



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A DISCIPLINARY HEARING
PURSUANT TO SECTIONS 20 AND 24 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Sandra Levine

Heard: March 8, 2013 in Toronto, Ontario
Reasons for Decision: April 9, 2013

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

| | |
|--------------------------------|-------------------------|
| The Hon. Edward Saunders, Q.C. | Chair |
| Teri L. Ryan, CIM | Industry Representative |
| Paul M. Moore, Q.C. | Industry Representative |

Appearances:

| | | |
|---------------|---|---|
| David Halasz |) | Counsel, Mutual Fund Dealers Association of |
| |) | Canada (“MFDA”) |
| Sandra Levine |) | Did not appear |
| |) | |
| |) | |

1. By Notice of Hearing dated August 3, 2012 (Exhibit 1), MFDA alleged the following violations of the Rules of the MFDA on the part of Sandra Levine (the “Respondent”):

Allegation #1: Between November 23, 2006 and January 5, 2010, the Respondent deposited in her personal bank account 45 cheques worth a total of \$52,300 drawn on the bank account of client HD and made payable to the Respondent personally and used the monies for her benefit, thereby engaging in personal financial dealings with a client which gave rise to a conflict or potential conflict of interest between the interests of the Respondent and the interests of client HD, which the Respondent failed to ensure was addressed by the exercise of responsible business judgment influenced only by the best interests of client HD, contrary to MFDA Rules 2.1.4 and 2.1.1.

Allegation #2: Between November 23, 2006 and January 5, 2010, the Respondent falsified the signature of client HD on at least 11 cheques drawn on client HD’s personal bank account and made payable to the Respondent personally, which the Respondent then deposited in her personal bank account, thereby failing to observe high standards of ethics and conduct in the transaction of business, contrary to MFDA Rule 2.1.1.

Allegation #3: On June 18, 2008, the Respondent became designated as a beneficiary to a client HD’s segregated fund account with the Respondent’s knowledge and approval, thereby giving rise to a conflict or potential conflict of interest between the interests of client HD and the interests of the Respondent which the Respondent failed to ensure was addressed by the exercise of responsible business judgment influenced only by the best interests of client HD, contrary to MFDA Rules 2.1.4 and 2.1.1.

Allegation #4: Commencing on November 23, 2006, the Respondent failed to comply with the policies and procedures of the Member in respect of conflicts of interest by depositing in her personal bank account cheques worth a total of \$53,200 drawn on the bank account of client HD and knowingly becoming a beneficiary to client HD’s segregated fund account, thereby interfering the ability of the Member to supervise the Respondent and to comply with its obligations under MFDA Rule 2.1.4, contrary to MFDA Rules 1.1.2 and 2.5.1, and MFDA Rule 2.1.1.

2. The Respondent, through her counsel, furnished a reply dated September 14, 2012 (Exhibit 2). Counsel attended the first appearance and subsequently withdrew from the matter. MFDA counsel advised the panel that the Respondent was aware of the hearing date. She did not attend and no one appeared to represent her.

3. The evidence in support of the allegations is contained in the affidavit of John James Gallimore sworn March 1, 2013 (Exhibit 3).

4. The allegations are based on dealings between the Respondent and her client, HD. HD is said to be presently in his 88th year, is not in good health, and has a problem of short-term memory loss.

5. The alleged violations are based on two circumstances:

(a) Beginning on November 23, 2006, and continuing until January 5, 2010, the Respondent deposited in her personal bank account a total of 45 cheques in the total amount of \$52,300 (the "Cheques") drawn on client HD's bank account and payable to her personally. At least 11 of the 45 Cheques were signed by the Respondent using HD's name. The Respondent says she was authorized by HD to sign the Cheques. She also says that the Cheques were gifts or reimbursement of expenses she had incurred on behalf of HD. The Gallimore affidavit indicates that in the ledger of HD, some of the Cheques were intended for investment purposes. However, counsel for the MFDA made clear that the MFDA was not alleging fraud on the part of the Respondent.

(b) Prior to June 18, 2008, client HD's three daughters were designated as the sole beneficiaries of client HD's London Life segregated fund account. On June 18, 2008, the Respondent completed a designation of beneficiary form which added the Respondent as a partial beneficiary entitled to 19% of any distribution. The Respondent did not disclose to the Member or to London Life that she had been added as beneficiary. On March 8, 2010 following intervention by the family of HD, the Respondent took steps to remove herself as a beneficiary of the trust fund.

6. The Respondent admits that she deposited the Cheques and that she arranged to be added as a beneficiary to the trust fund. She said she was unaware that her conduct violated the Rules

of the MFDA. That is no excuse. Mutual fund salespersons are required to be familiar with and adhere to the Rules of the MFDA.

7. The admitted conduct supports the violations as set out in allegations 1-4. Accordingly, we find that the Respondent committed the violations as alleged.

8. The Respondent is 75 years of age, is no longer a registrant, and indicated that she does not intend to continue in the industry.

9. The MFDA submits that the following penalties and costs be imposed on the Respondent:

(a) a permanent prohibition on the Respondent's authority to conduct securities related business while in the employ of, or associated with, any MFDA Member;

(b) payment of a fine in the amount of \$25,000; and

(c) payment of costs in the amount of \$7,500.

10. The misconduct of the Respondent was a serious breach of her responsibility to her elderly and vulnerable client, HD. On the other hand, the Respondent has a clean disciplinary record prior to this case and an investigation has revealed no complaints from other clients. HD has been fully compensated for the \$53,200 wrongfully deposited in the bank account of the Respondent albeit without interest. The Respondent contributed to the compensation through the proceeds of \$45,672.30 from the sale of the Respondent's Book of Business. In view of all the circumstances, including the fact that the Respondent is over 70 years of age and has no intention of returning to the industry, we consider it appropriate to provide for a permanent prohibition as requested by the MFDA. Under the guidelines, the suggested fine is in the minimum range and we consider it reasonable and appropriate in the circumstances. We also consider the amount asked for costs is also reasonable.

11. Accordingly, an order will be issued setting the penalty and costs in the terms submitted by the MDFA.

DATED this 9th day of April , 2013.

“Edward Saunders”

The Hon. Edward Saunders, Q.C.,
Chair

“Teri L. Ryan”

Teri L. Ryan, CIM,
Industry Representative

“Paul M. Moore”

Paul M. Moore, Q.C.,
Industry Representative

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