



**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: Deborah Esther Morra**

Heard: November 18, 2020 by electronic hearing in Toronto, Ontario  
Decision: November 18, 2020  
Reasons for Decision: March 19, 2021

**REASONS FOR DECISION**

Hearing Panel of the Central Regional Council:

Emily Cole  
Linda Anderson  
Jeffrey Page

Chair  
Industry Representative  
Industry Representative

Appearances:

Maria Abate	)	Enforcement Counsel for the Mutual Fund
	)	Dealers Association of Canada
	)	
	)	
Ashley Thomassen	)	Counsel for the Respondent
	)	
	)	
Deborah Esther Morra	)	Respondent
	)	
	)	

## **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 August 27, 2020 (“Settlement Agreement”) between Staff of the MFDA (“Staff”) and Deborah Esther Morra (the “Respondent”).

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

## **II. CONTRAVENTIONS**

3. The Respondent admits to one violation of the By-laws, Rules or Policies of the Mutual Fund Dealers Association of Canada (“MFDA”):

- a) Between April 11, 2012 and June 11, 2018, the Respondent obtained, possessed, and used to process transactions 28 pre-signed account forms in respect of 13 clients, contrary to MFDA Rule 2.1.1.

## **III. THE PROPOSED SANCTIONS**

4. Staff and the Respondent agree and consent to the following terms of settlement:

- a) the Respondent shall pay a fine in the amount of \$11,500, pursuant to section 24.1.1(b) of MFDA By-law No. 1, in installments as follows:
  - i) \$2,300, in certified funds, on or before the last business day of the first month following the acceptance of the Settlement Agreement by the Hearing Panel.
  - ii) \$2,300, in certified funds, on or before the last business day of the second month following the acceptance of the Settlement Agreement by the Hearing Panel.
  - iii) \$2,300, in certified funds, on or before the last business day of the third month following the acceptance of the Settlement Agreement by the Hearing Panel.

- iv) \$2,300, in certified funds, on or before the last business day of the fourth month following the acceptance of the Settlement Agreement by the Hearing Panel.
- v) \$2,300, in certified funds, on or before the last business day of the fifth month following the acceptance of the Settlement Agreement by the Hearing Panel.
- b) the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement by the Hearing Panel, pursuant to section 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 by videoconference on the date set for the Settlement Hearing.

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

##### **Registration History**

- 5. Commencing in 2001, the Respondent has been registered in the securities industry.
- 6. Since January 29, 2004, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative) with Worldsource Financial Management Inc. (the “Member”), a Member of the MFDA.
- 7. At all material times, the Respondent conducted business in the Nobleton, Ontario area.

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

- 8. At all material times, the Member’s policies and procedures prohibited its Approved Persons from obtaining pre-signed blank forms from clients. The Member’s Approved Persons were only permitted to use a form after it had been duly executed by a client and after the information on the form has been properly completed.
- 9. Between April 11, 2012 and June 11, 2018, the Respondent obtained, possessed, and used to process transactions 28 pre-signed account forms in respect of 13 clients. The account forms consisted of New Account Application Forms; transfer forms; a Limited Trading Authorization Form; trade tickets and Know Your Client forms.

## **Member's Investigation**

10. On October 23, 2018, the Member conducted an audit at the Respondent's branch, during which the Member identified pre-signed account forms in client files maintained by the Respondent.

11. On October 31, 2018, the Member conducted a full branch review and identified pre-signed account forms that are the subject of this Settlement Agreement.

12. On November 13, 2018, the Member sent a letter to all the clients serviced by the Respondent to determine, among other things, whether the Respondent used pre-signed account forms with the clients. No clients responded to the Member with any concerns about the Respondent.

13. On November 19, 2018, the Member sent audit letters and copies of the pre-signed account forms that are the subject of this Settlement Agreement to each of the clients for whom the Respondent obtained pre-signed forms. The letter requested that clients confirm that they had authorized the transaction completed with the form(s) or, if applicable, confirm the changes made on each form and whether these changes were made in their presence and with their authorization subsequent to it being signed and dated. None of the responses received by the Member indicated any concerns.

14. On November 27, 2018, the Member issued a Warning Letter to the Respondent for the conduct that is the subject of this Settlement Agreement and placed the Respondent on close supervision for a period of 12 months.

15. In November 2019, the Member also conducted a further audit of the Respondent's branch, during which it did not identify further issues.

16. The Member imposed a \$500 fine on the Respondent and deducted \$154 from her commissions relating to the client mailings.

