



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: Richard Charles Rhodes

Heard: July 18, 2019 in Edmonton, Alberta

Decision: July 18, 2019

Reasons for Decision: September 6, 2019

REASONS FOR DECISION

Hearing Panel of the Prairie Regional Council:

Shelley L. Miller, QC
Charlene Snell
Greg Wiebe

Chair
Industry Representative
Industry Representative

Appearances:

Sakeb Nazim)	Enforcement Counsel for the Mutual Fund
)	Dealers Association of Canada
)	
)	
Maureen Doherty)	Counsel for the Respondent
)	
)	
Richard Charles Rhodes)	Respondent, in person
)	
)	

Background

1. This is a Settlement Hearing under Section 24.4 of By-Law No. 1 of the Mutual Fund Dealers Association of Canada (the “MFDA”). The hearing was held on July 18, 2019. The Respondent appeared in person. The full Settlement Agreement dated July 15, 2019 entered into between the Respondent, Richard Rhodes, (“Rhodes”) and the MFDA, signed by its Staff is attached as Appendix “A” to these reasons and its relevant provisions will not be repeated in detail here.
2. The Respondent was registered as a mutual fund dealing representative since February 2009.
3. This Hearing Panel accepted the proposed Settlement Agreement at the conclusion of the July 18, 2019 hearing, with reasons to follow, which are set out below.

Contraventions

4. The Respondent has admitted that:
 - a) in October 2016, he processed two redemptions in a client account where he used his own discretion to determine the timing of the redemptions, contrary to MFDA Rules 2.1.1 and 2.3.1;
 - b) between January 2011 and October 2016, he obtained, possessed, and used to process transactions, seven pre-signed account forms in respect of five clients contrary to MFDA Rule 2.1.1; and
 - c) in March 2013, he altered and used to process transactions, four account forms in respect of one client by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1.

Terms of Settlement

5. In paragraph 5 of the Settlement Agreement, the Respondent agreed to the following penalties and terms of settlement:
6. The Respondent shall pay a fine in the amount of \$6,500 in certified funds pursuant to

section 24.1.1(b) of By-law No. 1.

7. The Respondent shall pay costs in the amount of \$2,500 in certified funds pursuant to section 24.2 of By-law No. 1.

Agreed Facts

Registration History

8. In determining if it was appropriate to accept the terms of the Settlement Agreement, this Hearing Panel took into consideration the following factors:

9. Since November 2001, the Respondent has been registered in Alberta as a mutual fund salesperson (now known as a dealing representative) with Sun Life Financial Investment Services (Canada) Inc. ("Sun Life"), a Member of the MFDA.

10. At all material times, the Respondent carried on business in the Peace River, Alberta area.

Discretionary Trading

11. At all material times, Sun Life had a policy in place that prohibited its Approved persons, including the Respondent, from engaging in discretionary trading.

12. The Respondent states that on October 17, 2016, client PG requested that he process three redemptions of \$5,000 each from client PG's Registered Retirement Savings Plan (RRSP) account at Sun Life.

13. According to the Respondent, client PG was recently disabled and staying with relatives in British Columbia. Given the tax implications client PG would suffer from making a \$15,000 redemption, the Respondent and client PG agreed to process the redemptions in three increments to avoid the tax implications of the redemptions, particularly given client PG's disability status and financial hardship.

14. The Respondent emailed to client PG a single order ticket form to redeem \$5,000 from his RRSP account at Sun Life. Subsequently, client PG signed, dated and returned the completed order ticket form to the Respondent.

15. The Respondent then used the same order ticket form to process three separate redemptions of \$5,000 each on October 18, October 21, and October 24, 2016.

16. The Respondent used his own discretion to determine the timing of the two redemptions processed by the Respondent on October 21 and October 24, 2016, without obtaining instructions from the client.

