



**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: Robert Earl Ledingham**

Heard: November 30, 2021 by electronic hearing in Toronto, Ontario

Decision: November 30, 2021

Reasons for Decision: January 10, 2022

**REASONS FOR DECISION**

Hearing Panel of the Central Regional Council:

Emily Cole

Linda J. Anderson

Colleen Waring

Chair

Industry Representative

Industry Representative

Appearances:

Michael Mantle

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Enforcement Counsel for the Mutual Fund

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Dealers Association of Canada

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Ashley Thomassen

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Counsel for Respondent

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Robert Earl Ledingham

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Respondent

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## **I. INTRODUCTION**

1. This was a hearing pursuant to section 24.4 of By-Law No.1 of the Mutual Fund Dealers Association of Canada (“MFDA”) to consider a settlement agreement dated November 10, 2021 (“Settlement Agreement”) between staff of the MFDA (“Staff”) and Robert Earl Ledingham (the “Respondent”).

2. After reviewing the Settlement Agreement and the material filed by Staff and hearing submissions from counsel for Staff and counsel for the Respondent, the Hearing Panel accepted the Settlement Agreement attached as Schedule “1”, and signed an order reflecting our approval. These are the reasons for our decision.

## **II. CONTRAVENTIONS**

3. Based on the Agreed Facts set out below the Respondent admits that:

- a) between July 28, 2014, and January 15, 2019, the Respondent photocopied signature pages from account forms that had been signed by clients and re-used the signature pages to complete eight additional forms in respect of three clients, contrary to MFDA Rule 2.1.1;
- b) between April 26, 2012, and January 15, 2019, the Respondent altered and used to process transactions 57 account forms in respect of 37 clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and
- c) between May 9, 2012, and March 11, 2019, the Respondent obtained, possessed, and in some instances used to process transactions, 67 pre-signed account forms in respect of 43 clients, contrary to MFDA Rule 2.1.1.

## **III. PROPOSED SANCTIONS**

4. Staff and the Respondent agree and consent to the following proposed sanctions:

- a) the Respondent shall be suspended for a period of one month from conducting securities related business in any capacity while in the employ of or associated with a Member of the MFDA commencing upon the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1(c) of By-law No.1;

- b) the Respondent shall pay a fine in the amount of \$21,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
- c) 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; and
- d) the Respondent shall in the future comply with MFDA Rule 2.1.1.

#### **IV. AGREED FACTS**

##### **Registration History**

5. Since June 1999, the Respondent has been registered in Ontario as a Dealing Representative with Sun Life Financial Investment Services (Canada) Inc. (the “Member”), a Member of the MFDA.

6. At all material times, the Respondent conducted business in the Welland, Ontario area.

7. The Agreed Facts are set out in detail in paragraphs 7 to 29 of the Settlement Agreement. Briefly, the Respondent photocopied and reused three client signatures pages to complete eight additional forms. He also altered information on 57 account forms without having 37 clients initial the alterations and then used those forms to process transactions. In addition, the Respondent obtained, possessed and, in some instances, used to process, 67 pre-signed account forms in respect 43 clients.

8. Further Agreed Facts will be discussed in our analysis below.

#### **V. ANALYSIS**

##### **Jurisdiction of the Hearing Panel**

9. A Hearing Panel is authorized to either accept or reject a settlement agreement.

Section 24.4.3 of MFDA By-law No. 1

10. The role of a Hearing Panel in reviewing a settlement agreement is to determine whether the proposed penalties agreed to by Staff and the Respondent fall within a reasonable range of appropriateness – not to determine what is, in its view, the correct penalty. A Hearing 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.”

*Milewski (Re)*, [1999] I.D.A.C.D. No. 17

*Sterling Mutuals Inc. (Re)*, 2008 LNCMFDA 16 at para 37

11. Settlements are to be encouraged. They make a significant contribution to meeting the MFDA’s primary objective of investor protection by providing a practical and efficient way of addressing misconduct in the securities industry. Where the Respondent takes responsibility and admits his misconduct and the parties can agree upon appropriate sanctions, settlements can save time and conserve the regulator’s limited resources. Settlements also provide certainty and are likely to result in greater compliance with the sanctions imposed.

