



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: Robert Grant Rice

Heard: August 31, 2017 in Toronto, Ontario

Decision: August 31, 2017

Reasons for Decision: October 20, 2017

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Paul M. Moore, Q.C.

Chair

Guenther W. K. Kleberg

Industry Representative

Joseph Yassi

Industry Representative

Appearances:

Sarah Glickman

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Counsel for the Mutual Fund Dealers
Association of Canada

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Laura Paglia

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Counsel for the Respondent

)

Robert Grant Rice

)

Respondent, In Person

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)

Settlement Agreement

1. The Hearing Panel accepted the settlement agreement dated March 7, 2017 (“Settlement Agreement”) between the staff of the MFDA and Robert Grant Rice (“Respondent”). A copy of the Settlement Agreement is attached to these reasons as Schedule “1”. The agreed facts are set out in Section III of the Settlement Agreement.

Contraventions

2. The Respondent admitted that:
- a) between 2005 and May 2015, he obtained, possessed, and in some instances, used to process transactions, 18 pre-signed account forms in respect of 9 clients, contrary to MFDA Rule 2.1.1

Agreed penalties

3. The agreed penalties were: i) a fine of \$11,500; and ii) a costs award of \$2,500.

Considerations

4. The Hearing Panel determined that it had to be satisfied regarding three considerations before it could accept the Settlement Agreement. First, the agreed penalty had to be within an acceptable range taking into account similar cases. Secondly, the agreed penalty had to be fair and reasonable (i.e. proportional to the seriousness of the contravention and taking into consideration other relevant circumstances) and should appear to be so to members of the public and industry. Thirdly, the agreed penalty should serve as a deterrent to the Respondent and to industry. To be satisfied on these three considerations required an understanding of the particular facts of the case, the circumstances of the Respondent, and the impact on him of the agreed penalty.

Nature of the Misconduct

5. Obtaining, possessing and using unsigned account forms, as admitted by the Respondent, is conduct in violation of MFDA Rule 2.1.1.

Other considerations in determining acceptability of agreed penalties

6. On September 21, 2015, the Member placed the Respondent under close supervision, and since then has identified no other concerns with the Respondent's conduct.

7. On July 28, 2015, the Member issued a warning letter to the Respondent and required him to successfully complete an industry course, which the Respondent did.

8. In January 2011, the Member issued a warning letter to the Respondent and placed him under close supervision for 6 months after it identified 2 pre-signed account forms in client files serviced by the Respondent. The Respondent signed an acknowledgement to the Member stating that the Respondent understood that he should not have clients execute forms that have not been completed in full.

9. Because the contravention in issue was a second violation and inconsistent with the Respondent's acknowledgement, it is appropriate that the fine be greater than \$5,000 which is usual for a first time violation of this nature.

10. There was no evidence of client loss or lack of authorization.

11. There was no evidence that the Respondent received any financial benefit from engaging in the misconduct beyond any commissions and fees that he would normally be entitled to receive if the transactions had been carried out in the proper manner.

12. The agreed penalties are significant and help the MFDA to send a message to the Respondent and others in the capital markets about the seriousness of the misconduct.

13. By entering into the Settlement Agreement, the Respondent has accepted responsibility for his misconduct and avoided the necessity of the MFDA incurring the time and expense of conducting a full disciplinary hearing.

14. The agreed penalties are within the reasonable range of appropriateness with regard to MFDA decisions submitted to us by staff, made by MFDA Hearing Panels in similar circumstances and are in accordance with the MFDA penalty guidelines.

Costs

15. The costs award is reasonable and appropriate.

Conclusion

16. We concluded that the agreed penalties were within an acceptable range based on precedents, would serve as a specific and general deterrent, and were fair and reasonable. We concluded, therefore, that the Settlement Agreement was in the public interest and, consequently, we accepted it.

DATED this 20th day of October, 2017.

“Paul M. Moore”

Paul M. Moore, Q.C.
Chair

“Guenther W. K. Kleberg”

Guenther W. K. Kleberg
Industry Representative

“Joseph Yassi”

Joseph Yassi
Industry Representative

Schedule “1”

Settlement Agreement

File No. 201731



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Re: Robert Grant Rice

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Robert Grant Rice (“Respondent”), consent and agree to settlement of this matter by way of this agreement (“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 2005 and May 2015, the Respondent obtained, possessed, and in some instances, used to process transactions, 18 pre-signed account forms in respect of 9 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 \$11,500 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 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 1984, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative) with Sun Life Investment Services (Canada) Inc. (“Sun Life”)¹, a Member of the MFDA.

8. Between March 2004 and December 2012, Sun Life designated the Respondent as a branch manager.

¹ Sun Life changed its name from Clarica Investco Inc. on June 25, 2005.

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

Pre-Signed Account Forms

10. Between 2005 and May 2015, the Respondent obtained, possessed, and in some instances, used to process transactions, 18 pre-signed account forms in respect of 9 clients.

11. The pre-signed account forms consisted of transfer authorization forms, order forms, know-your-client forms and account linking agreement forms.

12. There is no evidence that the Respondent obtained, possessed, or used the pre-signed account forms to process transactions during the period he was registered as a branch manager.

Sun Life's Investigation

13. In or around July 2015, during the course of a branch review, Sun Life's compliance staff identified several of the pre-signed account forms that make up the subject of this Settlement Agreement.

14. As part of its investigation, Sun Life reviewed all client files serviced by the Respondent and identified the remainder of the pre-signed account forms.

15. On September 21, 2015, Sun Life placed the Respondent under close supervision and, since then, has identified no other concerns with the Respondent's conduct.

16. In or around October 2015, Sun Life sent letters to all of the affected clients who were still clients of Sun Life in order to determine whether the Respondent had engaged in unauthorized trading. No clients raised any concerns.

17. On December 3, 2015, Sun Life issued a warning letter to the Respondent and required him to successfully complete an industry course, which the Respondent did.

Previous Use of Pre-Signed Account Forms

18. In January 2011, Sun Life issued a warning letter to the Respondent and placed him under close supervision for 6 months after it identified 2 pre-signed account forms in client files serviced by the Respondent. The Respondent signed an Acknowledgment to the Member stating that the Respondent understood that he should not have clients execute forms that have not been completed in full.

Additional Factors

19. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above other than the commissions or fees he would ordinarily be entitled to had the transactions been completed in the proper manner.

20. There is no evidence of client loss or lack of authorization.

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

IV. ADDITIONAL TERMS OF SETTLEMENT

22. 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.

23. The Settlement Agreement is subject to acceptance by the Hearing Panel which shall be sought at a hearing (“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.

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 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.

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 sections 20 and 24 of By-law No. 1, unaffected by the Settlement Agreement or the 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 copy of any signature shall be effective as an original signature.

DATED this 7th day of March, 2017.

“Robert Grant Rice”

Robert Grant Rice

“SB”

Witness – Signature

SB

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: Robert Grant Rice

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada ("MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of Robert Grant Rice ("Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated [date] ("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 2005 and May 2015, the Respondent obtained, possessed, and in some instances, used to process transactions, 18 pre-signed account forms in respect of 9 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 \$11,500 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 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]