



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: Amrit Lal Sharma

Heard: July 27, 2017 in Toronto, Ontario

Decision: July 27, 2017

Reasons for Decision: September 18, 2017

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Frederick H. Webber

Brigitte J. Geisler

Robert C. White

Chair

Industry Representative

Industry Representative

Appearances:

Sarah Glickman

)

Counsel for the Mutual Fund Dealers

)

Association of Canada

)

Amrit Lal Sharma

)

Respondent (by teleconference)

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Settlement Agreement

1. The Hearing Panel accepted the settlement agreement dated January 20, 2017 (“Settlement Agreement”) between the staff of the MFDA and Amrit Lal Sharma (“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 between March 2013 and August 2014, he obtained, possessed, and in some instances, used to process transactions, 18 pre-signed account forms in respect of 7 clients, contrary to MFDA Rule 2.1.1.

Agreed penalties

3. The agreed penalties were: i) a fine of \$5000, (ii) costs of \$2500, (iii) the Respondent shall be prohibited from acting in the capacity of branch manager for six months (iv) he shall in the future comply with MFDA Rule 2.1.1. and (v) he will attend the Settlement Hearing in person. The Respondent was unable to attend the Hearing in person for medical reasons; therefore, notwithstanding (v) above, MFDA Counsel and the Panel waived this requirement and the Respondent attended the hearing by teleconference.

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 the industry. Thirdly, the agreed penalty should serve as a deterrent to the Respondent and to

the 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 and/or using pre-signed account forms is serious misconduct in violation of MFDA Rule 2.1.1.

Other considerations in determining acceptability of agreed penalties

6. There was no evidence of client loss, no client complaints and no evidence of unauthorized trading.

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

8. 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.

9. The Respondent has not previously been subject to MFDA disciplinary proceedings.

10. The Respondent stated that he was unable to pay any additional amounts towards a fine.

11. 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.

12. On December 3, 2014, the Respondent's Member issued a warning to the Respondent, placed him under close supervision for six months with a corresponding 5% commission deduction for this period, and terminated his designation as a branch manager.

13. The Respondent has been registered in the mutual fund industry since 1998. As an experienced mutual fund salesperson and a branch manager, he ought to have known and respected the compliance requirements of the Member and the MFDA.

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

Conclusion

15. 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 18th day of September, 2017.

"Frederick H. Webber"

Frederick H. Webber
Chair

"Brigitte J. Geisler"

Brigitte J. Geisler
Industry Representative

"Robert C. White"

Robert C. White
Industry Representative

Schedule “1”

Settlement Agreement

File No. 201712



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Re: Amrit Lal Sharma

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Amrit Lal Sharma (“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 March 2013 and August 2014, the Respondent obtained, possessed, and in some instances, used to process transactions, 18 pre-signed account forms in respect of 7 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 \$5,000 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 be prohibited from acting in the capacity of branch manager for a period of 6 months pursuant to s. 24.1.1(e) of MFDA by-law No. 1;
- d) the Respondent shall in the future comply with MFDA Rule 2.1.1; 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 1998, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative). Since 2000, the Respondent has been registered with Global Maxfin Investments Inc. (“Global”), a Member of the MFDA.

8. Between 2008 and 2015, Global designated the Respondent as a branch manager.

Pre-Signed Account Forms

9. Between March 2013 and August 2014, the Respondent obtained, possessed, and in some instances, used to process transactions, 18 pre-signed account forms in respect of 7 clients.
10. The pre-signed account forms consisted of order entry forms.

Investigation

11. Between May 2014 and December 2014, during the course of a MFDA Sales Compliance review of Global, MFDA Sales Compliance Staff identified pre-signed account forms in client files serviced by the Respondent.
12. As a result of MFDA Sales Compliance's findings, Global reviewed all client files serviced by the Respondent and identified further pre-signed account forms, which, together with the account forms referred to above, form the misconduct set out in this Settlement Agreement.
13. As part of its investigation, Global sent letters to all clients serviced by the Respondent in order to determine whether the Respondent had engaged in unauthorized trading. No clients raised any concerns.
14. On December 3, 2014, Global took the following actions:
 - a) issued a warning letter to the Respondent;
 - b) placed the Respondent under close supervision for six months with a corresponding 5% commission deduction for this period; and
 - c) terminated its designation of the Respondent as a branch manager.

Additional Factors

15. 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.
16. There is no evidence of client loss or lack of authorization.
17. The Respondent has not previously been the subject of MFDA proceedings.
18. The Respondent states that he is unable to pay any additional amounts towards a fine.
19. 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

20. 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.
21. 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.
22. 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.

23. 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 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.

24. 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.

25. 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.

26. 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 20th day of January, 2017.

“Amrit Sharma”

Amrit Sharma

“HBD”

Witness – Signature

HBD

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: Amrit Lal Sharma

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 Amrit Lal Sharma (“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 March 2013 and August 2014, the Respondent obtained, possessed, and in some instances, used to process transactions, 18 pre-signed account forms in respect of 7 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 \$5,000 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 be prohibited from acting in the capacity of branch manager for a period of 6 months pursuant to s. 24.1.1(e) of MFDA by-law No. 1;
4. the Respondent shall in the future comply with MFDA Rule 2.1.1; 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]