*British Columbia (Securities Commission v. Seifert)*, [2006] B.C.J. No 225 at paras. 48-49 (S.C.), aff’d [2007] B.C.J. No 2186 at para. 31 (C.A.)

### The Seriousness of the Misconduct

12. The Respondent’s misconduct is serious because of the nature of the misconduct, the lengthy period the Respondent engaged in the misconduct and the type of forms involved.

13. The Respondent admitted to three contraventions involving reusing client signatures, altering account forms and pre-signing account forms. While there was no client harm, photocopying and reusing signature pages, altering account forms without the client initialing them and pre-signing forms are all a form of forgery.

14. The Hearing Panel is concerned that the Respondent engaged in this misconduct for seven years. We inferred that this was simply the way the Respondent conducted business. In our view, the way the Respondent conducted business is a callous disregard of MFDA Rules. The Respondent’s misconduct was also contrary to his Dealer’s policies and procedures.

15. The Respondent’s practice of photocopying and reusing signature pages, altering account forms without the client initialing them and pre-signing forms adversely affects the integrity and reliability of account documents, destroys the audit trail, and prevents the Member from effectively supervising its Dealing Representatives and protecting clients and has the potential for misuse in the form of unauthorized trading, fraud, and misappropriation and as such are a serious breach of the standard of conduct expected of a Member under Rule 2.1.1.

16. Some of the forms that the Respondent forged were of particular concern to the Hearing Panel including Know Your Client Update forms (“KYC Update forms”).

17. The Respondent photocopied and reused signature pages on three KYC Update forms. He also altered information on 16 KYC Update forms and pre-signed 18 KYC Update forms.

18. KYC forms are an essential tool to protect investors by ensuring any advice they receive or products they invest in are suitable for them. Updating KYCs with clients to reflect any changes in their circumstances that could impact their financial goals and risk tolerance is as important as completing the original KYC.

19. The Hearing Panel was also concerned that the Respondent altered five and pre-signed eight limited trade authorization (“LTA”) forms.

20. The purpose of an LTA is to facilitate a trade without written instructions from a client. Normally, a Dealing Representative is required to obtain a client’s signature on trade instructions before a mutual fund company can complete a transaction. By signing an LTA, a client authorizes a Member to execute a trade without his or her signed written instructions to the mutual fund company. LTA’s permit Dealing Representatives to obtain oral instructions from a client in person or by telephone before placing a trade. Dealing Representatives must take specific notes as set out in MFDA MSN-0035 Recording and Maintaining Evidence of Client Trading Instructions.

MFDA Staff Notice MSN-0042, June 16, 2005

21. It is critical that Dealing Representatives discuss and complete these forms with their clients to ensure the LTA accurately reflects the client’s authorization. By altering and pre-signing LTA forms, the Respondent compromised the integrity of those forms.

22. The Hearing Panel also considered the aggravating factor that the Respondent’s misconduct continued for several years post MFDA Bulletins warning against it.

MFDA Staff Bulletin 0661-E, October 6, 2015

### **Mitigating Factors**

23. The Hearing Panel considered the following mitigating factors:

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

- b) There is no evidence that the Respondent received any financial benefit from the conduct set out above beyond the commissions or fees he would ordinarily be entitled to receive had the transactions been conducted in the proper manner.
- c) The Respondent paid the Member \$8,400 for costs related to the Member's close supervision and enhanced supervision of the Respondent.
- d) The Respondent has not previously been the subject of MFDA disciplinary proceedings.
- e) By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a full hearing on the allegations.

