



**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: Maurice Gary Mailloux**

Heard: July 7, 2022 by electronic hearing in Toronto, Ontario

Decision: July 7, 2022

Reasons for Decision: July 25, 2022

**REASONS FOR DECISION**

Hearing Panel of the Central Regional Council:

Paul M. Moore, Q.C.  
Bianca Dupuis  
Jeff Page

Chair  
Industry Representative  
Industry Representative

Appearances:

|                       |   |   |
|-----------------------|---|---|
| Julie Grajales        | ) | Enforcement Counsel for the Mutual Fund |
|                       | ) | Dealers Association of Canada           |
|                       | ) |   |
| Maurice Gary Mailloux | ) | Respondent                              |
|                       | ) |   |
|                       | ) |   |

## **I. SETTLEMENT AGREEMENT**

1. We accepted the settlement agreement dated April 29, 2022 (“Settlement Agreement”) between the staff of the MFDA (“Staff”) and Maurice Gary Mailloux (“Respondent”) at an electronic settlement hearing held in accordance with MFDA rules for an electronic hearing.
2. A copy of the Settlement Agreement is attached to these Reasons as Schedule “1”. The agreed facts are set out in Part IV of the Settlement Agreement.

## **II. CONTRAVENTIONS**

3. The Respondent admits that between October 13, 2015 and October 2019, the Respondent obtained, possessed, and in some instances used to process transactions, 27 pre-signed account forms in respect of 8 clients, contrary to MFDA Rule 2.1.1.

## **III. PROPOSED SANCTION**

4. The Settlement Agreement provides that:
  - a) the Respondent shall pay a fine of \$15,000;
  - b) the Respondent shall pay costs of \$5,000; and
  - c) the Respondent shall in the future comply with MFDA Rule 2.1.1.

## **IV. CONSIDERATIONS**

5. We determined that we had to be satisfied regarding three considerations before we could accept the Settlement Agreement. First, the agreed penalty had to be within an acceptable range taking into account similar cases. Secondly, the agreed penalty had to be fair and reasonable (i.e. proportional to the seriousness of the contraventions taking into consideration relevant circumstances) and should appear to be so to members of the public and industry. Thirdly, the agreed penalty should serve as a deterrent to the Respondent and to industry. To be satisfied on these three considerations required an understanding of the particular facts of the case, the circumstances of the Respondent, and the impact on the Respondent of the agreed penalty.

## **V. MISCONDUCT**

6. The Respondent’s conduct was in violation of the standard of conduct codified by MFDA in Rule 2.1.1. This rule requires that Members and Approved Persons deal fairly, honestly, and in good faith with clients; observe high standards of ethics and conduct in the transaction of business;

and refrain from engaging in any business conduct or practice which is unbecoming or detrimental to the public interest. A multitude of MFDA disciplinary cases have found conduct similar to that of the Respondent in our case to be a contravention of MFDA Rule 2.1.1.

## **VI. OTHER CONSIDERATIONS**

7. On November 15, 2019, the Member placed the Respondent on close supervision. The Respondent completed his close supervision on November 15, 2020, and paid the Member \$2,400 in close supervision fees.

8. There was no evidence that the Respondent received any 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.

9. There was no evidence of client complaints, client loss or lack of client authorization.

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

11. 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.

12. The agreed penalties are within the recommendations of the MFDA Sanction Guidelines and the reasonable range of appropriateness with regard to MFDA decisions submitted to us by Staff, made by MFDA Hearing Panels in similar circumstances. They are fair and reasonable and will serve as a specific and general deterrent.

## **VII. COSTS**

13. The costs award is reasonable.

## **VIII. CONCLUSION**

14. We concluded that the Settlement Agreement was in the public interest and, consequently, we accepted it.

**DATED** this 25<sup>th</sup> day of July, 2022.

“Paul M. Moore”

---

Paul M. Moore, Q.C.  
Chair

“Bianca Dupuis”

---

Bianca Dupuis  
Industry Representative

“Jeff Page”

---

Jeff Page  
Industry Representative



**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: Maurice Gary Mailloux**

---

**SETTLEMENT AGREEMENT**

---

**I. INTRODUCTION**

1. The Mutual Fund Dealers Association of Canada (the "MFDA") will announce that it proposes to hold a hearing (the "Settlement Hearing") to consider whether, pursuant to section 24.4 of MFDA By-law No. 1, a hearing panel of the Central Regional Council (the "Hearing Panel") of the MFDA should accept the settlement agreement (the "Settlement Agreement") entered into between Staff of the MFDA ("Staff") and the Respondent, Maurice Gary Mailloux (the "Respondent").

