



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: Mohabeer Rambarran

Heard: November 24, 2016, in Toronto, Ontario
Reasons for Decision: January 13, 2017

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Paul M. Moore, Q.C.	Chair
Guenther W. K. Kleberg	Industry Representative
Robert C. White	Industry Representative

Appearances:

Sarah Glickman)	Counsel for the Mutual Fund Dealers
)	Association of Canada
)	
Bruce O'Toole)	Counsel for the Respondent
)	
)	

1. The Hearing Panel accepted the settlement agreement dated September 6, 2016 (the “Settlement Agreement”) between the Mutual Fund Dealers Association of Canada (the “MFDA”) and Mohabeer Rambarran (the “Respondent”), a copy of which is attached as Schedule ‘1’ to these reasons.
2. The violations admitted to, the relevant law, and the pertinent facts and considerations taken into account in arriving at the penalty, are set out and explained in the Settlement Agreement.
3. The Respondent admitted that he obtained, possessed, and in some instances, used to process transactions, 51 pre-signed account forms in respect of 22 clients; that he falsified, and in some instances, used to process transactions, 13 account forms in respect of 10 clients; and, acting in the capacity of alternate branch manager, reviewed and approved 54 of the account forms described above.
4. The agreed penalties include a fine of \$10,000, payable in four quarterly instalments of \$2,500 each, a suspension from acting in the capacity of a branch manager for 5 months, and payment of a costs award of \$2,500. Furthermore, before being re-designated as a branch manager, the Respondent must complete the branch manager’s course offered by the Canadian Securities Institute in relation to the mutual funds industry.
5. As part of the investigation by the Respondent's Member of his conduct, the Member sent letters to all of the affected clients and a portion of the non-affected clients served by the Respondent in order to determine whether the Respondent had engaged in any unauthorized trading. No clients reported any concerns.
6. There was no evidence that there was any client harm, no evidence of clients' complaints, and no history of previous violations. There was no dishonest intention to deceive on the part of the Respondent.

7. Hearing panels have held that obtaining or using pre-signed account forms and making unauthorized changes to the forms are a contravention of the standard of conduct under MFDA Rule 2.1.1.
8. The use of pre-signed account forms adversely affects the integrity and reliability of account documents, leads to the destruction of the audit trail, has a negative impact on the Member complaint handling process, and has the potential for misuse in the form of unauthorized trading, fraud and misappropriation.
9. The prohibition on the use of pre-signed account forms and unauthorized changes to the account forms applies regardless of whether the client was aware of or authorized the use or change of the form or whether the forms were used for discretionary trading or other improper purposes.
10. Hearing panels have held that the review and approval of pre-signed and falsified account forms by a branch manager is a violation of Rules 2.1.1 and 2.5.5 (d) (now Rule 2.5.5 (f)).
11. The Respondent as acting branch manager, failed to lead by example and act as a standard bearer of conduct for the industry.
12. Where an Approved Person fails to adhere to the standard of conduct, the MFDA Penalty Guidelines recommend one or all of the following: a minimum fine of \$5000; writing or re-writing an appropriate industry course; suspension; and/or a permanent prohibition in egregious cases.
13. Where an Approved Person who acts in a supervisory capacity fails to meet his or her responsibility under the rules, the Penalty Guidelines recommend one or all of the following: a minimum fine of \$10,000; writing or re-writing an appropriate industry course; conditions on registration or suspension; and/or a permanent prohibition in egregious cases.
14. Since the violations by the Respondent of the standard of conduct and approving as alternative branch manager such activity were all part of the same events, we concluded that a

fine of \$10,000 for all such misconduct was appropriate in the circumstances, notwithstanding the separate penalty guidelines referred to in the previous paragraphs of these Reasons for Decision.

15. There was no evidence of client harm. There was no evidence that the Respondent received any financial benefit from engaging in the misconduct at issue in the proceeding other than usual commissions and fees. The Respondent has been in the mutual fund industry since 1995 and has no history of previous disciplinary action against him.

16. The panel reviewed precedent cases submitted by MFDA Staff. We were satisfied that the agreed penalties were within an appropriate range based on the cases.

17. The agreed penalties will provide an adequate deterrence to the Respondent and to members of the industry in general.

18. The agreed penalties are fair and reasonable.

19. The panel concluded that the agreed penalties were appropriate under the circumstances.

20. For the foregoing reasons the panel accepted the Settlement Agreement because it was in the public interest to do so.

DATED this 13th day of January, 2017.

“Paul M. Moore”

Paul M. Moore, Q.C.
Chair

“Guenther W. K. Kleberg”

Guenther W. K. Kleberg
Industry Representative

“Robert C. White”

Robert C. White
Industry Representative

DM 515246 v1

Schedule "1"

Settlement Agreement

File No. 201629



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
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Re: Mohabeer Rambarran

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Mohabeer Rambarran, 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 September 2006 and August 2014, the Respondent obtained, possessed, and in some instances, used to process transactions, 51 pre-signed account forms in respect of 22 clients, contrary to MFDA Rule 2.1.1;
- b) between September 2006 and August 2014, the Respondent falsified, and in some instances, used to process transactions, 13 account forms in respect of 10 clients, contrary to MFDA Rule 2.1.1; and
- c) between September 2006 and August 2014, the Respondent, acting in the capacity of alternate branch manager, reviewed and approved 54 of the account forms described above in subparagraphs (b) and (c), contrary to MFDA Rules 2.5.5(f) (prior to September 2013, MFDA Rule 2.5.5(d)) and 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 \$10,000 pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (the “Fine”), payable in 4 installments in the amount of \$2,500 each as follows:
 - (i) the first installment shall be paid on or before the last business day of the 3rd month that follows the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - (ii) the second installment shall be paid on or before the last business day of the 6th month that follows the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - (iii) the third installment shall be paid on or before the last business day of the 9th month that follows the date of the acceptance of the Settlement Agreement by the Hearing Panel; and

