



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A DISCIPLINARY HEARING
PURSUANT TO SECTIONS 20 AND 24 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Krystal Jean Vanlandschoot

Heard: December 16, 2020 by electronic hearing in Toronto, Ontario

Decision: December 16, 2020

Reasons for Decision: January 29, 2021

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Frederick W. Chenoweth
Samuel Mah
Selwyn Kossuth

Chair
Industry Representative
Industry Representative

Appearances:

Brendan Forbes)	Enforcement Counsel for the Mutual Fund
)	Dealers Association of Canada
)	
)	
Krystal Vanlandschoot)	Respondent, not in attendance or represented by
)	counsel
)	

I. BACKGROUND

1. A Notice of Hearing commencing this proceeding was issued on May 20, 2020 (the “Notice of Hearing”). As appears from the Affidavit of Chris Russell, sworn May 28, 2020, Krystal Vanlandschoot (the “Respondent”) was duly served with the Notice of Hearing on May 28, 2020.

2. The Respondent did not serve or file a reply to the Notice of Hearing at any time after the above mentioned service. In addition, the Respondent failed to attend the first appearance in this matter on August 11, 2020, despite being properly served with the Notice of Hearing. At the first appearance, the Hearing Panel scheduled the hearing of this matter on its merits to proceed by electronic hearing on December 16-17, 2020.

3. Following the above mentioned first appearance, evidence disclosed that Staff of the MFDA (“Staff”) made reasonable efforts to notify the Respondent of the date, time, location and subject matter of the Hearing on the Merits, including sending the Respondent letters, indicating the time and date of the hearing, along with the Respondent’s rights and obligations with respect to participating in the hearing process. In spite of those efforts, the Respondent not only failed to file a reply to the Notice of Hearing, but failed to attend the Hearing on the Merits, either in person or by counsel.

II. THE CONTRAVENTIONS

4. In the Notice of Hearing, it is alleged that:

Allegation #1: Between May 2018 and July 2018, the Respondent misappropriated at least \$5,489 from two clients, contrary to MFDA Rule 2.1.1.

Allegation #2: Commencing in September 2018, the Respondent failed to cooperate with MFDA Staff during the course of an investigation into her conduct, contrary to section 22.1 of MFDA By-law No. 1.

III. THE FACTS

5. The relevant facts are those set out in paragraphs 1 to 16 of the Notice of Hearing, which is attached as Appendix “A” to these Reasons.

6. Given the adequate notice to the Respondent of the Hearing on the Merits, and pursuant to Rule 13.4 and 1.6 of the MFDA *Rules of Procedure*, the Hearing Panel made an order that the hearing proceed in the absence of the Respondent. In addition, and pursuant to Rule 13.4, the Hearing Panel made an order confirming that Staff may utilize Affidavits as evidence for the purpose of confirming the facts alleged in the Notice of Hearing. In this respect, the Hearing Panel had the benefit of the extensive Affidavit of Tim Fallows, sworn December 10, 2020 (the “Fallows Affidavit”) and the Affidavit of Elizabeth Bateman sworn December 16, 2020 (the “Bateman Affidavit”). The said Affidavits were marked respectively as Exhibit 3 and Exhibit 4 in the proceeding. It was evident from the aforementioned Affidavits, including the extensive exhibits attached thereto, that the acts alleged in the Notice of Hearing were confirmed. Accordingly, the Hearing Panel concluded that the allegations against the Respondent had been proven.

7. In doing so, the Hearing Panel was mindful that the standard of proof in administrative proceedings, such as those instituted pursuant to MFDA By-law No. 1, was a civil standard of balance of probability. Since 2008, it has been settled law in Canada that “there is only one civil standard of proof at common law and that is proof on a balance of probabilities.” The Supreme Court of Canada has rejected the notion that the seriousness of the allegations or consequences change the standard of proof. In all civil cases, the trial judge must scrutinize relevant evidence with care to determine whether it is more likely that alleged event occurred. Evidence must always be sufficiently clear, convincing, and cogent to satisfy the balance of probabilities test, but there is no objective standard to measure sufficiency.

