



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: Donald William Shaw

Heard: June 6, 2017, in Calgary, Alberta

Decision: June 6, 2017

Reasons for Decision: June 28, 2017

REASONS FOR DECISION

Hearing Panel of the Prairie Regional Council:

Graham Price, Q.C.

M. Elaine Bradley

Kathleen Jost

Chair

Industry Representative

Industry Representative

Appearances:

Justin Dunphy

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Counsel for the Mutual Fund Dealers

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Association of Canada

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Maureen Doherty

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Counsel for the Respondent

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Donald William Shaw

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Respondent, In Person

INTRODUCTION

1. By Notice of Settlement Hearing dated April 17, 2017, and duly served upon Donald William Shaw (“Respondent”) by the Mutual Fund Dealers Association of Canada (“MFDA”), a settlement hearing was heard in Calgary, Alberta on June 6, 2017.

2 The agreed facts, the joint settlement recommendations and Counsel’s submissions are as follows.

AGREED FACTS

3 The Agreed facts are set out in Section III of the Settlement Agreement between the MFDA and Donald William Shaw (the “Respondent”) dated May 3, 2017 (the “Settlement Agreement”).

(i) Registration History

4. Since February 1997, the Respondent has been registered 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.

5. At all material times, the Respondent conducted business in the Rocky Mountain House, Alberta area.

(ii) Conflict of Interest

6. At all material times, Sun Life’s Code of Business Practice prohibited its Approved Persons, including the Respondent, from entering into a conflict or potential conflict of interest with clients. Sun Life’s Code of Business Practice further prohibited its Approved Persons, including the Respondent, from lending monies to a client.

7. At all material times, client BM was a client of Sun Life whose accounts were serviced by the Respondent. The Respondent states that client BM was a personal, family friend as well as a client.

8. In September 2013, client BM redeemed \$440,000 from a corporate account at Sun Life in order to complete the purchase of a business in Alberta. Client BM required the monies to be transferred via electronic fund transfer by October 4, 2013 in order to complete the business purchase. When the Respondent processed this request on behalf of client BM, the Respondent marked that the proceeds of the redemption were to be sent to client BM by regular mail, rather than ensuring the monies were deposited by electronic fund transfer to client BM's account. As a result, client BM would not have sufficient monies to complete the business purchase at the time the transaction closed on October 4, 2013.

9. On or about October 2, 2013, client BM contacted the Respondent to advise that the redemption monies had not yet arrived. The Respondent contacted Sun Life and was advised that a cheque for the \$440,000 redemption had been mailed, and that an electronic fund transfer could not be arranged in sufficient time for client BM to complete the business purchase by October 4, 2013.

10. On or about October 4, 2013, the Respondent advanced client BM \$440,000 as a short term loan in order for client BM to complete his business purchase transaction by October 4, 2016 (sic).

11. On or about October 8, 2013, client BM repaid the Respondent.

(iii) Pre-signed account forms

12. 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.

13. Between November 2012 and November 2015, the Respondent obtained, possessed, and in some instances, used to process transactions, pre-signed account forms in respect of 18 clients.

14. The pre-signed account forms consisted of :

- a) 4 order tickets;
- b) 2 Know-Your-Client forms;
- c) 6 pre-authorized chequing forms;
- d) 5 limited trading authorizations;
- e) 2 direct transfer forms;
- f) 2 mutual fund application forms; and
- g) 10 transfer authorization forms.

15. The Respondent submitted 28 of the pre-signed account forms to Sun Life to process transactions in the clients' accounts.

(iv) Altered Account Forms

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

17. Between November 2014 and April 2015, the Respondent altered 4 account forms in respect of 2 clients by using correction fluid to alter the date on the account forms and then submitting the account forms to the Member for processing, without having the clients initial the alterations. The Respondent states that on both occasions, he was acting on the instruction of clients who lived in remote areas without access to computers and /or fax machines to initial the alterations.

18. The altered account forms consisted of 4 transfer authorization forms.

(v) Sun Life's Investigation

19. In March 2016, Sun Life's compliance staff detected the conduct that is the subject of this Settlement Agreement as a result of an audit.

