



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: Joanne Elizabeth Williamson

Heard: October 15, 2015 in Edmonton, Alberta
Reasons for Decision: November 6, 2015

REASONS FOR DECISION

Hearing Panel of the Prairie Regional Council:

Shelley L. Miller, Q.C.	Chair
Howard Mix	Industry Representative
Richard Sydenham	Industry Representative

Appearances:

David Babin)	For the Mutual Fund Dealers Association of
)	Canada
)	
Joanne Williamson)	Self-represented, appearing by teleconference
)	
)	

Introduction

1. On August 28, 2015 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 of the MFDA in respect of Joanne Elizabeth Williamson (the "Respondent").
2. The Respondent entered into a Settlement Agreement with MFDA Staff, dated August 27, 2015, for which the Respondent could be disciplined pursuant to ss. 20 and 24.1.1 of By-law No. 1 of the MFDA.
3. The Settlement Agreement provides that the Respondent shall pay a fine in the amount of \$11,000 pursuant to section 24.1.1. (b) of By-law No. 1, costs in the amount of \$2,500 pursuant to section 24.2 of By-Law No. 1, shall in future comply with MDFA Rule 2.1.1, and attend by teleconference on the date set for the Settlement Hearing.
4. On October 15, 2015, after hearing representations by counsel and by the Respondent, this Panel approved the Settlement Agreement and signed an Order to that effect. The written reasons for such approval are set out below.

AGREED FACTS

Registration History

5. Since November 10, 2004, the Respondent has been registered in Alberta as a mutual fund salesperson (now known as a dealing representative) with Credential Asset Management Inc., a Member of MFDA.

Blank Signed and Partially Completed Forms

6. On December 16, 2013, during a routine audit, Credential Audit Staff discovered a series of blank signed forms in the Respondent's client files. Between December 17, 2013 and January 7, 2014 Credential Audit Staff completed review of all the Respondent's client files.

7. The review of all the Respondent's client files yielded 136 pre-signed blank or partially completed forms in relation to 69 clients. Of these forms, 68 were used to process transactions in client accounts. The remaining 68 pre-signed forms were unused.

8. The used forms were comprised of:

- i) 22 Investment Instruction forms;
- ii) 39 "Know-Your-Client" Update forms;
- iii) Three Systemic Instruction forms;
- iv) Three Electronic Funds Transfer Authorization forms; and
- v) One Personal Pre-Authorized Debit Plan form.

9. The unused forms were comprised of:

- i) 22 Investment Instruction forms;
- ii) 38 "Know-Your-Client" Update forms;
- iii) Three Systemic Instruction forms;
- iv) Three Transfer Authorization forms;
- v) One New Account Application form; and
- vi) One Dealer Change form.

10. At all times, Credential's Policies and Procedures Manual prohibited the use of pre-signed forms.

Member Response

11. Credential suspended the Respondent on January 15, 2014. The Respondent was reinstated on February 6, 2014 and placed under Close Supervision for a period of six months.

12. Credential issued a warning letter to the Respondent on March 26, 2014. The Respondent paid \$6,000 to Credential to cover the costs of Close Supervision and was required by Credential to complete the Canadian Securities Institute CE Ethics Course and the Branch Compliance Officer's Course.

Additional Factors

13. The Respondent has been an Approved Person for more than 10 years and has no prior disciplinary history with the MFDA.

14. There is no evidence of misappropriation, unauthorized trading, or client harm in this matter.

15. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct beyond the commissions or fees to which the Respondent would have been ordinarily entitled had the transactions in the clients' accounts been carried out in the proper manner.

16. The Respondent has cooperated fully with Staff during the course of the investigation, and by agreeing to this settlement, has avoided the necessity of a full hearing on the merits.

17. The Respondent has expressed remorse for her conduct.

Acceptance of the Settlement Agreement

18. This Panel is mindful of the comments about the role of a Hearing Panel at a settlement hearing stated in *Sterling Mutuals Inc. (Re)* [2008] File No. 200820, Hearing Panel of the Central Regional Council, Decision and Reasons dated August 21, 2008 at p 37 citing the I.D.A. Ontario District Council in *Milewski (Re)* that:

“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.”

19. This Panel has considered the following factors as relevant and aggravating:

(a) Nature of the Misconduct - Pre-signed forms

A significant number of blank or partially completed pre-signed forms or photocopies of partially complete pre-signed account forms (136) were obtained and used to process transactions in respect of 69 clients.

(b) Experience in the Securities Industry

The Respondent has worked in the securities industry since 2004 as a mutual fund sales person (now a mutual fund dealing representative).

20. This Panel considers the following factors as mitigating:

(a) Past Conduct

The Respondent has never previously been the subject of an MFDA disciplinary proceeding.

(b) Recognition of Seriousness of the Misconduct

The Respondent has cooperated with the investigation by MFDA Staff, has accepted the responsibility for her misconduct by entering into the Settlement Agreement and spared the MFDA from the time and expense of a full contested hearing.

(c) Client Harm and Benefits to Respondent

There was no evidence discovered of unauthorized trades or client losses, or evidence to suggest the Respondent received a financial or other benefit through her conduct or that there were any client complaints.

21. This Panel has also considered the following additional factors as relevant:

(a) Penalty Guidelines

The Hearing Panel considered the MFDA Penalty Guidelines for breach of the Standard of Conduct Rule 2.1.1., while noting that they are neither mandatory nor binding.

(b) Deterrence

A fine larger than the minimum recommended by the Penalty Guidelines for an Approved Persons breach of the standard of conduct and an order for costs is necessary to achieve both specific and general deterrence, to deter the Respondent from repetition of such conduct and to deter others in the capital market from engaging in similar activity.

(c) Previous Decisions in Similar Cases

The recent decisions of *Neeson (Re)*, MFDA File No. 201525 dated September 11, 2015 and *Edmond (Re)* MFDA File No. 201422 dated September 9, 2015 both imposed fines and costs awards in similar amounts to the fine and costs in this Settlement Agreement.

22. In conclusion, based on consideration of the above factors, this Panel is satisfied that the Settlement Agreement is in the public interest, is reasonable and proportionate, and will foster public confidence in the integrity of the Canadian capital markets and the industry and, accordingly, approves its terms.

23. This Panel thanks Mr. Babin for his helpful presentation and the Respondent for providing further particulars of the surrounding circumstances to assist this Panel in its

deliberations.

DATED this 6th day of November, 2015.

“Shelley L. Miller”

Shelley L. Miller, Q.C.
Chair

“Howard Mix”

Howard Mix
Industry Representative

“Richard Sydenham”

Richard Sydenham
Industry Representative

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