Brauns (Re), 2013 LNCMFDA 68 at para. 15

F.H. v. McDougall, [2008] 3 S.C.R. 41 at paras 40, 45, 46 and 49

Accordingly, Staff bears the burden of proving the allegations against the Respondent on a balance of probabilities.

8. The Hearing Panel also considered that the standard of conduct codified by MFDA Rule 2.1.1 requires that Approved Persons deal fairly, honestly, and in good faith with clients; observe high standard 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. The

Rule is central to the MFDA mandate of enhancing investor protection and strengthening public confidence in the Canadian mutual fund industry.

MFDA Rule 2.1.1

Breckenridge (Re), 2007 LNCMFDA 38 para. 71

IV. MISAPPROPRIATION

9. MFDA Hearing panels have repeatedly held an Approved Person who misappropriates client monies has engaged in conduct that is contrary to MFDA Rule 2.1.1.

Douglas (Re), [2018] Hearing Panel of the Central Regional Council, MFDA File No. 201824, Decision dated October 9, 2018 at paras. 24-25.

Dew (Re), [2018] Hearing Panel of the Atlantic Regional Council, MFDA File No. 201738, Decision dated July 23, 2018 at para. 21.

Lam (Re), [2018] Hearing Panel of the Prairie Regional Council, MFDA File No. 201856, Decision dated January 25, 2019 at para. 15.

10. Prior MFDA Hearing Panels have also sanctioned individuals who have misappropriated monies from the bank accounts of Member clients.

Hothi (Re) [2003] Hearing Panel of the Prairie Regional Council, MFDA File No. 202012, Hearing Panel Decision dated September 29, 2020 at para 23.

11. The Hearing Panel was satisfied that the misappropriation of client monies is fundamentally dishonest conduct which strikes at the very nature of the advisor-client relationship. Such conduct not only caused harm to the client and Members, but it also undermined the reputation and integrity of the securities industry as a whole.

12. In the present case, the evidence establishes that the Respondent misappropriated at least \$5,489 from two clients, client NS and PF Co. The Respondent obtained money from the accounts of clients NS and PF Co. by means of the following actions:

- a) The Respondent issued bank drafts from an internal general ledger account at the bank branch where the respondent was employed;

- b) In respect of client PF Co., the Respondent redeemed a Guaranteed Investment Certificate held in the account of client PF Co. without the knowledge or authorization of client PF Co. and deposited the funds into the bank account held by client PF Co., and
- c) The Respondent processed withdrawals from the bank accounts of clients NS and PF Co. in the amount of the bank drafts in order to conceal the bank drafts issued from the internal general ledger account at the bank branch where the Respondent was employed.

13. The Hearing Panel was satisfied that by virtue of the foregoing, and by virtue of the confirming evidence contained in the “Fallows Affidavit” and the “Bateman Affidavit”, the Respondent contravened MFDA Rule 2.1.1.

V. FAILURE TO COOPERATE

14. In addition, Staff alleged that the Respondent contravened section 22.1 of MFDA By-law No. 1, by failing to cooperate with Staff’s investigation into her conduct.

15. The Hearing Panel accepted Staff’s submission that pursuant to section 21 of MFDA By-Law No. 1, the MFDA has a duty to conduct examinations and investigations of a Member, an Approved Person, and any other person under its jurisdiction as it considers necessary or desirable in connection with any matter related to that Member’s or person’s compliance with the By-laws, Rules and Policies of the MFDA.

MFDA By-law No. 1, section 21

16. In carrying out its section 21 duty, the MFDA is empowered by section 22.1 of MFDA By-law No. 1 to request and oblige a Member, Approved Person or any other person under its jurisdiction to:

- a) Submit a report in writing with regard to any matter involved in any investigation;
- b) Produce for investigation and provide copies of the books, records and accounts of such person relevant to the matters being investigated;
- c) Attend and give information respecting such matters; and

- d) Make any of the above information available through any directors, officers, employees, agents and other person under the direction or control of the Member Approved Person or other person under the jurisdiction of the MFDA.

