



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: David Andrew Morin Sedley

Heard: July 9, 2018 in Vancouver, British Columbia

Decision: July 9, 2018

Reasons for Decision: July 30, 2018

REASONS FOR DECISION

Hearing Panel of the Pacific Regional Council:

Ian H. Pitfield
Darlene Barker
Robert Sokugawa

Chair
Industry Representative
Industry Representative

Appearances:

Christopher Corsetti)	Counsel for the Mutual Fund Dealers Association of Canada
)	
)	
Jacqueline Horton)	Counsel for the Respondent, by teleconference
)	
)	
David Andrew Morin Sedley)	Respondent, by teleconference
)	

1. On July 9, 2018, after hearing submissions from counsel, the Panel approved a Settlement Agreement dated June 19, 2018 between the Mutual Fund Dealers Association of Canada (MFDA) and the Respondent, David Andrew Morin Sedley.

2. The resulting Order provides that the Respondent shall pay a fine of \$2,500 and costs of \$2,500 forthwith. In addition, the Respondent shall be prohibited from conducting securities-related business in any capacity while in the employ of or associated with a MFDA Member for a period of six months commencing from the date of the Order, namely July 9, 2018.

Agreed Facts

3. The agreed facts were set forth in the Settlement Agreement:

7. Between November 18, 2014 and December 15, 2016, the Respondent was registered in British Columbia as a mutual fund salesperson (now known as a Dealing Representative) with CIBC Securities Inc. ("CIBC"), a Member of the MFDA.

8. The Respondent is not currently registered in the securities industry in any capacity.

9. At all material times, the Respondent carried on business in the Victoria, British Columbia area.

10. At all material times, CIBC prohibited its Approved Persons from signing client signatures on account forms.

11. Between January 21, 2016 and September 3, 2016, the Respondent signed the signatures of two clients on two new account application forms.

12. In November 2016, CIBC conducted a branch review of the Respondent's branch and identified the forms that are the subject of this Settlement Agreement.

13. On November 30, 2016, CIBC reviewed all mutual fund accounts opened by the Respondent and reviewed all of the Respondent's trading activity between June 1, 2016 and November 28, 2016 with no further findings.

14. On December 15, 2016, CIBC terminated the Respondent's registration because of the events described above.

15. The Respondent has not previously been the subject of [any] MFDA proceeding.

16. There is no evidence that:

- a) the Respondent processed any trades or changes to client information without the authorization of the clients;
- b) clients suffered any financial loss;
- c) the Respondent received any financial benefit from engaging in the misconduct beyond the commissions or fees to which he would have been ordinarily entitled had the transactions in the clients' accounts been out in the proper manner; and
- d) any clients have complained about the Respondent's conduct.

Analysis

4. The well-established principle is that a hearing panel will not reject a settlement agreement unless the proposed penalty falls outside the reasonable range of appropriateness. Settlements advance the MFDA's regulatory objective of protecting the public by proscribing activities that are harmful to the public while enabling the parties to reach a flexible remedy tailored to address the interests of both the regulator and a respondent: see *British Columbia Securities Commission v. Seifert*, 2007 BCCA 484, at paras. 31 and 49.

5. This is an instance in which a dealing representative has improperly replicated the signatures of two clients on a Member's account forms. In doing so, the Respondent contravened MFDA Rule 2.1.1 that provides as follows:

2.1.1 Standard of Conduct

Each Member and each Approved Person of a Member shall:

- a) deal fairly, honestly and in good faith with its clients;
- b) observe high standards of ethics and conduct in the transaction of business;
- c) not engage in any business conduct or practice which is unbecoming or detrimental to the public interest; and
- d) be of such character and business repute and have such experience and training as is consistent with the standards described in this Rule 2.1.1, or as may be prescribed by the [MFDA].

6. As stated by Enforcement Counsel, the prohibition against signing a client's signature applies regardless of the existence of client authorization or the motive behind the signing of the form. The MFDA has been warning dealing representatives against signing a client's signature on forms for a number of years: see MFDA Bulletin #00661-E dated October 2, 2015.

7. The circumstances in this case are very similar to those considered by a hearing panel in *Re: Lucas Stemshorn-Russell*, MFDA File No. 201792, March 7, 2018, Pacific Regional Council. In that case, a dealing representative had cut and pasted client signatures from two previously signed account forms on two new account forms contrary to MFDA Rule 2.1.1. The hearing panel imposed a fine of \$2,500, ordered the payment of costs in the amount of \$2,500, and prohibited employment in the mutual fund industry for a period of 6 months.

8. The reasoning in *Re: Stemshorn-Russell* commends itself to the Panel and, accordingly, the Panel considered the penalty imposed upon the Respondent by way of the Settlement Agreement in this case to be within the reasonable range of appropriateness such that the Settlement Agreement was approved.

DATED this 30th day of July, 2018.

“Ian H. Pitfield”

Ian H. Pitfield
Chair

“Darlene Barker”

Darlene Barker
Industry Representative

“Robert Sokugawa”

Robert Sokugawa
Industry Representative

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