20. In April 2016, the Member placed the Respondent on close supervision for a period of 12 months.

21. In May 2016, as part of its investigation, Sun Life sent letters to all of the clients whose accounts were serviced by the Respondent in order to determine whether the Respondent had engaged in any unauthorized trading. No clients reported any concerns.

22. On or about June 1, 2016, Sun Life issued a warning letter to the Respondent for possessing and using pre-signed and falsified forms, and for engaging in personal financial dealings with client BM. Sun life placed the Respondent on close supervision for a period of 12 months, and required the Respondent to complete an industry course.

(vi) Additional Factors

23. 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.

24. There is no evidence of any client loss or that the transactions were unauthorized.

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

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

**JOINT SETTLEMENT RECOMMENDATIONS AND RESPONDENT'S AGREEMENT
WITH STAFF'S SUBMISSIONS RESULTING IN THE SETTLEMENT AGREEMENT**

27. Staff and the Respondent jointly recommended the Hearing Panel accept the Settlement Agreement. Further, Counsel for the Respondent agreed with Staff's written and oral submissions to the Panel.

(i) Contraventions

28. The Respondent has admitted that:

- a) between October 4, 2013 and October 8, 2013, he provided a short term loan of \$440,000 to a client, thereby giving rise to a conflict or potential conflict of interest between the Respondent and the client, which he failed to address by the exercise of reasonable business judgment, influenced only by the best interests of the client, contrary to MFDA Rule 2.1.4;
- b) between November 2012 and November 2015, he obtained, possessed, and in some instances, used to process transactions, 31 pre-signed account forms in respect of 18 clients, contrary to MFDA Rule 2.1.1; and
- c) between November 2014 and April 2015, he altered 4 account forms in respect of 2 clients by altering the date on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1.

Settlement Agreement, at para. 4.

(ii) Terms of Settlement

29. The Respondent has agreed, as a term of settlement, to a fine in the amount of \$20,000 and costs in the amount of \$2,500.

Settlement Agreement, at para. 5.

30. The Panel finds the settlement advances the public interest as it is reasonable and proportionate having regard to the nature and extent of the Respondent’s misconduct and all of the circumstances.

LAW

(i) Applicable Provisions

31. The relevant MFDA provisions in this matter are:

Law	Details of Provision	Book of Authorities
MFDA Rule 2.1.4	Conflicts of Interest	Tab 1
MFDA Rule 2.1.1	Standard of Conduct	Tab 2
Sections 20, 24.1.1, 24.1.4, 24.2, 24.4 of MFDA By-law No. 1	Power of hearing panels to discipline approved persons and order the payment of costs	Tab 3
Rules 14 and 15 of the MFDA Rules of Procedure	Rules relevant to MFDA settlement hearings	Tab 4
MFDA Notice #MSN-0066 dated October 31, 2007 (updated March 4, 2013)	Notice regarding signature falsification	Tab 5
MFDA Bulletin #0661-E dated October 2, 2015	Bulletin regarding signature falsification	Tab 6

(ii) Factors Concerning Acceptance of a Settlement Agreement

32. Pursuant to s. 24.4.3 of MFDA By-law No. 1, a Hearing Panel has two options with respect to a settlement agreement referred to it on the recommendation of Staff. The Hearing Panel shall either accept the settlement agreement or reject it.

MFDA By-law No.1, Staff’s Book of Authorities, Tab 3.

33. The role of a Hearing Panel at a settlement hearing is fundamentally different than its role at a contested hearing. As stated by the MFDA Hearing Panel in *Sterling Mutuals Inc. (Re)*, citing the I.D.A. Ontario District Council in *Milewski (Re)*:

“We also note that while in a contested hearing the Panel attempts to determine the correct penalty, in a settlement hearing the Panel “will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness.” [Emphasis added.]

Sterling Mutuals Inc. (Re), MFDA File No. 200820, Hearing Panel of the Central Regional Council, Decision and Reasons dated August 21, 2008 at para. 37, Staff’s Book of Authorities, Tab 7.