MFDA By-law No. 1, section 22.1

17. Correspondingly, the Member, Approved Person or other person under investigation is obliged to cooperate with the section 22.1 requirements to make the information known to, or in the possession of, that person available to Staff to facilitate the investigation of matters in accordance with the requirements of section 21 of MFDA By-law No. 1.

MFDA By-law No. 1, section 22.1

18. The Hearing Panel was satisfied that there is ample authority for the proposition that Approved Persons must provide MFDA Staff with information and documentation, and must attend for an interview to give information, when requested to do so. To hold otherwise, would hinder the MFDA's ability to investigate the conduct of participants in the mutual fund industry who are subject to its jurisdiction and could undermine the MFDA's ability to fulfil its regulatory mandate of protecting the public.

Douglas, supra at para. 30

Lam, supra at para. 20

Hothi, supra at para. 27

19. In the present case, the Affidavits marked as Exhibits 3 and 4, established that the Respondent had failed to comply with reasonable requests to provide information and documents to Staff and had failed to attend a scheduled interview to answer questions from Staff about her conduct during the course of Staff's investigation. Accordingly, based on the foregoing, the Respondent's failure to comply with the requests therefore constitute a contravention of section 22.1 of MFDA By-law No. 1.

20. Accordingly, the Hearing Panel concluded that Allegation #1 and Allegation #2 had been proven and made a finding that the Respondent contravened MFDA Rule 2.1.1 and section 22.1 of MFDA By-law No. 1. The Hearing Panel's finding in this respect was confirmed by evidence

that disclosed that on January 13, 2020, the Ontario Court of Justice accepted the Respondent's guilty plea to the charge of committing the indictable offence that she "did steal funds, the property of clients NS, PF Co. and HG, of a value exceeding \$5,000 contrary to s. 334(b) of the Criminal Code" and imposed a sentence of two years' probation and a restitution order requiring that the Respondent pay the CIBC Bank compensation for the bank's total loss of \$11,104.90. To date, the Respondent had paid a total of \$5,000 of the amount that she was ordered to pay pursuant to the restitution order.

VI. PENALTY

21. The Hearing Panel was satisfied that in exercising its discretion to impose a penalty, the Hearing Panel should take into account the following considerations:

- a) The protection of the investing public;
- b) The integrity of the securities markets;
- c) Specific and general deterrence;
- d) The protection of the MFDA's membership; and
- e) The protection of the integrity of the MFDA's enforcement processes.

Tonnies (Re), [2006] Hearing Panel of the Prairie Regional Council, MFDA File No. 200503, Decision dated June 27, 2005 at p. 14

22. Other factors that Hearing Panels frequently consider when determining a penalty is appropriate, include the following:

- 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.

Tonnies (Re), supra at p. 23

23. The Hearing Panel also referred to the MFDA's Sanction Guidelines, which came into effect on November 15, 2018. The Sanction Guidelines are not mandatory or binding on the Hearing Panel, but provide a summary of the factors upon which discretion can be exercised consistently and fairly. Many of the same factors that are listed above, which have been considered in previous decisions of MFDA Hearing Panels are also reflected and described in the Sanction Guidelines.

MFDA Sanction Guidelines

24. The misconduct in this instance was serious. Misappropriating client funds was a serious breach of trust, caused real harm to the affected clients, and undermined the reputation and integrity of the securities industry. As stated in *Lee*:

“misappropriation is among the most serious types of misconduct encountered by securities regulators...”

Lee (Re), [2019] Hearing Panel of the Central Regional Council, MFDA File No. 201914, Decision dated September 3, 2019, at paras. 9-11

25. The Respondent also failed to cooperate with Staff's investigation into her conduct. It is a longstanding practice to impose substantial penalties on Approved Persons who fail to comply with their obligations to give information and provide access to documentation relevant to an enforcement investigation. This is appropriate as an Approved Person should not be able to evade scrutiny of her conduct by Staff by refusing to answer questions or produce requested documents

and information and thereby place themselves in a better position than they would have been in if they had complied with their obligation to cooperate with the investigation into their conduct.