17. The Respondent states that he processed the redemptions in this manner due to the difficulty in receiving documentation from client PG, who only had the ability to send documentation via a public fax machine at the time. The Respondent acknowledges that he ought not to have processed the three redemptions using the same order ticket.

18. Client PG authorized the redemptions.

19. Subsequently, client PG died.

Pre-Signed Account Forms

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

21. Between January 2011 and October 2016, the Respondent obtained, possessed, and used to process transactions, 7 pre-signed account forms in respect of 5 clients.

22. The pre-signed account forms consisted of Pre-authorized Chequing, Order Ticket, and CRA Direct Transfer forms.

Altered Account Forms

23. At all material times, Sun Life's policies and procedures prohibited its Approved Persons, including the Respondent, from holding, obtaining, or using altered account forms.

24. In March 2013, the Respondent altered 4 account forms in respect of 1 client by altering client account numbers on CRA Direct Transfer forms without having the client initial the alterations.

Sun Life's Investigation

25. In November 2016, Sun Life identified 2 of the pre-signed forms described above during an onsite branch review. Sun Life subsequently commenced a review of all of the client files serviced by the Respondent and identified the remaining pre-signed and altered forms that are the subject of this Settlement Agreement.
26. On November 7, 2016, Sun Life placed the Respondent under close supervision.
27. In December 2016, as part of its investigation, Sun Life sent audit letters to the affected clients serviced by the Respondent in order to determine whether they had any unauthorized transactions in their accounts. No clients reported any concerns to Sun Life.
28. On February 2, 2017, Sun Life issued a warning letter to the Respondent for possessing and using pre-signed and altered account forms, and placed him under continued close supervision for a period of 12 months.

Additional Factors

29. 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.
30. There is no evidence of any client loss.
31. The Respondent has not previously been the subject of MFDA disciplinary proceedings.
32. 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.

Factors Considered in Deliberation

33. This Hearing Panel considered the following factors in assessing whether to approve the proposed Settlement Agreement.
34. In considering whether to accept or reject a settlement agreement, a Hearing Panel's role is not to decide whether it would have arrived at the same outcome as that proposed by the parties.

Rather, a Hearing Panel should accept a settlement agreement “unless it views the penalty as clearly falling outside a reasonable range of appropriateness.”

Sterling Mutuals Inc. (Re), 2008 MFDA 16, at para. 37, citing the reasoning in *Milewski (Re)*, [1999] I.D.A.C.D. No. 17 at p. 11, Ontario District Council Decision dated July 28, 1999.

Nature of the Misconduct: Discretionary Trading

35. Hearing Panels of the MFDA have held that, where an Approved Person engages in discretionary trading, they have engaged in serious misconduct.

Griffith (Re), MFDA File No. 201329, Hearing Panel of the Central Regional Council, Decision and Reasons dated August 19, 2014;

Rounthwaite (Re), MFDA File No. 201123, Hearing Panel of the Central Regional Council, Decision and Reasons dated July 30, 2012 at paras.7-8,

O'Brien (Re), MFDA File No. 200809, Hearing Panel of the Atlantic Regional Council, Decision and Reasons dated November 25, 2008 at para.19

36. The seriousness of discretionary trading as a form of misconduct arises from the fact that discretionary trading undermines the ability of a client to control his or her account. Control over trading decisions resides solely with a client at all times and that nothing permits that control to be exercised by an Approved Person absent explicit client instructions.

37. When an Approved Person engages in discretionary trading, there is potential for significant client loss. The Respondent redeemed \$15,000 from client PG’s account without the client’s instruction regarding the timing of the redemptions. He never attempted to communicate directly with the client before the transactions. He simply relied on his own discretion and advised the client after the redemptions were completed.

Nature of the Misconduct: Pre-signed and Altered Account Forms

38. The Respondent also breached MFDA Rule 2.1.1 by using pre-signed and altered forms. MFDA Rule 2.1.1 sets the standard of conduct to be followed by all Approved Persons. The Rule is designed to protect the public interest by requiring Approved Persons to adhere to a high standard of ethical conduct. The Rule has been interpreted and applied in a purposive manner in a

wide range of circumstances. As stated by the MFDA Hearing Panel in *Breckenridge (Re)*: “The Rule articulates the most fundamental obligations of all registrants in the securities industry.”

