



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: Nerisa Lat Villegas

Heard: November 8, 2018 in Saskatoon, Saskatchewan

Decision: November 8, 2018

Reasons for Decision: March 12, 2019

REASONS FOR DECISION

Hearing Panel of the Prairie Regional Council:

Sherri Walsh
Danielle M. Tétrault
Richard Bergeron

Chair
Industry Representative
Industry Representative

Appearances:

Justin Dunphy)	Enforcement Counsel for the Mutual Fund
)	Dealers Association of Canada
)	
)	
Maureen Doherty)	Counsel for the Respondent
)	
)	
Nerisa Villegas)	Respondent, in person
)	

BACKGROUND

1. On June 26, 2018, the Mutual Fund Dealers Association of Canada ("MFDA") issued a Notice of Hearing pursuant to sections 20 and 24 of By-law No. 1 in respect of Nerisa Lat Villegas ("Respondent").

2. The Notice alleged the following violation of the By-laws, Rules or Policies of the MFDA:

Allegation #1: Between October 2013 and July 2016, the Respondent altered 27 account forms in respect of 17 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1.

3. On August 2, 2018, the Respondent entered into a Settlement Agreement with Staff of the MFDA in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to sections 20 and 24.1 of By-law No. 1.

4. The Settlement Hearing took place on November 8, 2018. It was attended by counsel for the MFDA and counsel for the Respondent. The Respondent also attended in person, as per the terms of the Settlement Agreement.

5. Despite the fact the Respondent resigned as a mutual fund salesperson (now known as a dealing representative) in October 2016, the MFDA has jurisdiction in this matter pursuant to section 24.1.4(a) of By-law No. 1, which reads:

“(a) Former Members. For the purposes of Sections 20 to 24 inclusive, any Member, Approved Person or other person subject to the jurisdiction of the Corporation shall remain subject to the jurisdiction of the Corporation notwithstanding that such Member has ceased to be a Member, Approved Person or other person subject to the jurisdiction of the Corporation.”

6. At the conclusion of the hearing, the Hearing Panel ("the Panel") accepted the Settlement Agreement. These are the Reasons for the Panel's decision.

AGREED FACTS

7. A copy of the Settlement Agreement ("the Agreement") is attached to these Reasons as Schedule "1". The facts which have been agreed to by the parties and which are relevant for the purposes of this decision are set out in Section III of the Agreement.

CONTRAVENTIONS

8. In the Agreement, the Respondent admitted to the following violation of the By-laws, Rules or Policies of the MFDA:

- a) between October 2013 and July 2016, the Respondent altered 27 account forms in respect of 17 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1.

TERMS OF SETTLEMENT

9. Staff and the Respondent agreed to the following terms of settlement:

- a) the Respondent shall pay a fine in the amount of \$10,000 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 payment by the Respondent of the fine and costs shall be made to and received by MFDA Staff in certified funds as follows:
 - i. \$2,500 (Fine) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - ii. \$2,500 (Costs) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - iii. \$5,000 on or before the last business day of the 3rd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - iv. \$2,500 on or before the last business day of the 6th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;

- 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.

ANALYSIS

a) Role of the Panel

10. A Hearing Panel has two options when considering a settlement agreement. It shall either accept the settlement agreement or reject it.

MFDA By-law No. 1, s.24.4.3

11. The role of a Hearing Panel at a Settlement Hearing is fundamentally different from the role it performs at a contested hearing.

12. As stated by the Hearing Panel in *Sterling Mutuals Inc. (Re)* citing the I.D.A. Ontario District Council in *Milewski (Re)*, [1999] 1 DACD No. 17 at p.12:

“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

13. Hearing Panels have acknowledged that settlements worked out by the parties should be respected, since Panels do not know what led to the settlement or what was given up by the parties during the course of the negotiations. The presence of experienced legal counsel during the negotiation of a settlement agreement is also a factor to consider.

Fike (Re), MFDA File No. 2017102, Hearing Panel of the Central Regional Council, Decision and Reasons dated December 7, 2017, at paras.22-23

14. The rationale for respecting settlements of the nature found in the Agreement in this case, was articulated by the British Columbia Court of Appeal as follows:

“Settlements assist the Commission to ensure that its overriding objective, the protection of the public, is met. Settlements proscribe activities that are harmful to the public. In so doing, they are effective in accomplishing the purposes of the statute. They provide means of reaching a flexible remedy that is tailored to address the interests of both the Commission and the person under investigation. Enforcement is rarely a concern because the settlement is voluntary. A person who is the subject of an investigation retains the option of refusing to settle and proceeding to a hearing. Settlements are also efficient. Both parties can forego the time and expense of a hearing. Or, they can settle some matters, and direct their resources to the matters that are in dispute, and therefore to be resolved by way of a hearing.”