## **Additional Factors**

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

18. There is no evidence of client loss or lack of authorization for the underlying transactions.
19. The Respondent has not previously been the subject of MFDA disciplinary proceedings.
20. 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.
21. The Respondent has provided financial documentation to Staff demonstrating that she requires monthly installments to pay the fine and costs required in this Settlement Agreement.

## V. ANALYSIS

### **Jurisdiction and Role of the Hearing Panel**

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

Section 24.4.3 of MFDA By-law No. 1

23. 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

24. Settlements are to be encouraged. They make a significant contribution to meeting the 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 her 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

25. The Respondent admitted she obtained, possessed, and used to process transactions 28 pre-signed account forms in respect of 13 clients. The account forms consisted of New Account Application Forms; transfer forms; a Limited Trading Authorization Form, trade tickets, and Know Your Client forms.

26. Obtaining pre-signed forms is a violation of the Member's policies and procedures and the standard of conduct prescribed by MFDA Rule 2.1.1.

*Dias Pereira (Re)*, [2017] Hearing Panel of the Central Regional Council, MFDA File No. 201652, Reasons for Decision dated September 18, 2017

*Baksh (Re)*, [2019] Hearing Panel of the Central Regional Council, MFDA File No. 201939, Reasons for Decision dated September 20, 2019

27. The seriousness of this misconduct is underscored by the fact that some of it occurred after multiple warnings in Staff Notices and a Bulletin issued by the MFDA against obtaining or using pre-signed account forms. The Respondent was responsible for understanding her responsibilities contained in the relevant Notices and the Bulletin listed below.

MFDA Staff Notice #MSN-0035 dated December 10, 2004

MFDA Staff Notice #MSN-0066 dated October 31, 2007, (updated March 4, 2013 and January 26, 2017)

MFDA Bulletin #0661-E dated October 2, 2015

28. The Respondent's conduct adversely affects the integrity and reliability of account documents, leads to the destruction of the audit trail, has a negative impact on Member complaint handling, and has the potential for misuse in the form of unauthorized trading, fraud and misappropriation. In *Price* the hearing panel explained:

Pre-signed forms present a legitimate risk that they may be used by an Approved Person to engage in discretionary trading. As will be discussed more fully infra, the Respondent, in this case, did not have the proper authority to engage in discretionary trading of any nature or kind on behalf of his clients.

At its worst, pre-signed forms create a mechanism for an Approved Person to engage in acts of fraud, theft, or other forms of harmful conduct towards a client. While there is absolutely no suggestion that the Respondent engaged in any of these activities, the rationale for the prohibition on pre-signed forms becomes clear.

Pre-signed forms also subvert the ability of a Member to properly supervise trading activity. They destroy the audit trail. The presence of the client's signature on a trade form can no longer be taken as confirmation that the client authorized a particular trade. It also compromises the ability of the Member to subsequently investigate and respond to a client complaint concerning the propriety of trading activity in his or her account.

*Price (Re)*, [2011] Hearing Panel of the Ontario Regional Council, MFDA File No. 200814, Panel Decision (Misconduct) dated April 18, 2011

29. We have considered the following aggravating and mitigating factors in reaching our conclusion that the proposed sanctions are appropriate:

### **Aggravating Factors**

30. Obtaining and using pre-signed forms is serious misconduct which the MFDA has warned against for many years.

31. The MFDA has explicitly advised its members that enhanced penalties will be sought where approved persons persist in engaging in this misconduct post Bulletin.

32. The Respondent has been registered in Ontario as a mutual fund salesperson (now known as a dealing representative) for 16 years. She ought to have known and respected the compliance requirements of both her Member and the MFDA. In particular, she ought to have been aware of the Bulletin.

### **Mitigating Factors**

33. There is no evidence of client harm or lack of authorization for the underlying transaction.

34. The Respondent did not receive any financial benefit from engaging in the misconduct at issue.

35. The Respondent has not been the subject of any prior disciplinary proceedings.

36. The Respondent is remorseful

37. The Respondent has saved the MFDA time and money by entering into this settlement agreement.

## Ability to Pay

38. MFDA Sanction Guidelines provide that a Respondent's ability to pay a fine may be taken into consideration in determining the appropriate monetary sanction to be imposed. The agreed facts reflect that Staff was satisfied that the Respondent has a *bona fide* inability to pay which justified the imposition of an installment plan. We have taken the Respondent's ability to pay into consideration in concluding that an installment plan is appropriate.