Breckenridge (Re), MFDA File No. 200718, Hearing Panel of the Central Regional Council, Decision and Reasons dated November 14, 2007 at para. 71

39. The MFDA Hearing Panel in *Price (Re)* identified the dangers posed by pre-signed forms which can be summarized as follows:

- a) pre-signed forms present a legitimate risk that they may be used by an Approved Person to engage in discretionary trading;
- b) at 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; and
- c) pre-signed forms subvert the ability of a Member to properly supervise trading activity.

Price (Re), MFDA File No. 200814, Hearing Panel of the Central Regional Council, Decision and Reasons dated April 18, 2011, at paras 122-124

40. The prohibition on the use of pre-signed account forms applies regardless of whether the client was aware, or authorized the use of the pre-signed forms, and whether the forms were actually used by the Approved Person for discretionary trading or other improper purposes.

Wellman (Re), MFDA File No. 201529, Hearing Panel of the Central Regional Council, Decision and Reasons dated December 21, 2015, at para. 10

41. On the basis of the foregoing, by obtaining, possessing, and using pre-signed and altered account forms, the Respondent engaged in conduct prohibited by MFDA Rule 2.1.1, and therefore, engaged in misconduct that should be regarded as serious.

Post-Bulletin Misconduct

42. MFDA has been warning Approved Persons against falsifying forms for a number of years. Staff notes that in this matter 2 of the account forms were obtained after the MFDA issued Bulletin #0661-E on October 2, 2015. MFDA Hearing Panels have considered this an aggravating factor,

which has been discussed by hearing panels in several MFDA decisions.

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

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

Respondent's Past Conduct and Experience in the Capital Markets

43. The Respondent was registered as a mutual fund salesperson (now a mutual fund dealing representative) since November 2001. He was an experienced mutual fund dealing representative and should have been well aware of his obligations. There is no evidence of any prior disciplinary history by the MFDA.

Respondent's Recognition of the Seriousness of his Misconduct

44. 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.

Harm Suffered by Investors and Benefits Received by the Respondent

45. There is no evidence of investor harm or that the Respondent received any benefits that he would normally be entitled to receive had he carried out the transactions in the proper manner.

Deterrence

46. The penalty must be sufficient to demonstrate that the Respondent's misconduct in all of the circumstances is serious and has significant consequences and should also deter others in the capital markets from engaging in similar activity.

Previous Case Authorities

47. Enforcement Counsel cited in support of his submission the penalties imposed in the following cases:

- a) *Xie*, MFDA File No. 201699, Hearing Panel of the Pacific Regional Council, Decision and Reasons dated June 12, 2017,

- b) *Poirier*, MFDA File No. 201604, Hearing Panel of the Prairie Regional Council, Decision and Reasons dated August 31, 2016
- c) *MacDonald*, MFDA File No. 201830, Hearing Panel of the Pacific Regional Council, Decision and Reasons dated August 24, 2018,
- d) *Kakkar*, MFDA File No. 2017108, Hearing Panel of the Prairie Regional Council, Decision and Reasons dated December 8, 2017.

48. In *Xie, supra*, the Respondent processed 3 authorized discretionary trades as part of a dollar-cost averaging strategy in relation to 1 client, engaged in 2 unauthorized discretionary trading and falsified the signature of 1 client on 4 account forms. The Hearing Panel approved the settlement agreement providing for a fine of \$5,500, costs of \$2,500 and an 18 months prohibition against conducting securities related business while employed or associated with any MFDA Member, except that the prohibition shall continue as long as any part of the fine and costs owed to the MFDA remained outstanding.

