obtaining the member's consent to do so. However there was additional misconduct in that case involving falsification of client signatures. That accounts for the steeper penalty in that case: a 12-month suspension, a \$7,500 fine, and \$5,000 in costs. Furthermore, that case was not a settlement; and the respondent was not in attendance at the hearing.

13. The MFDA case of *Chen (Re)*, [2011] File No. 201006, a settlement hearing, involved a repayment to clients of \$1,400. There were also 27 instances of discretionary trading. Therefore, that case was graver in terms of the types of misconduct. In *Chen*, the hearing panel accepted a settlement providing for a \$18,000 fine, \$5,000 in costs, and the completion by the respondent of an industry course.

14. We were not presented with any case, nor are we aware of one that is directly similar to the case before us. We determined that a lesser amount than the guideline minimum would be appropriate in this case. The Respondent has already repaid the client \$2,000 for the market loss. Therefore, in total, she will have paid and/or suffered financial payments, including costs and fines, of more than \$5,000. In addition, the Respondent was terminated by the Member.

15. In summary, we determined that there was a violation of the rules, that the penalty proposed was appropriate and reasonable, taking all things into account, and that it was in the public interest for us to approve the settlement agreement.

16. After accepting the settlement agreement we rescinded the *in camera* order and signed the order as prepared and presented by enforcement counsel. We advised enforcement counsel and the respondent that we would prepare brief reasons for our approval of the settlement agreement which are set forth herein.

DATED this 16th day of January, 2014.

“Paul M. Moore”

Paul M. Moore, Q.C.,
Chair

“Linda J. Anderson”

Linda J. Anderson,
Industry Representative

“Glenda Towle”

Glenda Towle,
Industry Representative

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