Settlement Agreement

File No. 202307

IN THE MATTER OF

THE MUTUAL FUND DEALER RULES[i]

and

Ramanbhai Patel

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Canadian Investment Regulatory Organization, a consolidation of IIROC and the MFDA ("CIRO") will announce that it proposes to hold a hearing (the "Settlement Hearing") to consider whether, pursuant to Rule 7.4.4.3 of the Mutual Fund Dealer Rules, a hearing panel of the Ontario District Committee (the "Hearing Panel") of CIRO should accept the settlement agreement (the "Settlement Agreement") entered into between Staff of CIRO ("Staff") and Ramanbhai Patel (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 violation of the Mutual Fund Dealers Rules:[1]

Between May 26, 2016 and June 1, 2021, the Respondent obtained, possessed and used to process transactions, 80 pre-signed account forms in respect of 29 clients, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly 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 $25,000 ("Fine"), pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

b) the Respondent shall pay costs in the amount of $2,500 ("Costs"), pursuant to Mutual Fund Dealer Rule 7.4.2;

c) the payment by the Respondent of the Fine and Costs shall be made to and received by CIRO in certified funds as follows:

i) $11,666.67 ($9,166.67 fine and $2,500 costs) upon acceptance of the Settlement Agreement by the Hearing Panel;

ii) $9,166.66 (fine) on or before six weeks after the date of acceptance of the Settlement Agreement by the Hearing Panel; and

iii) $6,666.67 (fine) on or before twelve weeks after the date of acceptance of the Settlement Agreement by the Hearing Panel;

[1] At the time of the conduct addressed in this proceeding, MFDA Rule 2.1.1 was in effect and is now incorporated into Mutual Fund Dealer Rule 2.1.1 referred to in this proceeding.

d) If the Respondent fails to make any of the payments of the Fine or Costs as they become due, than any outstanding balance of the Fines and Costs owed by the Respondent shall become immediately due and payable to CIRO;

e) the Respondent shall be suspended for a period of 30 days from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer, commencing on the date that this settlement agreement is accepted by a Hearing Panel, pursuant to Mutual Fund Dealer Rule 7.4.1.1(c);

f) the Respondent shall be prohibited from acting as a branch manager or in any supervisory capacity for a period of 2 years commencing upon the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to Mutual Fund Dealer rule 7.4.1.1(f);

g) the Respondent shall successfully complete the branch manager's course offered by the Investment Funds Institute of Canada or the Investment Dealer Supervisors Course offered by the Canadian Securities Institute prior to acting as a branch manager or in any supervisory capacity in the future, pursuant to Mutual Fund Dealer rule 7.4.1.1(f);

h) the Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1; and

i) 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 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 May 1991, the Respondent has been registered in Ontario as a dealing representative with PFSL Investments Canada Ltd., a Dealer Member of CIRO (the "Dealer Member").

8. From July 9, 2004 to January 28, 2022, the Dealer Member designated the Respondent as a branch manager.

9. At all material times, the Respondent conducted business in the Woodbridge, Ontario area.

Pre-Signed Account Forms

10. At all material times, the Dealer Member's policies and procedures prohibited its dealing representatives from using pre-signed account forms.

11. Between May 26, 2016 and June 1, 2021, the Respondent obtained, possessed and used to process transactions, 80 pre-signed account forms in respect of 29 clients.

12. The pre-signed account forms include subsequent contribution forms, redemption request forms, purchase forms, Know Your Client ("KYC") forms, and new account forms.

13. The information added subsequent to client signature included KYC information, trade instructions and dates.

Dealer Member's Investigation

14. In July 2021, the Dealer Member completed a full file review of the client files maintained by the Respondent and discovered the account forms that are described above.

15. On January 28, 2022, the Dealer Member ceased designating the Respondent as a branch manager, and the Respondent does not currently act in that capacity.

16. The Dealer Member issued a reprimand letter to the Respondent on January 28, 2022 and required the Respondent to review its policies and procedures and complete internal training, which the Respondent has completed.

17. As part of its investigation into the Respondent's conduct, the Dealer Member sent audit letters and the clients' transaction history to the affected clients and a sample of other clients whose accounts the Respondent serviced, and requested that the clients confirm the accuracy and timeliness of the trades within their accounts. No clients responded to the Member with any concerns.

Additional Factors

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

19. There is no evidence of client loss, client complaints or lack of authorization for the underlying transactions.

20. The Respondent has not previously been the subject of disciplinary proceedings by the MFDA or CIRO.

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

V. ADDITIONAL TERMS OF SETTLEMENT

22. This settlement is agreed upon in accordance with Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the MFDA Rules of Procedure.[2]

23. The Settlement Agreement is subject to acceptance by the Hearing Panel, which shall be sought at the Settlement Hearing. At, or following the conclusion of the Settlement

[2] Pursuant to Mutual Fund Dealer Rule 7.2.3, the MFDA Rules of Procedure are the prescribed Rules of Procedure for the conduct of Hearings that are conducted pursuant to the Mutual Fund Dealer Rules.