Milewski (Re), [1999] IDACD No. 17 at p. 12, Ontario District Council Decision dated July 28, 1999, Staff’s Book of Authorities, Tab 8.

34. Settlements assist the MFDA in meeting its regulatory objective of protecting the public by proscribing activities that are harmful to the public, and by enabling flexible remedies tailored to the interests of both the MFDA and a respondent. Staff submits that the ability of the MFDA to enter into settlements is enhanced where Hearing Panels do not reject a settlement agreement unless the proposed penalty clearly falls outside the reasonable range of appropriateness.

British Columbia Securities Commission v Seifert, 2007 BCCA 484 at para. 31, Staff’s Book of Authorities, Tab 9.

35. In past cases, MFDA Hearing Panels have taken into account the following considerations when determining whether a proposed settlement should be accepted:

- (a) Whether acceptance of the settlement agreement would be in the public interest and whether the penalty imposed will protect investors;
- (b) Whether the settlement agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the settlement agreement;
- (c) Whether the settlement agreement addresses the issues of both specific and general deterrence;
- (d) Whether the settlement agreement will prevent the type of conduct described in the settlement agreement from occurring again in the future;
- (e) Whether the settlement agreement will foster confidence in the integrity of the Canadian capital markets;

- (f) Whether the settlement agreement will foster confidence in the integrity of the MFDA; and
- (g) Whether the settlement agreement will foster confidence in the regulatory process itself.

Sterling Mutuals Inc. (Re), *supra*, at para. 36 and the decisions cited therein, Staff’s Book of Authorities, Tab 7.

(iii) MFDA Penalty Guidelines

36. The MFDA Penalty Guidelines are an additional resource that a Hearing Panel may consult when determining the appropriateness of the penalty to be imposed pursuant to a settlement agreement. The penalty types and ranges stated in the Penalty Guidelines are not mandatory or binding; they are intended to provide a basis upon which a Hearing Panel’s discretion can be exercised consistently in like circumstances.

Excerpts from the MFDA Penalty Guidelines, Staff’s Book of Authorities, Tab 10.

37. In cases involving misconduct of the type admitted to in the present case, the Penalty Guidelines recommend consideration of the following penalties and factors:

BREACH	PENALTY TYPE & RANGE	SPECIFIC FACTORS TO CONSIDER
Conflict of Interest (Rule 2.1.4) (Guidelines, p. 9)	<ul style="list-style-type: none"> • Fine (AP): Minimum of \$5,000 • Write or rewrite an appropriate industry course (e.g. IFIC Officers', Partners' and Directors' Course or Canadian Investment Funds Course) • Suspension • Permanent prohibition in egregious cases 	<ul style="list-style-type: none"> • Whether the activity was an isolated incident or part of a larger pattern of conduct involving multiple clients • Whether the conflict of interest was adequately explained to the client • Level of client sophistication: did the client understand the nature and significance of the conflict of interest? • Whether the conflict of interest was brought to the attention of the Member • Whether the Respondent was aware of the prohibited nature of the activity • Whether the Respondent concealed or attempted to conceal the activity from the client and/or the Member • Whether the client was harmed by the activity and if so, to what extent
Standard of Conduct (Rule	<ul style="list-style-type: none"> • Fine (AP): Minimum of \$5,000 • Write or rewrite an appropriate 	<ul style="list-style-type: none"> • Nature of the circumstances and conduct • Number of individuals affected

2.1.1) (Guidelines, p. 27)	industry course (e.g. IFIC Officers', Partners' and Directors' Course or Canadian Investment Funds Course) <ul style="list-style-type: none"> • Suspension • Permanent prohibition in egregious cases 	<ul style="list-style-type: none"> • Whether the conduct is likely to bring the individual, the Member or the mutual fund industry into disrepute
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Excerpts from the MFDA Penalty Guidelines at pp 9 and 27, Staff's Book of Authorities, Tab 10.

(iv) Appropriateness of the Proposed Penalty

38. The primary goal of securities regulation, whether in the context of a settlement hearing or a contested hearing, is protection of the investor.

Pezim v British Columbia (Superintendent of Brokers), [1994] 2 SCR 557 (SCC) at paras. 59, 68, Staff's Book of Authorities, Tab 11.

