Now New Self-Regulatory Organization of Canada, a consolidation of IIROC and the MFDA

IN THE MATTER OF

THE MUTUAL FUND DEALER RULES[i]

and

Ramanbhai Patel

NOTICE OF HEARING

NOTICE is hereby given that a first appearance will take place by teleconference before a hearing panel of the Ontario District Hearing Committee (the "Hearing Panel") of the New Self-Regulatory Organization of Canada (the "Corporation") on April 11, 2023 at 10:00 a.m. (Eastern), or as soon thereafter as the appearance can be held, concerning a disciplinary proceeding commenced by the Corporation against Ramanbhai Patel (the "Respondent"). Members of the public who would like to listen to the teleconference should contact hearings@mfda.ca to obtain particulars. The Hearing on the Merits will take place by videoconference.

DATED this 1st day of March, 2023.

"Michelle Pong"

Michelle Pong
Director, District Hearing Committees,
Mutual Fund Division

New Self-Regulatory Organization of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Telephone: 416-945-5134
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NOTICE is further given that the Corporation alleges the following violations of the Mutual Fund Dealer Rules: [1]

Allegation #1: Between May 26, 2016 and June 1, 2021, the Respondent obtained, possessed or 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).

Allegation #2: On or about April 7, 2020, the Respondent altered and used to process a transaction one account form in respect of one client, by altering information on the account form without having the client initial the alterations, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).

PARTICULARS

NOTICE is further given that the following is a summary of the facts alleged and intended to be relied upon by the Corporation at the hearing:

Registration History

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

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

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

Allegation #1 – Pre-signed Account Forms

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

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

[1] Staff alleges that, at the time of the misconduct, the Respondent contravened MFDA Rule 2.1.1, which is now incorporated into Mutual Fund Dealer Rule 2.1.1 referred to in this proceeding.

6. The pre-signed account forms included subsequent contribution forms, redemption request forms, purchase forms, Know Your Client forms and new account forms.

7. By virtue of the foregoing, the Respondent failed to observe a high standard of conduct and ethics in the transaction of business and engaged in conduct unbecoming of an Approved Person, contrary to MFDA Rule 2.1.1.

Allegation #2 – Altered Account Forms

8. At all material times, the Member's policies and procedures prohibited Approved Persons from altering information on client forms without having the client initial the alterations.

9. On or about April 7, 2020, the Respondent altered and used to process a transaction a Redemption Request form in respect of one client, by altering the fund information on the account form without having the client initial the alteration.

10. By virtue of the foregoing, the Respondent failed to observe a high standard of conduct and ethics in the transaction of business and engaged in conduct unbecoming of an Approved Person, contrary to MFDA Rule 2.1.1.

NOTICE is further given that the Respondent shall be entitled to appear and be heard and be represented by counsel or agent at the hearing and to make submissions, present evidence and call, examine and cross-examine witnesses.

NOTICE is further given that pursuant to Mutual Fund Dealer Rule 1A that any person subject to the jurisdiction of the Mutual Fund Dealers Association of Canada prior to January 1, 2023 remains subject to the jurisdiction of the Corporation in respect of any action or matter that occurred while that person was subject to the jurisdiction of the Mutual Fund Dealers Association of Canada at the time of such action or matter.

NOTICE is further given that the Mutual Fund Dealer Rules provide that if, in the opinion of the Hearing Panel, the Respondent:

- has failed to carry out any agreement with the Corporation;
- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Dealer Member or of any regulation or policy made pursuant thereto;

- has failed to comply with the provisions of the Mutual Fund Dealer Rules of the Corporation;
- has engaged in any business conduct or practice which such Hearing Panel in its discretion considers unbecoming or not in the public interest; or
- is otherwise not qualified whether by integrity, solvency, training or experience,

the Hearing Panel has the power to impose any one or more of the following penalties:

a) a reprimand;

b) a fine not exceeding the greater of:

(i) $5,000,000.00 per offence; and

(ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;

c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;

d) revocation of the authority of such person to conduct securities related business;

e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time;

f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel;

NOTICE is further given that the Hearing Panel may, in its discretion, require that the Respondent pay the whole or any portion of the costs of the proceedings before the Hearing Panel and any investigation relating thereto.

NOTICE is further given that the Respondent must **serve** a **Reply** on Enforcement Counsel and **file** a **Reply** with the Office of the Corporate Secretary, Mutual Fund Division within twenty (20) days from the date of service of this Notice of Hearing.

A **Reply** shall be **served** upon Enforcement Counsel at:

New Self-Regulatory Organization of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Attention: Molly McCarthy
Email: mmccarthy@mfda.ca

A **Reply** shall be **filed** by:

a) providing four copies of the **Reply** to the Office of the Corporate Secretary, Mutual Fund Division by personal delivery, mail or courier to:

New Self-Regulatory Organization of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Attention: Office of the Corporate Secretary, Mutual Fund Division; or

b) transmitting one electronic copy of the **Reply** to the Office of the Corporate Secretary, Mutual Fund Division by e-mail at corporatesecretary@mfda.ca.

A **Reply** may either:

(i) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by the Corporation in the Notice of Hearing; or

(ii) admit the facts alleged and conclusions drawn by the Corporation in the Notice of Hearing and plead circumstances in mitigation of any penalty to be assessed.

NOTICE is further given that the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by the Corporation in the Notice of Hearing that are not specifically denied in the **Reply**.

NOTICE is further given that if the Respondent fails:

a) to **serve** and **file** a **Reply;** or

b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a **Reply** may have been served,

the Hearing Panel may proceed with the hearing of the matter on the date and the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without any further notice to and in the absence of the Respondent, and the Hearing Panel may accept the facts alleged or the conclusions drawn by the Corporation in the Notice of Hearing as having been proven and may impose any of the penalties described in the Mutual Fund Dealer Rules.

END.

DM 902582

[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 recognized under applicable securities legislation. The New Self-Regulatory Organization of Canada (referred to herein as 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. Where the rules of IIROC and the by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation have been incorporated into the Interim Rules, Enforcement Staff have referenced the relevant section of the Interim Rules. 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.