### Costs

24. The costs award is appropriate and consistent with previous MFDA decisions.

## **VI. CONCLUSION**

25. We are satisfied that the proposed sanctions, including the one-month suspension of the Respondent's authority to conduct securities related business in any capacity while in the employ of or associated with a Member of the MFDA, the \$21,000 fine and \$2,500 costs will serve as specific deterrence to the Respondent, Robert Ledingham, and general deterrence to others in the industry who may contemplate engaging in similar misconduct in the future.

26. Staff provided seven MFDA decisions which addressed similar misconduct including *Hare (Re)*, [2021] Hearing Panel of the Central Regional Council, MFDA File No. 202141, Panel Decision dated September 17, 2021, *Owen (Re)*, [2017] Hearing Panel of the Prairie Regional Council, MFDA File No. 201784, Panel Decision dated December 7, 2017, *Williams (Re)*, [2018] Hearing Panel of the Prairie Regional Council, MFDA File No. 201864, Panel Decision dated August 30, 2018.

27. Based on a review of these cases and taking into consideration the factors discussed above, we are satisfied the proposed sanctions fall within a reasonable range of appropriateness.

28. We therefore accepted the Settlement Agreement and made an order reflecting the agreed upon sanctions against the Respondent, Robert Ledingham.

**DATED** this 10<sup>th</sup> day of January, 2022.

“Emily Cole”

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Emily Cole  
Chair

“Linda J. Anderson”

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Linda J. Anderson  
Industry Representative

“Colleen Waring”

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Colleen Waring  
Industry Representative



**Mutual Fund Dealers Association of Canada**  
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**IN THE MATTER OF A SETTLEMENT HEARING  
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF  
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**Re: Robert Earl Ledingham**

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**SETTLEMENT AGREEMENT**

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**I. INTRODUCTION**

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Robert Earl Ledingham (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 Mutual Fund Dealers Association of Canada (“MFDA”):
  - a) between July 28, 2014 and January 15, 2019, the Respondent photocopied signature pages from account forms that had been signed by clients and re-used the signature

pages to complete 8 additional forms in respect of 3 clients, contrary to MFDA Rule 2.1.1;

- b) between April 26, 2012 and January 15, 2019, the Respondent altered and used to process transactions 57 account forms in respect of 37 clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and
- c) between May 9, 2012 and March 11, 2019, the Respondent obtained, possessed, and in some instances used to process transactions, 67 pre-signed account forms in respect of 43 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 be suspended for a period of 1 month from conducting securities related business in any capacity while in the employ of or associated with a Member of the MFDA commencing upon the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1(c) of By-law No.1;
- b) the Respondent shall pay a fine in the amount of \$21,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
- c) 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;
- d) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- e) the Respondent will attend by videoconference, 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. Since June 1999, the Respondent has been registered in Ontario as a Dealing Representative with Sun Life Financial Investment Services (Canada) Inc. (the “Member”), a Member of the MFDA.

8. At all material times, the Respondent conducted business in the Welland, Ontario area.

### **Re-Used Client Signatures**

9. At all material times, the Member's policies and procedures prohibited Approved Persons from photocopying a document to re-use a client's signature.

10. Between July 28, 2014 and January 15, 2019, the Respondent photocopied signature pages from account forms that had been signed by clients and re-used the signature pages to complete 8 additional forms in respect of 3 clients.

11. The Respondent submitted all of the account forms to the Member for processing.

12. The account forms consisted of 4 Transfer Authorization forms, 3 Know Your Client ("KYC") Update forms, and 1 Pre-Authorized Chequing form.

### **Altered Account Forms**

13. At all material times, the Member's policies and procedures prohibited Approved Persons from altering or correcting any information on a signed document, without having the client initial the document to show that the change was approved.

14. Between April 26, 2012 and January 15, 2019, the Respondent altered and used to process transactions 57 account forms in respect of 37 clients by altering information on the account forms without having the client initial the alterations.

15. The account forms consisted of:

- a) 16 KYC Update forms;
- b) 8 Account Application forms;
- c) 15 Registered Education Savings Plan ("RESP") Educational Assistance Payment forms;
- d) 5 Order Instruction forms;
- e) 1 FSCO Financial Hardship Application form;
- f) 1 Signature Form for Electronic Application;
- g) 5 Limited Trade Authorization ("LTA") forms;
- h) 5 Transfer Authorization forms; and
- i) 1 Pre-Authorized Chequing form.