- (iv) the fourth installment shall be paid on or before the last business day of the 12th month that follows the date of the acceptance of the Settlement Agreement by the Hearing Panel;

- b) the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1 is payable on the date of the Settlement Hearing;
- c) if the Respondent fails to make any of the installment payments described above in above subparagraph (a), then without further notice to the Respondent, the Respondent shall be summarily suspended from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member until the full amount of the Fine has been paid;
- d) the Respondent shall be prohibited from acting in the capacity of branch manager for a period of 5 months while in the employ of or associated with any Member of the MFDA, pursuant to s. 24.1.1(e) of MFDA By-law No.1;
- e) prior to being re-designated as a branch manager, the Respondent shall successfully complete the branch manager's course offered by the Canadian Securities Institute in relation to the mutual fund industry;
- f) the Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.5.5; and
- g) 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 November 1995, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative) with PFSL Investments Canada Inc. ("PFSL"), a Member of the MFDA.

8. At all material times, PFSL designated the Respondent as the alternate branch manager in his branch.

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

Pre-Signed Account Forms

10. At all material times, PFSL's policies and procedures prohibited its Approved Persons, including the Respondent, from holding, obtaining, or using pre-signed account forms.

11. Between September 2006 and August 2014, the Respondent obtained, possessed, and in some instances, used to process transactions, 51 pre-signed redemption request forms in respect of 22 clients (the "Pre-Signed Account Forms").

12. The Respondent submitted 45 of the Pre-Signed Account Forms to PFSL to process redemptions in client accounts.

Falsified Forms

13. Between September 2006 and August 2014, the Respondent falsified, and in some instances, used to process transactions, 13 redemption request forms in respect of 10 clients (the "Falsified Forms").

14. The Respondent submitted 12 of the Falsified Forms to PFSL to process redemptions in client accounts.

15. The Respondent falsified the redemption request forms either by using liquid correction fluid to change information on the form, or by overwriting the already populated form with new information, without obtaining the client's initials authorizing the change.

Approval of the Pre-Signed and Falsified Forms

16. Between September 2006 and August 2014, the Respondent, acting in the capacity of alternate branch manager, reviewed and approved 54 of the Pre-Signed Account Forms and Falsified Forms described above in paragraphs 10-15.

PFSL's Investigation

17. Beginning in September 2014, PFSL's compliance staff detected the conduct that is the subject of this Settlement Agreement as a result of a branch audit and subsequent follow-up review.

18. As part of its investigation, PFSL sent letters to all of the affected clients and a portion of the non-affected clients serviced by the Respondent in order to determine whether the Respondent had engaged in any unauthorized trading. No clients reported any concerns.

Additional Factors

19. 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.

20. There is no evidence of any client harm or that the transactions were unauthorized.

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 of the allegations.

IV. ADDITIONAL TERMS OF SETTLEMENT

23. 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.

24. 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.

25. 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

26. 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 the 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.

27. 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.

28. 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.

29. 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 6th day of September, 2016.

“Mohabeer Rambarran”

Mohabeer Rambarran

“DK”

Witness – Signature

DK

Witness – Print Name

“Shaun Devlin”

Shaun Devlin
Staff of the MFDA
Per: Shaun Devlin
Senior Vice-President,
Member Regulation – Enforcement



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Re: Mohabeer Rambarran

ORDER

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 Mohabeer Rambarran (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 September 2006 and August 2014:

- a) the Respondent obtained, possessed, and in some instances, used to process transactions, 51 pre-signed account forms, contrary to MFDA Rule 2.1.1;

- b) falsified, and in some instances, used to process transactions 13 account forms, contrary to MFDA Rule 2.1.1; and;
- c) while acting in the capacity of alternate branch manager, reviewed and approved 54 of the account forms described above in subparagraphs (b) and (c), contrary to MFDA Rules 2.5.5(f) (prior to September 2013, MFDA Rule 2.5.5(d)) and 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 \$10,000 pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (the “Fine”), payable in 4 installments in the amount of \$2,500 each as follows:

- a) the first installment shall be paid on or before the last business day of the 3rd month that follows the date of the acceptance of the Settlement Agreement by the Hearing Panel;
- b) the second installment shall be paid on or before the last business day of the 6th month that follows the date of the acceptance of the Settlement Agreement by the Hearing Panel;
- c) the third installment shall be paid on or before the last business day of the 9th month that follows the date of the acceptance of the Settlement Agreement by the Hearing Panel; and
- d) the fourth installment shall be paid on or before the last business day of the 12th month that follows the date of the acceptance of the Settlement Agreement by the Hearing Panel.

2. The Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1;

3. If the Respondent fails to make any of the installment payments described above in above subparagraph (a), then without further notice to the Respondent, the Respondent shall be summarily suspended from conducting securities related business in any capacity while in the

employ of or associated with any MFDA Member until the full amount of the Fine has been paid;

4. The Respondent shall be prohibited from acting in the capacity of branch manager for a period of 5 months while in the employ of or associated with any Member of the MFDA, pursuant to s. 24.1.1(e) of MFDA By-law No.1;

5. Prior to being re-designated as a branch manager, the Respondent shall successfully complete the branch manager's course offered by the Canadian Securities Institute in relation to the mutual fund industry;

6. The Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.5.5; and

7. If at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, then the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents to the non-party without first redacting from them any and all intimate financial or 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]