Breckenridge (Re), MFDA File No. 200718, Hearing Panel of the Central Regional Council, Decision and Reasons dated November 14, 2007 at para 74, Staff's Book of Authorities, Tab 12.

39. In addition to protection of the investor, the goals of securities regulation include fostering public confidence in the capital markets and the securities industry.

Pezim v British Columbia (Superintendent of Brokers), *supra*, at paras. 59, 68, Staff's Book of Authorities, Tab 11.

40. Hearing Panels frequently consider the following factors when determining whether a penalty is appropriate:

- (a) The seriousness of the allegations proved against the Respondent;
- (b) The Respondent's past conduct, including prior sanctions;
- (c) The Respondent's experience and level of activity in the capital markets;
- (d) Whether the Respondent recognizes the seriousness of the improper activity;
- (e) The harm suffered by investors as a result of the Respondent's activities;
- (f) The benefits received by the Respondent as a result of the improper activity;

- (g) The risk to investors and the capital markets in the jurisdiction, were the Respondent to continue to operate in capital markets in the jurisdiction;
- (h) The damage caused to the integrity of the capital markets in the jurisdiction by the Respondent's improper activities;
- (i) The need to deter not only those involved in the case being considered, but also any others who participate in the capital markets, from engaging in similar improper activity;
- (j) The need to alert others to the consequences of inappropriate activities to those who are permitted to participate in the capital markets; and
- (k) Previous decisions made in similar circumstances.

Breckenridge (Re), *supra*, at para. 77 and the decisions cited therein, Staff's Book of Authorities, Tab 12.

APPLICATION IN THE PRESENT CASE

41. The Panel finds the parties have taken the factors set out above into account in reaching the Settlement Agreement.

i) Nature of the Misconduct: Pre-Signed and Altered Forms

42. The Respondent's misconduct is serious; he obtained, possessed, and in some instances, used to process transactions, 31 pre-signed account forms in respect of 18 clients, and 4 altered account forms in respect of 2 clients.

43. 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), *supra*, at para. 71, Staff's Book of Authorities, Tab 12.

Price (Re), MFDA File No. 200814, Hearing Panel of the Central Regional Council, Decision and Reasons dated April 18, 2011, at paras. 118 – 121, Staff's Book of Authorities, Tab 13.

44. MFDA Rule 2.1.1 requires that each Member and Approved Person deal fairly, honestly, and in good with faith with clients, observe high standards of ethics and conduct in the transaction of business, and refrain from engaging in any business conduct or practice which is unbecoming or detrimental to the public interest.

MFDA Rule 2.1.1, Staff's Book of Authorities, Tab 2.

45. The MFDA has made clear to Approved Persons since October 31, 2007 that possessing and using pre-signed forms is contrary to the obligations of Rule 2.1.1.

Member Staff Notice 0066: Pre-Signed Forms, dated October 31, 2007 (updated March 4, 2013), Staff's Book of Authorities, Tab 5.

46. Hearing Panels of the MFDA, IIROC, and provincial securities commissions have also confirmed that the possession and use of pre-signed forms is prohibited.

Price (Re), *supra* at para. 135 and the decisions cited therein, Staff's Book of Authorities, Tab 13.

47. 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), *supra*, at paras. 122 – 124, Staff's Book of Authorities, Tab 13.

48. 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, Staff's Book of Authorities, Tab 14.

49. Hearing Panels have also held that altering or falsifying forms is a contravention of the standard of conduct as set out in MFDA Rule 2.1.1.

Byce (Re), MFDA File No. 201311, Hearing Panel of the Central Regional Council, Decision and Reasons dated September 4, 2013, Staff's Book of Authorities, Tab 15.

50. Like pre-signed account forms, the creation, possession or use of a falsified form is considered serious misconduct. The reasoning in *Price (Re)*, above, at paragraph 21, for why pre-signed account forms affect the integrity and reliability of account documents also applies to falsified forms. With respect to falsified or altered forms in particular, there also exists the possibility that the changes are made to the forms without the clients' knowledge or consent.