26. The Respondent's conduct is so outrageously inconsistent with the standard of conduct applicable to an Approved Person that significant penalties against the Respondent are warranted in order to prevent similar misconduct from occurring again in the future. Further, in failing to cooperate, the Respondent has confirmed that she is ungovernable.

27. The Hearing Panel accepted Staff's submissions that the Respondent caused harm to clients NS and PF Co. The Respondent misappropriated at least \$5,489 from these clients which the CIBC bank that is affiliated with the Member subsequently reimbursed to the clients.

28. The financial harm to the clients and the financial and reputational harm to the CIBC bank and to the Member as a consequence of the Respondent's conduct is an aggravating factor in this case.

29. Additionally, the Respondent's misconduct resulted in her conversion of at least \$5,489 worth of client's assets to her own benefit. Clearly, one of the objectives of the enforcement process should include the disgorgement of any financial benefit that the Respondent has derived from her misconduct. The fact that the Respondent's conduct appears to have been motivated by the desire to obtain a financial benefit is an aggravating factor that warrants financial penalties in excess of disgorgement.

30. By permanently prohibiting the Respondent from engaging in securities related business on behalf of any Member of the MFDA, the proposed penalties will prevent the Respondent from breaching her obligation to clients, the Member or the regulator in the future.

31. The proposed penalties will also demonstrate to other Approved Persons that misappropriation and failing to cooperate with a regulatory investigation will result in serious consequences. Accordingly, the proposed penalties in this case will deter others from engaging in similar misconduct, improve overall compliance with regulatory requirements (including the obligation to cooperate with a regulatory investigation) by Approved Persons and foster confidence among investors and other stakeholders in the mutual fund industry as a whole.

32. The Hearing Panel concluded that the Respondent has caused significant damage to the integrity of the capital markets. This harm is further aggravated, in this case, by the Respondent's disregard of the MFDA and its processes, thereby undermining its mandate of investor protection and confirming that the Respondent is ungovernable.

33. During the course of the Hearing, Staff counsel filed a Bill of Costs, which adequately demonstrated that the MFDA costs with respect to the prosecution exceeded \$8,412.50.

VII. RESULT

34. Following an extensive review of submitted case law and the MFDA Sanction Guidelines, and for all the above reasons, the Hearing Panel concluded that the contraventions committed by the Respondent were extremely serious. Accordingly, the following penalties were imposed upon the Respondent:

- a) The Respondent is permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member, pursuant to section 24.1.1(e) of the MFDA By-law No. 1.
- b) The Respondent shall pay a fine in the amount of \$80,000 pursuant to section 24.1.1(b) of MFDA By-law No. 1.
- c) The Respondent shall pay costs in the amount of \$7,500, pursuant to section 24.2 of MFDA By-law No. 1; and
- d) 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 29th day of January, 2021.

“Frederick W. Chenoweth”

Frederick W. Chenoweth
Chair

“Samuel Mah”

Samuel Mah
Industry Representative

“Selwyn Kossuth”

Selwyn Kossuth
Industry Representative

Appendix “A”

Notice of Hearing

File No. 202024



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A DISCIPLINARY HEARING
PURSUANT TO SECTIONS 20 AND 24 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Krystal Jean Vanlandschoot

NOTICE OF HEARING

NOTICE is hereby given that a first appearance will take place by teleconference before a hearing panel of the Central Regional Council (“Hearing Panel”) of the Mutual Fund Dealers Association of Canada (“MFDA”) on August 11, 2020 at 10:00 a.m. (Eastern), or as soon thereafter as the appearance can be held, concerning a disciplinary proceeding commenced by the MFDA against Krystal Jean Vanlandschoot (“Respondent”). Members of the public who would like to listen to the teleconference should contact hearings@mfd.ca to obtain particulars.

DATED this 20th day of May, 2020.

“Michelle Pong”

Michelle Pong
Director, Regional Councils

Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Telephone: 416-945-5134
Email: corporatesecretary@mfd.ca

NOTICE is further given that the MFDA alleges the following violations of the By-laws, Rules or Policies of the MFDA:

Allegation #1: Between May 2018 and July 2018, the Respondent misappropriated at least \$5,489 from two clients, contrary to MFDA Rule 2.1.1.