49. In *Poirier, supra*, the Respondent engaged in discretionary trading in a client's account by processing four trades totaling approximately \$30,600. The Hearing Panel approved the settlement agreement providing for a fine of \$7,500 and costs of \$2,500.

50. In *MacDonald, supra*, the Respondent obtained, possessed, and used to process transactions, 6 pre-signed account forms, and also altered and used to process transactions, 8 account forms. The Hearing Panel approved the settlement agreement providing for a fine of \$6,500 and costs of \$2,500.

51. In *Kakkar, supra*, the Respondent obtained, possessed, and used to process transactions, 14 pre-signed account forms, some of which were "post-bulletin". The Hearing Panel approved the settlement agreement providing for a fine of \$7,500 and costs of \$2,500.

Appropriateness of the Proposed Penalty

52. In the view of this Hearing Panel, the penalties in the above-cited decisions are comparable to the case at hand. One distinguishing factor which goes to mitigation in this case is that the client was aware of the multiple transactions conducted by the Respondent, however the Respondent unfortunately did not properly document these circumstances.

53. Accordingly, this Hearing Panel concludes that the penalties, including the costs award proposed in the Settlement Agreement are reasonable and proportionate and will deter the Respondent and other Approved Persons from engaging in similar misconduct.

54. Further, this Hearing Panel concludes that acceptance of this Settlement Agreement will advance the public interest and the objective of the MFDA to enhance investor protection and ensure high standards of conduct in the mutual fund industry.

55. The Hearing Panel accordingly approves its terms.

56. This Hearing Panel thanks Enforcement Counsel for his helpful presentation and the Respondent and his counsel for their cooperation during the hearing.

DATED this 6th day of September, 2019.

“Shelley L. Miller”

Shelley L. Miller, QC
Chair

“Charlene Snell”

Charlene Snell
Industry Representative

“Greg Wiebe”

Greg Wiebe
Industry Representative

DM 690532



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: Richard Rhodes

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Richard Charles Rhodes (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) in October 2016, the Respondent processed 2 redemptions for 1 client where he determined the timing of the redemptions, thereby engaging in authorized discretionary trading, contrary to MFDA Rules 2.3.1 and 2.1.1;
- b) between January 2011 and October 2016, the Respondent obtained, possessed, and used to process transactions, 7 pre-signed account forms in respect of 5 clients, contrary to MFDA Rule 2.1.1; and
- c) in March 2013, the Respondent altered and used to process transactions, 4 client account forms in relation to 1 client, by altering the client account forms without having the client initial the alterations, 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 \$6,500 in certified funds pursuant to section 24.1.1(b) of By-law No. 1;
- b) The Respondent shall pay costs in the amount of \$2,500 in certified funds pursuant to section 24.2 of By-law No. 1;
- c) The payment by the Respondent of the fine and costs shall be made to and received by MFDA Staff in certified funds as follows:
 - i) \$2,500 (Costs) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - ii) \$1,000 (Fine) shall be paid on or before the last business day of the first month following the acceptance of the Settlement Agreement by the Hearing Panel;
 - iii) \$1,000 (Fine) shall be paid on or before the last business day of the second month following the acceptance of the Settlement Agreement by the Hearing Panel;
 - iv) \$1,000 (Fine) shall be paid on or before the last business day of the third month following the acceptance of the Settlement Agreement by the Hearing Panel;
 - v) \$1,000 (Fine) shall be paid on or before the last business day of the fourth month following the acceptance of the Settlement Agreement by the Hearing Panel;

- vi) \$1,000 (Fine) shall be paid on or before the last business day of the fifth month following the acceptance of the Settlement Agreement by the Hearing Panel;
- vii) \$1,500 (Fine) shall be paid on or before the last business day of the sixth month following the acceptance of the Settlement Agreement by the Hearing Panel;
- d) the Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.3.1; and
- e) 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 2001, the Respondent has been registered in Alberta as a mutual fund salesperson (now known as a dealing representative) with Sun Life Financial Investment Services (Canada) Inc. (“Sun Life”), a Member of the MFDA.