51. On the basis of the foregoing, by obtaining and using pre-signed and altered forms as described in Part III of the Settlement Agreement, the Respondent engaged in conduct prohibited by MFDA Rule 2.1.1, and therefore, engaged in misconduct that should be regarded as serious.

ii) Nature of the Misconduct: Conflict of Interest

52. The Respondent has admitted to entering into a conflict or potential conflict of interest by loaning \$440,000 to a client. This is serious misconduct.

53. MFDA Rule 2.1.4 requires that Approved Persons disclose any potential or actual conflicts of interest to their Members, and address such conflicts with the exercise of responsible business judgment influenced only by the best interests of the client.

54. Previous MFDA Hearing Panels have determined that where an Approved Person borrows money from a client, such circumstances give rise to a conflict of interest within the meaning of MFDA Rule 2.1.4.

Tonnies (Re), MFDA File No. 200503, Hearing Panel of the Prairie Regional Council, Decision and Reasons dated June 27, 2005 at p. 14, Staff's Book of Authorities, Tab 16.

55. The Panel finds in the present instance, where an Approved Person loans money to a client, the same principles apply as was set out in *Tonnies (Re)*. While in this instance, the Respondent was repaid the monies that he lent to his client, there existed clear potential for a conflict of interest had the client been unable to repay the Respondent. For example:

- a) An Approved Person who is owed money from a client may be hesitant to execute trades in mutual funds at all, or to execute trades in higher risk funds, even if suitable, due to a fear that the Approved Person would not be repaid;
- b) An Approved Person may persuade a client to sell Deferred Sales Charge load mutual funds early, despite the fees associated with it, in order to use the proceeds to repay the Approved Person; or
- c) An Approved Person may persuade a client to buy mutual funds that attract higher commissions for the Approved Person as part of a proposal to repay the Approved Person.

iii) The Respondent's Past Conduct

56. The Respondent has not previously been sanctioned by the MFDA.

Settlement Agreement, at para. 28.

iv) The Respondent's Experience in the Securities Industry

57. The Respondent has been registered as a mutual fund dealing representative since February 1997.

Settlement Agreement, at para. 7.

v) The Respondent's Recognition of the Seriousness of his Misconduct

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

Settlement Agreement, at para. 29.

vi) Client Harm and Benefits Received by the Respondent

59. An investigation did not reveal any evidence of unauthorized trades or client losses. There is no evidence to suggest that the Respondent received a financial or other benefit through his conduct, and there were no client complaints.

Settlement Agreement, at paras. 26 and 27.

vii) Deterrence

60. A fine of \$20,000 and costs of \$2,500 is necessary and sufficient to achieve the goals of specific and general deterrence, having regard to the aggravating factors described above.

61. The penalty demonstrates that the Respondent's misconduct in all of the circumstances is serious and has significant consequences. The penalty will also deter others in the capital markets from engaging in similar activity.

(viii) Penalty Guidelines

62. A \$20,000 fine is higher than the minimum penalty recommended by the Penalty Guidelines for an Approved Person's breach of the standard of conduct, and engaging in a potential conflict of interest. A higher penalty is appropriate in the present case, having regard to

the above noted aggravating factors, the number of MFDA Rule violations, and the amount of monies that were transferred as part of the short term loan. The Panel agrees.

