



**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: Sean Patrick Edward Parker**

Heard: October 25, 2019 in Vancouver, British Columbia  
Decision: October 25, 2019  
Reasons for Decision: April 6, 2020

**REASONS FOR DECISION**

Hearing Panel of the Pacific Regional Council:

Michael Carroll, QC  
Darlene Barker  
Darryl Gossen

Chair  
Industry Representative  
Industry Representative

Appearances:

Justin Dunphy	)	Enforcement Counsel for the Mutual Fund
	)	Dealers Association of Canada
	)	
	)	
Maureen Doherty	)	Counsel for the Respondent, by teleconference
	)	
	)	
Sean Patrick Edward Parker	)	Respondent, in person
	)	
	)	

## **Settlement Agreement**

1. The Hearing Panel accepted the settlement agreement dated July 8, 2019 (“Settlement Agreement”) between the staff of the Mutual Fund Dealers Association of Canada (“MFDA”) and Sean Patrick Edward Parker (“Respondent”). A copy of the Settlement Agreement is attached as Schedule “1” to these Reasons for Decision. The agreed facts are as set out in Schedule III of the Settlement Agreement.

## **Contraventions**

2. The Respondent admitted that:

- a) Between November 2012 and August 2017, he altered and used to process transactions, 12 account forms in respect of 10 clients by altering information on the account forms without having the clients initial the alterations ,contrary to MFDA Rule 2.1.1; and
- b) Between February 2012 and January 2017, he obtained, possessed, and used to process transactions, 7 pre-signed account forms in respect of 6 clients, contrary to MFDA Rule 2.1.1.

## **Agreed Penalties**

3. The Respondent has agreed to pay a fine of \$9,000 and costs of \$2,500.

## **Considerations**

4. Pursuant to s.24.4.3 of the MFDA By-law No. 1, the hearing panel must either accept the Settlement Agreement or reject it.

5. In making the determination to accept or reject the Settlement Agreement the panel must be satisfied that:

- a) the agreed penalty must be within an acceptable range taking into account similar cases;

- b) the agreed penalty must be fair and reasonable taking into account the seriousness of the contravention and should appear to be so to members of the public and industry, and
- c) the penalty should serve as a deterrent to the Respondent and to the industry.

6. In the present case the nature of the misconduct is serious as he altered 12 account forms and used 7 pre-signed account forms. MFDA Rule 2.1.1 requires that each Member and Approved Person 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.

7. The MFDA has made clear to Approved Persons since October 31, 2007 in both MFDA Staff notices and bulletins that possessing and using pre-signed and altered account forms is contrary to the obligations of Rule 2.1.1. The MFDA Hearing Panel in *Price (Re)* identified the dangers posed by pre-signed account forms which can be summarized as follows:

- a) They present a legitimate risk that they may be used by an Approved Person to engage in discretionary trading;
- b) At worst they create a mechanism for an Approved Person to engage in acts of fraud, theft or other forms of harmful conduct towards a client, and
- c) They subvert the ability of a Member to properly supervise trading activity.

*Price (Re) supra at paras. 122-124*

8. The reasoning in *Price* is also applicable to the use of altered account forms, with the additional concern that there also exists the possibility that the changes are made to the forms without the client's knowledge or consent.

### **Post Bulletin Misconduct**

9. In this matter 3 account forms were obtained after the MFDA issued bulletin #0661-E on October 2, 2015. This is an aggravating factor which has been discussed by other Hearing Panels.

*Owen (Re)* MFDA File No. 201784, Hearing Panel of the Prairie Regional Council dated December 7, 2017 at para 35

*Lo (Re) MFDA File No. 201776, Hearing Panel of the Central Regional Council dated February 7,2018 at paras 16 and 18*

10. In the present case the mitigating factors are that there was no evidence of any unauthorized trades or client losses. Furthermore there was no evidence that the Respondent received a financial or other benefit through his conduct and there were no client complaints.

11. Counsel for the MFDA referred us to other cases similar to this one and the panel finds that the agreed penalties in the present case fall within the range imposed in those cases.

*Simard (Re) MFDA File no. 2017123 Hearing Panel of the Prairie Regional Council*

*Georgijev (Re) MFDA File no. 201721 Hearing Panel of the Central Regional Council*

*Gonzalez (Re) MFDA File no. 201883 Hearing Panel of the Central Regional Council*

12. Based on the forgoing the Panel finds that the Settlement Agreement including the costs award is in the public interest and we accept it.