British Columbia (Securities Commission) v Seifert, 2007 BCCA 484, para.31

15. Although the *Seifert* decision dealt with an agreement that was before the British Columbia Securities Commission, the findings in that case apply equally to settlements in the regulatory context of MFDA discipline proceedings and the case has been frequently cited by Hearing Panels in MFDA settlement hearings.

b) Factors Concerning Acceptance of a Settlement Agreement

16. The primary goal of all securities regulation is investor protection.

Pezim v British Columbia (Superintendent of Brokers), [1994] 2 S.C.R. 557 at paras. 59 & 68

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

Pezim, supra, at paras. 59 & 68

18. MFDA Hearing Panels have taken into account the following criteria when considering whether to accept a proposed settlement:

1. That it is in the public interest to do so and that the penalties proposed will be sufficient to protect investors;
2. That the agreement is reasonable and proportionate, having regard to the conduct of the respondent;
3. That the agreement addresses the issues of both specific and general deterrence;

4. That the agreement is likely to prevent the type of conduct set out in the facts;
5. That the agreement will foster confidence in the integrity of the Canadian capital markets;
6. That the agreement will foster confidence in the integrity of the MFDA; and
7. That the agreement will foster confidence in the regulatory process itself. ...

Sterling Mutuals Inc. (Re), supra, at para.36

19. In determining the appropriateness of a proposed penalty, Hearing Panels frequently cite the decision in *Breckenridge (Re)*, where the Panel stated that sanctions "... should be preventative, protective and prospective in nature ..." taking 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) protection of the integrity of the MFDA's enforcement processes.

Breckenridge (Re), MFDA File No. 200718, Hearing Panel of the Central Regional Council, 2007 LNCMFDA 38, at paras. 75 &76

20. The Panel in *Breckenridge (Re)* set out the following additional factors which a Panel should consider, having regard to the specific circumstances of the case:

- a) The seriousness of the allegations proved against the respondent;
- b) The respondent's experience in the capital markets;
- c) The level of the respondent's activity in the capital markets;
- d) The harm suffered by investors as a result of the respondent's activities;
- e) The benefits received by the respondent as a result of the improper activity;
- f) The risk to investors and the capital markets in the jurisdiction, were the respondent to continue to operate in capital markets in the jurisdiction;

- g) The damage caused to the integrity of the capital markets in the jurisdiction by the respondent’s improper activities;
- h) 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;
- i) The need to alert others to the consequences of inappropriate activities to those who are permitted to participate in capital markets; and
- j) Previous decisions made in similar circumstances.

Breckenridge (Re), supra, at para.77

MFDA Penalty Guidelines

21. 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.

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

BREACH	SPECIFIC FACTORS TO CONSIDER
Standard of Conduct (Rule 2.1.1) (Guidelines, p. 27)	<ul style="list-style-type: none"> * Nature of the circumstances and conduct * Number of individuals affected * Whether the conduct is likely to bring the individual, the Member or the mutual fund industry into disrepute

23. The Guidelines also explain why general deterrence is a factor to consider in determining an appropriate penalty, stating:

“A general deterrent is preventative. The notion of general deterrence is neither punitive nor remedial. A penalty that is meant to generally deter is a penalty designed to discourage

or hinder like behavior in others. It is therefore reasonable to consider general deterrence as a factor in imposing an appropriate penalty.”

MFDA *Penalty Guidelines – Part I*, at page 4, citing *Re Cartaway Resources Corp.*, [2004] 1 SCC 672 at para.60

Enhanced Penalties

24. In the present matter, Staff submitted that there is an additional consideration for the Panel to take into account. In MFDA Bulletin #0661-E, dated October 2, 2015 ("the Bulletin"), Staff reminded Members and Approved Persons that "Signature Falsification" is not permissible under MFDA Rules. Signature Falsification includes conduct such as pre-signed account forms, altered account forms and the falsification of a client's signature. In the Bulletin, Staff advised Members and Approved Persons that Staff will seek enhanced penalties at MFDA disciplinary proceedings for conduct that occurred after October 2, 2015.

c) Application in the Present Case

25. In its written submissions, Staff identified in reaching the Agreement with the Respondent that it took the factors set out above into account as follows:¹

“i) Nature of the Misconduct: Altered Account Forms

18. The Respondent's misconduct is serious: she altered 27 account forms in respect of 17 clients by altering information on the account forms without having the clients initial the alterations.

19. 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.

¹ excerpts taken from Staff's Written Submission, paragraphs 18-31

20. MFDA Rule 2.1.1 requires that each Member and Approved Person deal fairly, honestly, and in good with [sic] 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 1.