8. At all material times, the Respondent carried on business in the Peace River, Alberta area.

Discretionary Trading

9. At all material times, Sun Life had a policy in place that prohibited its Approved persons, including the Respondent, from engaging in discretionary trading.

10. The Respondent states that on October 17, 2016, client PG requested that he process three redemptions of \$5,000 each from client PG’s Registered Retirement Savings Plan (RRSP) account at Sun Life.

11. According to the Respondent, client PG was recently disabled and staying with relatives in British Columbia. Given the tax implications client PG would suffer from making a \$15,000 redemption, the Respondent and client PG agreed to process the redemptions in three increments

to avoid the tax implications of the redemptions, particularly given client PG's disability status and financial hardship.

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13. The Respondent then used the same order ticket form to process three separate redemptions of \$5,000 each on October 18, October 21, and October 24, 2016.

14. The Respondent used his own discretion to determine the timing of the two redemptions processed by the Respondent on October 21 and October 24, 2016, without obtaining instructions from the client.

15. The Respondent states that he processed the redemptions in this manner due to the difficulty in receiving documentation from client PG, who only had the ability to send documentation via a public fax machine at the time. The Respondent acknowledges that he ought not to have processed the three redemptions using the same order ticket.

16. Client PG authorized the redemptions.

17. Subsequently, client PG died.

Pre-Signed Account Forms

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Sun Life's Investigation

23. In November 2016, Sun Life identified 2 of the pre-signed forms described above during an onsite branch review. Sun Life subsequently commenced a review of all of the client files serviced by the Respondent and identified the remaining pre-signed and altered forms that are the subject of this Settlement Agreement.

24. On November 7, 2016, Sun Life placed the Respondent under close supervision.

25. In December 2016, as part of its investigation, Sun Life sent audit letters to the affected clients serviced by the Respondent in order to determine whether they had any unauthorized transactions in their accounts. No clients reported any concerns to Sun Life.

26. On February 2, 2017, Sun Life issued a warning letter to the Respondent for possessing and using pre-signed and altered account forms, and placed him under continued close supervision for a period of 12 months.

Additional Factors

27. 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.

28. There is no evidence of any client loss.

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

30. 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

31. 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.

32. 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.

33. 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.

34. 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 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.

35. 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.

36. 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.

37. 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 15th day of July, 2019.

“Richard Charles Rhodes”

Richard Charles Rhodes

“SL”

Witness – Signature

SL

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. 201870



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: Richard Charles Rhodes

ORDER

WHEREAS on June 22, 2018, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to section 24.4 of By-law No. 1 in respect of Richard Charles Rhodes (the “Respondent”);

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated July 15, 2019 (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) in October 2016, processed 2 redemptions for 1 client where he determined the timing of the redemptions, thereby engaging in authorized discretionary trading, contrary to MFDA Rules 2.3.1 and 2.1.1;
- b) between January 2011 and October 2016, obtained, possessed, and used to process transactions, 7 pre-signed account forms in respect of 5 clients, contrary to MFDA Rule 2.1.1; and

- c) in March 2013, altered and used to process transactions, 4 client account forms in relation to 1 client, by altering the client account forms without having the client initial the alterations, 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 \$6,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.1.1(b) of 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 section 24.2 of By-law No. 1;
3. the payment by the Respondent of the fine and costs shall be made to and received by MFDA Staff in certified funds as follows:
 - a) \$2,500 (Costs) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - b) \$1,000 (Fine) on or before (DATE);
 - c) \$1,000 (Fine) on or before (DATE);
 - d) \$1,000 (Fine) on or before (DATE);
 - e) \$1,000 (Fine) on or before (DATE);
 - f) \$1,000 (Fine) on or before (DATE);
 - g) \$1,500 (Fine) on or before (DATE);
4. the Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.3.1; and
5. 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]