Allegation #2: Commencing in September 2018, the Respondent failed to cooperate with MFDA Staff during the course of an investigation into her conduct, contrary to section 22.1 of MFDA By-law No. 1.

PARTICULARS

NOTICE is further given that the following is a summary of the facts alleged and intended to be relied upon by the MFDA at the hearing:

Registration History

1. From February 25, 2011 until September 8, 2014 and from August 25, 2015 until August 2, 2018, the Respondent was registered in Ontario as a dealing representative (formerly known as a mutual fund salesperson) with CIBC Securities Inc. (the “Member”), a Member of the MFDA.
2. At all material times, the Respondent conducted business at a branch of the Member (the “Branch”) in Simcoe, Ontario. The Respondent was also an employee of Canadian Imperial Bank of Commerce (the “Bank”) which is affiliated with the Member and which operated a bank branch at the same premises as the Branch.
3. On August 2, 2018, the Member terminated the Respondent as a result of the conduct described herein. The Respondent is not currently registered in the securities industry in any capacity.

Allegation #1 – Misappropriation of Monies

Client NS

4. On or about May 3, 2018, without authorization from the Bank, the Respondent issued a bank draft in the amount of \$2,159 from an internal general ledger bank account (the “GL

Account”) of the Bank. The Respondent issued the bank draft for her personal benefit and made the bank draft payable to a third party. After issuing the bank draft, the GL Account remained in an overdrawn position.

5. At all material times, client NS was a client of the Member.

6. On or about July 18, 2018, without client NS’s knowledge or authorization, the Respondent processed a \$2,159 withdrawal from a bank account of client NS and transferred the monies to the GL Account in order to offset the overdrawn position in the GL Account that resulted from the unauthorized bank draft issued by the Respondent.

Client PF

7. On or about May 8, 2018, the Respondent issued a bank draft in the amount of \$3,330.05 from the GL Account at the Bank. The Respondent issued the bank draft for her personal benefit and made the bank draft payable to a third party. After issuing the bank draft, the GL Account remained in an overdrawn position.

8. At all material times, client PF was a corporation and client of the Member.

9. On or about July 19, 2018, without client PF’s knowledge or authorization, the Respondent processed a \$3,341.93 redemption from a Guaranteed Investment Certificate (“GIC”) in an account held by client PF, and transferred \$3,330.05 of the redemption proceeds into the GL Account in order to offset the overdrawn amount in the GL Account that resulted from the unauthorized bank draft issued by the Respondent.

10. In or about July 2018, the Bank identified the unauthorized transactions in the accounts described above. The Bank commenced an investigation into the Respondent’s conduct that revealed the conduct described herein.

11. The Bank subsequently compensated the clients.

12. By virtue of the foregoing, the Respondent misappropriated at least \$5,489 from two clients, contrary to MFDA Rule 2.1.1.

Allegation #2 – Failure to Cooperate

13. Commencing in September 2018, the Respondent failed to cooperate with the investigation of Staff into her conduct described above. As set out in the table below, Staff has made a number of requests to the Respondent to provide information and documentation and attend for an interview with Staff. The Respondent has failed to provide the requested documentation and has failed to attend for an interview with Staff.

Date	Description of Correspondence	Method of Delivery
September 17, 2018	Staff requested that the Respondent advise whether she had received authorization from clients NS and PF, as well as from another client, HG, to withdraw monies from their bank accounts, and to advise whether she had misappropriated monies from any additional clients.	Registered Mail Regular Mail
October 3, 2018	Staff repeated its request for the information requested in the September 17, 2018 letter. Staff informed the Respondent that failing to provide the requested information may lead Staff to commence enforcement proceedings against the Respondent for failing to cooperate with Staff’s investigation.	Registered Mail Regular Mail
February 7, 2019	Staff repeated its request for the information requested in the September 17, 2018 letter. Staff requested that the Respondent provide a listing of all personal and business bank accounts held by the Respondent and that the Respondent provide copies of the account statements for these bank accounts to Staff. Staff requested that the Respondent attend for an interview to give information in respect of her conduct. Staff informed the Respondent that failing to provide the requested information or to attend for an interview may lead Staff to commence enforcement proceedings against the Respondent for failing to cooperate with Staff’s investigation.	Personal Service Registered Mail Regular Mail

