



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: Simon Chi Ming Wong

Heard: June 28, 2018 in Toronto, Ontario

Decision: June 28, 2018

Reasons for Decision: July 23, 2018

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Paul M. Moore, QC	Chair
Guenther W. K. Kleberg	Industry Representative
Edward V. Jackson	Industry Representative

Appearances:

Thomas Ng)	Counsel for the Mutual Fund Dealers
)	Association of Canada
)	
Simon Chi Ming Wong)	Respondent, in person
)	

Background

1. The Hearing Panel accepted the settlement agreement dated April 12, 2018 (“Settlement Agreement”) between the staff of the MFDA and Simon Chi Ming Wong (“Respondent”). A copy of the Settlement Agreement is attached to these Reasons as Appendix “A”. The agreed facts are set out in Section III of the Settlement Agreement.

Contraventions

2. The Respondent admitted that:

- a) between July 2015 and November 2016, he falsified, and used to process transactions, 6 account forms in respect of 8 clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and
- b) between February 2009 and February 2017, he obtained, possessed, and in some instances, used to process transactions, 80 pre-signed account forms in respect of 57 clients, contrary to MFDA Rule 2.1.1.

Agreed penalties

3. The agreed penalties were: i) a fine of \$17,000; and ii) a costs award of \$2,500.

Considerations

4. The Hearing Panel determined that it had to be satisfied regarding three considerations before it could accept the Settlement Agreement. First, the agreed penalty had to be within an acceptable range taking into account similar cases. Secondly, the agreed penalty had to be fair and reasonable (i.e. proportional to the seriousness of the contravention and taking into consideration other relevant circumstances) and should appear to be so to members of the public and industry. Thirdly, the agreed penalty should serve as a deterrent to the Respondent and to industry. To be

satisfied on these three considerations required an understanding of the particular facts of the case, the circumstances of the Respondent, and the impact on the Respondent of the agreed penalty.

Nature of the Misconduct

5. Altering documents without clients initialing changes and obtaining, possessing, and using pre-signed account forms are conduct contrary to MFDA Rule 2.1.1.

Other considerations in determining acceptability of agreed penalties

6. There was no evidence that the Respondent received any financial benefit from engaging in the misconduct beyond any commissions and fees that he would normally be entitled to receive if the transactions had been carried out in the proper manner.

7. There was no evidence of client loss or lack of client authorization.

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

9. The Respondent is no longer registered in the securities industry in any capacity.

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

11. The agreed penalties are within the recommendations of the MFDA penalty guidelines and the reasonable range of appropriateness with regard to MFDA decisions submitted to us by staff, made by MFDA Hearing Panels in similar circumstances. They are fair and reasonable and will serve as a specific and general deterrent.

Costs

12. The costs award is reasonable.

Conclusion

13. We concluded that the Settlement Agreement was in the public interest and, consequently, we accepted it.

DATED this 23rd day of July, 2018.

“Paul M. Moore”

Paul M. Moore, QC
Chair

“Guenther W. K. Kleberg”

Guenther W. K. Kleberg
Industry Representative

“Edward V. Jackson”

Edward V. Jackson
Industry Representative

DM 625850



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Re: Simon Chi Ming Wong

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Simon Chi Ming Wong (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 Mutual Fund Dealers Association of Canada (“MFDA”):

- a) between July 2015 and November 2016, the Respondent falsified, and used to process transactions, 6 account forms in respect of 8 clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and
- b) between February 2009 and February 2017, the Respondent obtained, possessed, and in some instances, used to process transactions, 80 pre-signed account forms in respect of 57 clients, contrary to MFDA Rule 2.1.1.

5. Staff and the Respondent agree and consent to the following terms of settlement:

- c) the Respondent shall pay a fine in the amount of \$17,000 in certified funds upon acceptance of this Settlement Agreement, pursuant to section 24.1.1(b) of By-law No. 1;
- d) the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of this Settlement Agreement, pursuant to section 24.2 of By-law No. 1;
- e) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- f) 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. The Respondent was registered in the mutual fund industry commencing in August 1998.

8. From July 2001 to May 2017, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative) with Investia Financial Services Inc. (“Investia”), a Member of the MFDA.

9. On May 17, 2017, Investia terminated the Respondent’s registration as a result of the conduct described in this Settlement Agreement.

10. The Respondent is no longer registered in the securities industry in any capacity.

11. At all material times, the Respondent conducted business in the Toronto, Ontario area.

Falsified Forms

12. At all material times, Investia’s policies and procedures required that where any material changes are made to a client’s trade documents, they must be initialed by the client.

13. Between July 2015 and November 2016, the Respondent falsified, and used to process transactions, 6 account forms in respect of 8 clients by altering information on the account forms without having the client initial the alterations.

14. The falsified account forms consisted of new account application and fund order forms.

Pre-Signed Account Forms

15. At all material times, Investia’s policies and procedures prohibited its Approved Persons from using pre-signed account forms.

16. Between February 2009 and February 2017, the Respondent obtained, possessed, and in some instances, used to process transactions, 80 pre-signed account forms in respect of 57 clients.

17. The pre-signed account forms consisted of new account application, know-your-client update, fund order, Registered Education Savings Plan payment and systematic instruction forms.

Investia's Response

18. On March 9, 2017, Investia's compliance staff identified the falsified and pre-signed forms that are the subject of this Settlement Agreement as a result of a routine branch audit.

19. As part of its investigation, Investia conducted a review of all of the client files serviced by the Respondent and sent letters to all of the Respondent's clients to determine whether the Respondent had engaged in any unauthorized trading. No clients reported any concerns.

20. On April 6, 2017, Investia placed the Respondent under close supervision.

Additional Factors

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

22. There is no evidence of client loss or lack of authorization.

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

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

IV. ADDITIONAL TERMS OF SETTLEMENT

25. 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.

26. 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.

27. 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.

28. 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 contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any 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.

29. 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.

30. 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.

31. 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 12th day of April, 2018.

“Simon Chi Ming Wong”

Simon Chi Ming Wong

“KB”

Witness – Signature

KB

Witness – Print Name

“Shaun Devlin”

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



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Re: Simon Chi Ming Wong

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 Simon Chi Ming Wong (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 July 2015 and November 2016, the Respondent falsified, and used to process transactions, 6 account forms in respect of 8 clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1; and

- b) between February 2009 and February 2017, the Respondent obtained, possessed, and in some instances, used to process transactions, 80 pre-signed account forms in respect of 57 clients, contrary to MFDA Rule 2.1.1.

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

1. the Respondent shall pay a fine in the amount of \$17,000 in certified funds upon acceptance of this Settlement Agreement, pursuant to section 24.1.1(b) of By-law No. 1;
2. the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of this Settlement Agreement, pursuant to section 24.2 of By-law No. 1;
3. the Respondent shall in the future comply with MFDA Rule 2.1.1; and
4. 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]