Hearing, the Hearing Panel may either accept or reject the Settlement Agreement. Settlement Hearings are typically held in the absence of the public pursuant to Mutual Fund Dealer Rule 7.3.5 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.

24. 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.

25. 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 CIRO 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 Mutual Fund Dealer Rules 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, 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 Mutual Fund Dealer Rule 7.4.1.1 for the purpose of giving notice to the public thereof in accordance with Mutual Fund Dealer Rule 7.4.5; 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.

26. 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 Mutual Fund Dealer Rules 7.3 and 7.4, unaffected by the Settlement Agreement or settlement negotiations.

27. 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.

28. 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 26th day of July, 2023

"Ramanbhai Patel"
Ramanbhai Patel

"SP"
Witness – Signature

SP
Witness – Print name

"Charles Toth"
Staff of the CIRO
Per: Charles Toth
Canadian Investment Regulatory Organization,
Vice-President, Enforcement (Mutual Fund Dealers)

[i] On January 1, 2023, the Investment Industry Regulatory Organization of Canada ("IIROC") and the Mutual Fund Dealers Association of Canada (the "MFDA") were consolidated into a single self-regulatory organization that is temporarily called the New Self-Regulatory Organization of Canada (referred to herein as the "Corporation") and is recognized under applicable securities legislation. The Corporation adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the "Interim Rules"). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and certain by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation. Pursuant to Mutual Fund Dealer Rule 1A and s. 14.6 of By-law No. 1 of the Corporation, contraventions of former MFDA regulatory requirements may be enforced by the Corporation. Pursuant to Mutual Fund Dealer Rule 1A, MFDA By-law No. 1 continues to be applicable to this proceeding.

IN THE MATTER OF

THE MUTUAL FUND DEALER RULES

and

Ramanbhai Patel

ORDER

WHEREAS on [date], the Canadian Investment Regulatory Organization ("CIRO") provided notice to the public of a Settlement Hearing in respect of Ramanbhai Patel (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of CIRO, 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 Rule 7.3 and 7.4.1 of the Mutual Fund Dealer Rules;

AND WHEREAS based upon the admissions of the Respondent in the Settlement Agreement, the Hearing Panel is of the opinion that:

Between May 26, 2016 and June 1, 2021, the Respondent obtained, possessed and used to process transactions, 80 pre-signed account forms in respect of 29 clients, contrary to Mutual Fund Dealer Rule 2.1.1. (formerly MFDA Rule 2.1.1).

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

2. The Respondent shall pay a fine in the amount of $25,000, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

3. The Respondent shall pay costs in the amount of $2,500, pursuant to Mutual Fund Dealer Rule 7.4.2;

4. The payment by the Respondent of the Fine and Costs shall be made to and received by CIRO in certified funds as follows:

    i) $11,666.67 ($9,166.67 fine and $2,500 costs) upon acceptance of the Settlement Agreement by the Hearing Panel;

    ii) $9,166.66 (fine) on or before <date>; and

    iii) $6,666.67 (fine) on or before <date>;

5. If the Respondent fails to make any of the payments of the Fine or Costs as they become due, than any outstanding balance of the Fines and Costs owed by the Respondent shall become immediately due and payable to CIRO;

6. The Respondent shall be suspended for a period of 30 days from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer, commencing on the date that this settlement agreement is accepted by a Hearing Panel, pursuant to Mutual Fund Dealer Rule 7.4.1.1(c);

7. The Respondent shall be prohibited from acting as a branch manager or in any supervisory capacity for a period of two years commencing upon the date the Settlement Agreement is accepted by the Hearing Panel pursuant to Mutual Fund Dealer Rule 7.4.1.1(f);

8. The Respondent shall successfully complete the branch manager's course offered by the Investment Funds Institute of Canada or the Investment Dealer Supervisors Course offered by the Canadian Securities Institute prior to acting as a branch manager or in any supervisory capacity in the future, pursuant to Mutual Fund Dealer Rule 7.4.1.1(f);

9. The Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1; and

10. If at any time a non-party to this proceeding, with the exception of the bodies set out in Mutual Fund Dealer Rule 6.3, requests production of or access to exhibits in this proceeding that contain personal information as defined by CIRO's Privacy Policy, then the 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[ ].

Name,
Chair

Name,
Industry Representative

Name,
Industry Representative

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