16. The Respondent altered fund names, amounts, clients' signature dates, and clients' banking information on the account forms.

### **Pre-signed Account Forms**

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

18. Between May 9, 2012 and March 11, 2019, the Respondent obtained, possessed, and in some instances used to process transactions, 67 pre-signed account forms in respect of 43 clients.

19. The account forms consisted of:

- a) 18 KYC Update forms;
- b) 1 Nominee Account Application form;
- c) 1 FSCO Financial Hardship Application form;
- d) 1 RESP Transfer form;
- e) 7 Pre-Authorized Chequing forms;
- f) 10 Account Application forms;
- g) 5 Transfer Authorization forms;
- h) 4 Order Instruction forms;
- i) 8 LTA forms;
- j) 2 Appointment of Beneficiary forms;
- k) 2 CRA Direct Transfer forms;
- l) 7 RESP Educational Assistance Payment forms; and
- m) 1 Tax Free Savings Account ("TFSA") Signature form.

### **The Member's Investigation**

20. On May 27, 2019, during the course of a branch audit, the Member identified several of the account forms that are described in this Settlement Agreement. On June 17 and 18, 2019, the Member completed a full review of the client files serviced by the Respondent and discovered the remaining account forms.

21. The Member commenced an investigation into the Respondent's conduct which included sending letters to clients that provided a copy of the client's KYC information on record and asked the clients to review the KYC information to ensure that it was recorded accurately on the dates

collected and that it remained accurate for each account. In respect of other types of account forms identified by the Member, the Member issued letters to clients asking them to review their account history and requested that the clients confirm they were aware of and authorized each transaction within their accounts. No clients raised any concerns in response to the Member's letters.

22. On June 24, 2019, the Member placed the Respondent on enhanced and close supervision.

23. On December 10, 2019, the Member issued the Respondent a Warning Letter in respect of the account forms described above.

24. The Respondent completed his enhanced supervision and close supervision on January 10, 2020, and July 8, 2020, respectively.

25. The Respondent paid the Member \$8,400 for costs related to the Member's close supervision and enhanced supervision of the Respondent.

#### **Additional Factors**

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

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

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

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

#### **IV. ADDITIONAL TERMS OF SETTLEMENT**

30. 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.

31. 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](http://www.mfda.ca).

32. 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.

33. 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 agrees to waive any rights to a full hearing, a review hearing or appeal 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.

34. 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.

35. 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.

36. 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 10<sup>th</sup> day of November, 2021.

“Robert Earl Ledingham”

\_\_\_\_\_  
Robert Earl Ledingham

“AL”

\_\_\_\_\_  
Witness – Signature

AL

\_\_\_\_\_  
Witness – Print Name

“Charles Toth”

\_\_\_\_\_  
Staff of the MFDA

Per: Charles Toth

Vice-President, 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  
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**Re: Robert Earl Ledingham**

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**ORDER**

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**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 Robert Earl Ledingham (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** the Hearing Panel is of the opinion that:

- a) between July 28, 2014 and January 15, 2019, the Respondent photocopied signature pages from account forms that had been signed by clients and re-used the signature pages to complete 8 additional forms in respect of 3 clients, contrary to MFDA Rule 2.1.1;
- b) between April 26, 2012 and January 15, 2019, the Respondent altered and used to process transactions 57 account forms in respect of 37 clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and

- c) between May 9, 2012 and March 11, 2019, the Respondent obtained, possessed, and in some instances used to process transactions, 67 pre-signed account forms in respect of 43 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 be suspended for a period of 1 month from conducting securities related business in any capacity while in the employ of or associated with a Member of the MFDA commencing upon the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1(c) of By-law No.1;
2. the Respondent shall pay a fine in the amount of \$21,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
3. 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;
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]