MFDA Sanction Guidelines, p.5 para. 11

## VI. COSTS

39. The Costs award is appropriate and consistent with previous MFDA decisions.

## VII. CONCLUSION

40. We are satisfied that the proposed sanctions, including the \$11,500 fine and \$2,500 in costs will serve as specific deterrence to the Respondent and general deterrence to others in the industry who may contemplate engaging in similar misconduct in the future.

41. Staff provided five MFDA decisions which addressed similar misconduct pre and post Bulletin. Based on the number of forms, 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.

42. We therefore accepted the Settlement Agreement and made an order reflecting the agreed upon sanctions against the Respondent.

**DATED** this 19<sup>th</sup> day of March, 2021.

"Emily Cole"

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Emily Cole  
Chair

"Linda Anderson"

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Linda Anderson  
Industry Representative

"Jeffrey Page"

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Jeffrey Page  
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  
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**Re: Deborah Esther Morra**

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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, Deborah Esther Morra (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”):

Between April 11, 2012 and June 11, 2018, the Respondent obtained, possessed and used to process transactions 28 pre-signed account forms in respect of 13 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 \$11,500, pursuant to section 24.1.1(b) of MFDA By-law No. 1, in installments as follows:
  - i) \$2,300, in certified funds, on or before the last business day of the first month following the acceptance of the Settlement Agreement by the Hearing Panel;
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  - iii) \$2,300, in certified funds, on or before the last business day of the third month following the acceptance of the Settlement Agreement by the Hearing Panel.
  - iv) \$2,300, in certified funds, on or before the last business day of the fourth month following the acceptance of the Settlement Agreement by the Hearing Panel.
  - v) \$2,300, in certified funds, on or before the last business day of the fifth month following the acceptance of the Settlement Agreement by the Hearing Panel.
- e) the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement by the Hearing Panel, pursuant to s. 24.2 of MFDA By-law No.1;
- f) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- g) the Respondent will attend in person or 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. Commencing in 2001, the Respondent has been registered in the securities industry.
8. Since January 29, 2004, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative) with Worldsource Financial Management Inc. (the “Member”), a Member of the MFDA.
9. At all material times, the Respondent conducted business in the Nobleton, Ontario area.

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

10. At all material times, the Member’s policies and procedures prohibited its Approved Persons from obtaining pre-signed blank forms from clients. The Member’s Approved Persons were only permitted to use a form after it had been duly executed by a client and after the information on the form has been properly completed.
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#### **Member’s Investigation**

12. On October 23, 2018, the Member conducted an audit at the Respondent’s branch, during which the Member identified pre-signed account forms in client files maintained by the Respondent.
13. On October 31, 2018, the Member conducted a full branch review and identified pre-signed account forms that are the subject of this Settlement Agreement.
14. On November 13, 2018, the Member sent a letter to all of the clients serviced by the Respondent to determine, among other things, whether the Respondent used pre-signed account forms with the clients. No clients responded to the Member with any concerns about the Respondent.

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16. On November 27, 2018, the Member issued a Warning Letter to the Respondent for the conduct that is the subject of this Settlement Agreement, and placed the Respondent on close supervision for a period of 12 months.

17. In November 2019, the Member also conducted a further audit of the Respondent's branch, during which it did not identify further issues.

18. The Member imposed a \$500 fine on the Respondent and deducted \$154 from her commissions relating to the client mailings.

### **Additional Factors**

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

20. There is no evidence of client loss or lack of authorization for the underlying transactions.

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

22. 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.

23. The Respondent has provided financial documentation to Staff demonstrating that she requires monthly installments to pay the fine and costs required in this Settlement Agreement.

### **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](http://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 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 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. 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 27<sup>th</sup> day of August, 2020.

“Deborah Ester Morra”

\_\_\_\_\_  
Deborah Ester Morra

“RM”

\_\_\_\_\_  
Witness – Signature

RM

\_\_\_\_\_  
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: Deborah Esther Morra**

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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 By-law No. 1 in respect of Debora Esther Morra (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 By-law No. 1;

**AND WHEREAS** the Hearing Panel is of the opinion that between April 11, 2012 and June 11, 2018, the Respondent obtained, possessed and used to process transactions 28 pre-signed account forms in respect of 13 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 \$11,500, pursuant to section 24.1.1(b) of MFDA By-law No. 1, in installments as follows:

- i) \$2,300, in certified funds, on or before <date>;
- ii) \$2,300, in certified funds, on or before <date> ;
- iii) \$2,300, in certified funds, on or before <date> ;
- iv) \$2,300, in certified funds, on or before <date> ;
- v) \$2,300, in certified funds, on or before <date> ;

2. The Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement by the Hearing Panel, 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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