**DATED** this 6<sup>th</sup> day of April, 2020.

“Michael Carroll”  
Michael Carroll, QC  
Chair

“Darlene Barker”  
Darlene Barker  
Industry Representative

“Darryl Gossen”  
Darryl Gossen  
Industry Representative



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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, Sean Patrick Edward Parker (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 MFDA:

- a) between November 2012 and August 2017, the Respondent altered and used to process transactions, 12 account forms in respect of 10 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and
  - b) between February 2012 and January 2017, the Respondent obtained, possessed, and used to process transactions, 7 pre-signed account forms in respect of 6 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 \$9,000 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 \$2,500 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 MFDA Rule 2.1.1; and
  - d) the Respondent will attend in person, 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 August 2000, the Respondent has been registered in British Columbia as a mutual fund salesperson (now known as a dealing representative) with Sun Life Financial Investment Services (Canada) Inc.<sup>1</sup> (the “Member”), a Member of the MFDA.
8. The Respondent has also been registered in Alberta since January 2010.

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<sup>1</sup> Commencing August 2000, the Respondent was registered as a mutual fund salesperson with Clarica Investco Inc. In June 2007, Clarica Investco Inc. underwent a name change to Sun Life Financial Investment Services (Canada) Inc.

9. At all material times, the Respondent conducted business in the Port Alberni, British Columbia area.

### **Altered Account Forms**

10. Between November 2012 and August 2017, the Respondent altered 12 account forms in respect of 10 clients by:

- a) in 9 cases, using liquid correction fluid to alter information on the account forms without having the clients initial the alterations; and
- b) in 3 cases, altering information on the account forms without having the clients initial the alterations.

11. The altered account forms consisted of:

- a) 2 direction for payment from a RESP forms;
- b) 3 Know-Your-Client (“KYC”) forms;
- c) 1 limited trading authorization form;
- d) 1 new account application form; and
- e) 5 pre-authorized chequing forms.

12. The alterations the Respondent made to the account forms included alterations to KYC information, account numbers, banking information, investment amounts, and fund information.

13. In all instances, the Respondent submitted the altered forms to the Member for processing.

### **Pre-Signed Account Forms**

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

15. Between February 2012 and January 2017, the Respondent obtained, possessed, and used to process transactions, 7 pre-signed account forms in respect of 6 clients.

16. The pre-signed account forms consisted of:

- a) 1 direction for payment from a RESP form;
- b) 1 KYC form;
- c) 4 pre-authorized chequing forms; and
- d) 1 transfer authorization form.

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

17. In December 2017, the Member identified pre-signed account forms belonging to clients serviced by the Respondent's licensed assistant as part of a file review. The Member subsequently commenced an investigation and audit of all of the client files maintained by the Respondent and identified the remaining account forms that are the subject of this Settlement Agreement.

18. On or about December 7, 2017, the Respondent was placed on close supervision.

19. On or about January 31, 2018, the Member sent letters to all of the clients where pre-signed and altered account forms were identified, along with recent transaction statements, in order to determine whether the transactions in the clients' accounts were authorized. The Member also provided a summary of the clients' KYC information, and requested that the clients review the information to ensure the KYC information was accurate. No clients reported any concerns in response to the Member's letters.

20. On or about February 15, 2018, the Member issued a warning letter to the Respondent for the conduct which is the subject of this Settlement Agreement, and placed the Respondent on an additional period of close supervision for 6 months.

### **Additional Factors**

21. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above beyond any commissions and fees that he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

22. There is no evidence of any client loss or that the transactions were unauthorized.

23. The Respondent states that the altered and pre-signed forms as described above were obtained and used for client convenience.

24. The Respondent states that he services approximately 1000 client accounts at the Member.
25. The Respondent has not been the subject of prior MFDA disciplinary proceedings.
26. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a full hearing of the allegations.

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

27. 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.
28. 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).
29. 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.
30. 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 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.

31. 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.

32. 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.

33. 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 8<sup>th</sup> day of July, 2019.

“Sean Patrick Edward Parker”

Sean Patrick Edward Parker

“SH”

Witness – Signature

SH

Witness – Print Name

“Shaun Devlin”

Shaun Devlin

Staff of the MFDA

Per: Shaun Devlin

Senior Vice-President,

Member Regulation – Enforcement

## Schedule "A"

Order

File No. 201946



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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 Sean Patrick Edward Parker (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 the Respondent:

- a) between November 2012 and August 2017, altered and used to process transactions, 12 account forms in respect of 10 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and
- b) between February 2012 and January 2017, obtained, possessed, and used to process transactions, 7 pre-signed account forms in respect of 6 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 \$9,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1.(b) of MFDA By-law No. 1;
2. 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;
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]

DM 732619