2. Staff and the Respondent, consent and agree to the terms of this Settlement Agreement.

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

**II. CONTRAVENTIONS**

4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the MFDA:

Between October 13, 2015 and October 2019, the Respondent obtained, possessed, and in some instances used to process transactions, 27 pre-signed account forms in respect of 8 clients, contrary to MFDA Rule 2.1.1.

### **III. TERMS OF SETTLEMENT**

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 \$15,000 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 \$5,000 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 Rule 2.1.1; and
- d) the Respondent shall 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 this Settlement Agreement herein and consent to the making of an Order in the form attached as Schedule "A".

### **IV. AGREED FACTS**

#### **Registration History**

7. Since July 23, 1997, the Respondent has been registered in Ontario as a dealing representative with Quadrus Investment Services Ltd. (the "Member"), a Member of the MFDA.

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

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

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

10. Between October 13, 2015 and October 2019, the Respondent obtained, possessed, and in some instances used to process transactions, 27 pre-signed switch forms in respect of 8 clients.

## **The Member's Investigation**

11. On or around September 17, 2019, the Respondent contacted the Member and advised that his licensed assistant had been creating, maintaining and/or altering account forms.

12. Subsequently, in or around October 2019, the Member completed a full review of the client files maintained by the Respondent and discovered pre-signed account forms obtained by the Respondent's licensed assistant, and additional pre-signed account forms that were obtained by the Respondent, as described above.

13. As part of its investigation, starting in November 2021, the Member sent a letter to each client serviced by the Respondent along with the client's portfolio summary in order to determine that the transactions in the portfolio summary were accurate and authorized by the client. No clients reported any concerns to the Member.

14. On November 13, 2019, the Member issued the Respondent a disciplinary letter in respect of the conduct described above.

15. On November 15, 2019, the Member placed the Respondent on close supervision. The Respondent completed his close supervision on November 15, 2020, and paid the Member \$2,400 in close supervision fees.

## **Additional Factors**

16. 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.

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

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

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

## **V. ADDITIONAL TERMS OF SETTLEMENT**

20. 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.

21. The Settlement Agreement is subject to acceptance by the Hearing Panel. 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).

22. 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.

23. 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 at the settlement hearing, subject to rule 15.3 of the MFDA Rules of Procedure;
- 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) except for any proceedings commenced to address an alleged failure to comply with this Settlement Agreement, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any contraventions that are not set out in this Settlement Agreement, whether known or unknown at the time of settlement. 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 section 24.1.2 of MFDA By-law No. 1 for the purpose of giving notice to the public thereof in accordance with section 24.5 of MFDA 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.

24. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under section 24.3 of the By-laws of the MFDA against the Respondent based on, but not limited to, the facts set out in this Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding(s) may be heard and determined by a hearing panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

25. 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 MFDA By-law No. 1, unaffected by the Settlement Agreement or the settlement negotiations.

26. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law. The terms of the Settlement Agreement, including the attached Schedule "A", will be released to the public if and when the Settlement Agreement is accepted by the Hearing Panel.

27. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile or electronic copy of any signature shall be as effective as an original signature.

**DATED** this 29<sup>th</sup> day of April, 2022.

“Maurice Mailloux”

\_\_\_\_\_  
Maurice Mailloux

“MB”

\_\_\_\_\_  
Witness – Signature

MB

\_\_\_\_\_  
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  
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**Re: Maurice Gary Mailloux**

---

**ORDER**

---

**WHEREAS** on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") provided notice to the public of a Settlement Hearing in respect of Maurice Gary Mailloux (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 between October 13, 2015 and October 2019, the Respondent obtained, possessed, and in some instances used to process transactions, 27 pre-signed account forms in respect of 8 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 \$15,000 upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1.

2. Respondent shall pay costs in the amount of \$5,000 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 Rule 2.1.1.
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], 2022.

---

Name,  
Chair

---

Name,  
Industry Representative

---

Name,  
Industry Representative

DM 894864