21. The MFDA has made clear to Approved Persons since October 31, 2007, in both MFDA Staff Notices and Bulletins, that possessing and using pre-signed and altered account 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), Staffs Book of Authorities, Tab 4.

MFDA Bulletin #0661-E: Signature Falsification, dated October 2, 2015, Staff's Book of Authorities, Tab 5.

22. 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.

23. The reasoning in *Price (Re)* is equally applicable to the use of altered account forms, with the additional concern that there also exists the possibility that the changes are made to the forms without the clients' knowledge or consent.

24. On the basis of the foregoing, by obtaining and using altered account 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) **Post-Bulletin Misconduct**

25. Staff notes that in this matter, 9 account forms were obtained after the MFDA issued MFDA Bulletin #0661-E on October 2, 2015. Staff considers this to be an aggravating factor, which has been discussed by hearing panels in several MFDA decisions.

Owen (Re), MFDA File No. 201784, Hearing Panel of the Prairie Regional Council, Decision and Reasons dated December 7, 2017, at para. 35, Staff's Book of Authorities, Tab 14.

Lo (Re), MFDA File No. 201776, Hearing Panel of the Central Regional Council, Decision and Reasons dated February 7, 2018, at paras. 16, 18, Staff's Book of Authorities, Tab 15.

iii) The Respondent's Experience in the Securities Industry

26. The Respondent was registered as a mutual fund dealing representative from July 2013 to October 2016. She is not currently registered in the securities industry but maintains her life insurance license with Sun Life Assurance Company of Canada.

Settlement Agreement, at paras. 7-9.

iv) The Respondent's Recognition of the Seriousness of the Misconduct

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

Settlement Agreement, at para. 21.

v) Client Harm and Benefits Received by the Respondent

28. Staff's 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 her conduct, and there were no client complaints.

Settlement Agreement, at paras. 17-19.

vi) Deterrence

29. Staff considers a fine of \$10,000 and costs of \$2,500 to be a serious penalty which will be sufficient to achieve the goals of specific and general deterrence, having regard to the aggravating factors described above.

vii) Penalty Guidelines

30. Staff is seeking a penalty which exceeds the minimum fine recommended by the Penalty Guidelines for an Approved Person's breach of the standard of conduct. This is primarily due to the number of forms at issue in the present matter as well as the post-bulletin misconduct.

viii) Previous Decisions in Similar Cases

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

CASE:	FACTS:	PENALTIES:
<i>Simard (Re)</i> ¹	<ul style="list-style-type: none"> • The Respondent falsified 7 account forms in respect of 5 clients by altering information without having the clients initial the alterations. • The Respondent obtained, possessed, and in some instances, used, 21 pre-signed account forms in respect of 15 clients. • 4 forms were post-bulletin. 	<p>The Hearing Panel approved the following settlement:</p> <ul style="list-style-type: none"> • \$11,000 fine • \$2,500 costs
<i>Georgijev (Re)</i> ²	<ul style="list-style-type: none"> • The Respondent falsified 3 account forms by altering information without having the clients initial the alterations. • The Respondent obtained, possessed, and in some cases, used, 24 pre-signed forms in respect of 10 clients. • The Member fined the Respondent \$750. 	<p>The Hearing Panel approved the following settlement:</p> <ul style="list-style-type: none"> • \$10,000 fine • \$2,500 costs
<i>Barker (Re)</i> ³	<ul style="list-style-type: none"> • The Respondent obtained, possessed, and used to process transactions, 31 pre-signed account forms in respect of 12 clients. 	<p>The Hearing Panel approved the following settlement:</p> <ul style="list-style-type: none"> • \$8,500 fine • \$2,500 costs
<i>Rousseau (Re)</i> ⁴	<ul style="list-style-type: none"> • The Respondent altered, and in some instances, used to process transactions, 46 account forms in respect of 28 clients by altering information on the account forms without obtaining client initials authorizing the alterations. 	<p>The Hearing Panel approved the following settlement:</p> <ul style="list-style-type: none"> • \$11,000 fine • \$2,500 costs

¹ *Simard (Re)*, MFDA File No. 2017123, Hearing Panel of the Prairie Regional Council, Decision and Reasons dated June 5, 2018, MFDA Staff's Book of Authorities, Tab 16.

² *Georgijev (Re)*, MFDA File No. 201721, Hearing Panel of the Central Regional Council, Decision and Reasons dated July 10, 2017, MFDA Staff's Book of Authorities, Tab 17.

³ *Barker (Re)*, MFDA File No. 201704, Hearing Panel of the Central Regional Council, Decision and Reasons dated June 7, 2017, MFDA Staff's Book of Authorities, Tab 18.