March 20, 2019	<p>Staff repeated its request for the information and documents requested in the February 7, 2019 letter.</p> <p>Staff repeated its request that the Respondent attend for an interview to give information in respect of her conduct.</p> <p>Staff informed the Respondent that failing to provide the requested information or to attend for an interview may lead Staff to commence enforcement proceedings against the Respondent for failing to cooperate with Staff's investigation.</p>	Letter left at Respondent's Address
April 26, 2019	<p>Staff requested the Respondent contact Staff immediately upon receipt of the letter.</p> <p>Staff informed the Respondent that failure to cooperate with its investigation may lead Staff to commence enforcement proceedings against the Respondent.</p>	Letter left with Respondent's Spouse

14. The Respondent did not respond to Staff's correspondence described above.

15. The Respondent has not provided Staff with the requested information and documentation nor has she attended for an interview with Staff to provide information concerning the matters under investigation.

16. As a result of the Respondent's failure to cooperate with Staff's investigation, Staff has been unable to determine the full nature and extent of the Respondent's conduct described herein, including whether she misappropriated monies from client HG or any other clients.

17. By virtue of the foregoing, the Respondent failed to cooperate with Staff's investigation into her conduct, contrary to section 22.1 of MFDA By-law No. 1.

NOTICE is further given that the Respondent shall be entitled to appear and be heard and be represented by counsel or agent at the hearing and to make submissions, present evidence and call, examine and cross-examine witnesses.

NOTICE is further given that MFDA By-laws provide that if, in the opinion of the Hearing Panel, the Respondent:

- has failed to carry out any agreement with the MFDA;
- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Member or of any regulation or policy made pursuant thereto;
- has failed to comply with the provisions of any By-law, Rule or Policy of the MFDA;
- has engaged in any business conduct or practice which such Regional Council in its discretion considers unbecoming or not in the public interest; or
- is otherwise not qualified whether by integrity, solvency, training or experience,

the Hearing Panel has the power to impose any one or more of the following penalties:

- a) a reprimand;
- b) a fine not exceeding the greater of:
 - (i) \$5,000,000.00 per offence; and
 - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- d) revocation of the authority of such person to conduct securities related business;
- e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time; and
- f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel.

NOTICE is further given that the Hearing Panel may, in its discretion, require that the Respondent pay the whole or any portion of the costs of the proceedings before the Hearing Panel and any investigation relating thereto.

NOTICE is further given that the Respondent must **serve a Reply** on Enforcement Counsel and **file a Reply** with the Office of the Corporate Secretary within twenty days from the date of service of this Notice of Hearing.

A **Reply** shall be **served** upon Enforcement Counsel at:

Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Attention: Brendan Forbes
Email: bforbes@mfd.ca

A **Reply** shall be **filed** by:

- a) providing four copies of the **Reply** to the Office of the Corporate Secretary by personal delivery, mail or courier to:

The Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Attention: Office of the Corporate Secretary; or

- b) transmitting one electronic copy of the **Reply** to the Office of the Corporate Secretary by e-mail at corporatesecretary@mfd.ca.

A **Reply** may either:

- (i) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing; or
- (ii) admit the facts alleged and conclusions drawn by the MFDA in the Notice of Hearing and plead circumstances in mitigation of any penalty to be assessed.

NOTICE is further given that the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by the MFDA in the Notice of Hearing that are not specifically denied in the **Reply**.

NOTICE is further given that if the Respondent fails:

- a) to **serve** and **file** a **Reply**; or

- b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a **Reply** may have been served,

the Hearing Panel may proceed with the hearing of the matter on the date and the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without any further notice to and in the absence of the Respondent, and the Hearing Panel may accept the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing as having been proven and may impose any of the penalties described in the By-laws.

END.

DM 795323