ix) Previous Decisions in Similar Cases

63. The following penalties have been imposed in similar circumstances:

CASE	FACTS	OUTCOME
<i>Plunkett (Re)</i> ¹	<ul style="list-style-type: none"> • The Respondent, or his assistant for whom he was responsible, obtained, maintained, and in some cases, used, 33 pre-signed account forms and 3 altered forms. 	<p>The Hearing Panel approved the settlement agreement with the following terms:</p> <ul style="list-style-type: none"> • Fine of \$11,250 • Costs of \$2,500
<i>Weller (Re)</i> ²	<ul style="list-style-type: none"> • The Respondent obtained, and in some cases used, 20 pre-signed account forms and 2 altered KYC forms. 	<p>The Hearing Panel approved the settlement agreement with the following terms:</p> <ul style="list-style-type: none"> • Fine of \$10,000 • Costs of \$2,500
<i>Coelho (Re)</i> ³	<ul style="list-style-type: none"> • The Respondent obtained, maintained, and in some cases, used, 49 pre-signed account forms and 6 altered forms. 	<p>The Hearing Panel approved the settlement agreement with the following terms:</p> <ul style="list-style-type: none"> • Fine of \$12,500 • Costs of \$2,500
<i>Addison (Re)</i> ⁴	<ul style="list-style-type: none"> • The Respondent: <ul style="list-style-type: none"> ○ Engaged in personal financial dealings and entered into a conflict of interest with a client when she recommended an investment of \$120,000 in a rental property through a second mortgage, which rental property was owned by the Respondent. ○ Failed to comply with reporting obligations to the Member with respect to the client’s complaints about the rental property investment. • The Respondent eventually repaid the client. 	<p>The Hearing Panel approved the settlement agreement with the following terms:</p> <ul style="list-style-type: none"> • Fine of \$20,000 • Costs of \$5,000

¹ *Plunkett (Re)*, MFDA File No. 201682, Hearing Panel of the Prairie Regional Council, Decision and Reasons dated January 17, 2017, Staff’s Book of Authorities, Tab 17.

² *Weller (Re)*, MFDA File No. 201544, Hearing Panel of the Central Regional Council, Decision and Reasons dated February 19, 2016, Staff’s Book of Authorities, Tab 18.

³ *Coelho (Re)*, MFDA File No. 201551, Hearing Panel of the Central Regional Council, Decision and Reasons dated April 25, 2016, Staff’s Book of Authorities, Tab 19.

⁴ *Addison (Re)*, MFDA File No. 201338, Hearing Panel of the Central Regional Council, Decision and Reasons dated November 13, 2014, Staff’s Book of Authorities, Tab 20.

CASE	FACTS	OUTCOME
<i>Davis (Re)</i> ⁵	<ul style="list-style-type: none"> • The Respondent: <ul style="list-style-type: none"> ○ Engaged in personal financial dealings and entered into a conflict of interest by borrowing at least \$80,000 from a client, which he failed to repay. ○ Engaged in a dual occupation not disclosed to or approved by the Member. ○ Misled the Member with respect to disclosing the dual occupation. ○ Obtained and maintained 17 pre-signed account forms. 	<p>The Hearing Panel imposed the following penalties:</p> <ul style="list-style-type: none"> • Fine of \$90,000 with respect to the personal financial dealings • Fine of \$50,000 with respect to the outside business activities and misleading the Member • Fine of \$10,000 for pre-signed forms • Permanent Prohibition • Costs of \$10,000
<i>Colinares (Re)</i> ⁶	<ul style="list-style-type: none"> • The Respondent engaged in personal financial dealings with a client by borrowing \$3,000 from the client, which she subsequently repaid with interest. • The respondent used the credit cards of 2 clients to purchase \$190 in business cards and \$150 for the renewal of her insurance license, which expenses were repaid shortly after they were incurred by the Respondent. • The Respondent was retired and impecunious. 	<p>The Hearing Panel approved the settlement agreement with the following terms:</p> <ul style="list-style-type: none"> • 1 year suspension

⁵ *Davis (Re)*, MFDA File No. 201615, Hearing Panel of the Prairie Regional Council, Decision and Reasons dated November 15, 2016, Staff’s Book of Authorities, Tab 21.

⁶ *Colinares (Re)*, MFDA File No. 201312, Hearing Panel of the Central Regional Council, Decision and Reasons dated March 24, 2014, Staff’s Book of Authorities, Tab 22.

SUMMARY and CONCLUSION

64. Having regard to all the foregoing factors, the Panel concludes the penalties proposed in the Settlement Agreement are reasonable and proportionate and will deter the Respondent and other Approved Persons from this type of misconduct in the future. Accordingly, 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.

65. The Settlement Agreement is accepted.

DATED this 28th day of June, 2017.

“Graham Price”

Graham Price, Q.C.
Chair

“M. Elaine Bradley”

M. Elaine Bradley
Industry Representative

“Kathleen Jost”

Kathleen Jost
Industry Representative

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