⁴ *Rousseau (Re)*, MFDA File No. 201672, Hearing Panel of the Central Regional Council, Decision and Reasons dated March 27, 2017, MFDA Staff's Book of Authorities, Tab 19.

d) Respondent's Submission

26. At the hearing of this matter, counsel for the Respondent indicated agreement with all of Staff's Submissions. She then highlighted for the Panel, paragraph 20 of the Agreement which noted that the Respondent has never previously been subject to any MFDA disciplinary proceedings. She commented that the Respondent was a relatively junior member of the mutual fund industry and that the Respondent is no longer such a member.

CONCLUSION

27. The Panel finds that the proposed penalty is reasonable and proportionate having regard to the Respondent's conduct. It advances the public interest and the MFDA's objective to enhance investor protection and ensure high standards of conduct in the mutual fund industry.

28. Having reviewed the written submissions of Staff and having heard oral submissions from both Staff and counsel for the Respondent, the Panel is satisfied, based on the totality of the evidence, that the proposed penalty which has been agreed upon by the parties and set out in the Agreement, falls within a reasonable range of appropriateness.

29. Accordingly, the Panel accepts the Settlement Agreement.

DATED this 12th day of March, 2019.

“Sherri Walsh”

Sherri Walsh
Chair

“Danielle M. Tétrault”

Danielle M. Tétrault
Industry Representative

“Richard Bergeron”

Richard Bergeron
Industry Representative



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: Nerisa Lat Villegas

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Nerisa Lat Villegas (the "Respondent"), consent and agree to settlement of this matter by way of this agreement (the "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 October 2013 and July 2016, the Respondent altered 27 account forms in respect of 17 clients by altering information on the account forms without having the clients initial the alterations, 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 \$10,000 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 payment by the Respondent of the fine and costs shall be made to and received by MFDA Staff in certified funds as follows:
 - i. \$2,500 (Fine) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - ii. \$2,500 (Costs) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - iii. \$5,000 on or before the last business day of the 3rd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - iv. \$2,500 on or before the last business day of the 6th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
- 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. From July 2013 to October 2016, the Respondent was registered in Saskatchewan 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.

8. On October 20, 2016, the Respondent resigned from Sun Life as a result of the matters which are the subject of this Settlement Agreement. The Respondent continues to maintain her life insurance licence with Sun Life Assurance Company of Canada.

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

10. At all material times, the Respondent conducted business in the Saskatoon, Saskatchewan area.

Altered Account Forms

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

12. Between October 2013 and July 2016, the Respondent altered 27 account forms in respect of 17 clients by either crossing out information on the account forms and altering them, or by using liquid correction fluid to alter information on the account forms, all without having the clients initial the alterations.

13. The altered account forms consisted of:

- a) 14 Know Your Client forms;
- b) 1 home buyers plan Registered Retirement Savings Plan withdrawal form;
- c) 1 order ticket;
- d) 1 preauthorized contribution form;
- e) 3 registered investment transfer forms;
- f) 1 education savings grant form;

- g) 5 new account application forms; and
- h) 1 transfer authorization form.

14. In all instances, the Respondent submitted the altered forms to Sun Life for processing.

Sun Life's Investigation

15. In August 2016, Sun Life identified altered account forms in the Respondent's client files as a result of a branch review. Sun Life subsequently commenced an investigation and identified the remaining altered account forms that are the subject of this Settlement Agreement.

16. On or about October 20, 2016, the Respondent resigned from Sun Life. The Respondent continues to maintain her life insurance license with Sun Life Assurance Company of Canada.

17. On or about December 30, 2016, Sun Life sent letters to all of the clients whose accounts were serviced by the Respondent in order to determine whether the transactions in the clients' accounts were authorized. The clients did not report any concerns.

Additional Factors

18. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above beyond any commissions and fees that she would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

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

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

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

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 2nd day of August, 2018.

“Nerisa Lat Villegas”

Nerisa Lat Villegas

“FS”

Witness – Signature

FS

Witness – Print Name

“Shaun Devlin”

Shaun Devlin
Staff of the MFDA
Per: Shaun Devlin
Senior Vice-President,
Member Regulation – Enforcement

Schedule “A”

**Order
File No.**



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: Nerisa Lat Villegas

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of Nerisa Lat Villegas (the “Respondent”);

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated [date] (the “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 the Respondent:

- a) between October 2013 and July 2016, altered 27 account forms in respect of 17 clients by altering information on the account forms without having the clients initial the alterations, 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 \$10,000 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 payment by the Respondent of the fine and costs shall be made to and received by MFDA Staff in certified funds as follows:
 - a) \$2,500 (Fine) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - b) \$2,500 (Costs) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - c) \$5,000 on or before the last business day of the 3rd month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
 - d) \$2,500 on or before the last business day of the 6th month following the date of the acceptance of the Settlement Agreement by the Hearing Panel;
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]