



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: William George Wray

Heard: October 27, 2016 in Toronto, Ontario

Decision: October 27, 2016

Reasons for Decision: June 8, 2017

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

H. Michael Kelly, Q.C.

Chair

Kenneth P. Mann

Industry Representative

Robert C. White

Industry Representative

Appearances:

Paul Blasiak

)

Counsel for the Mutual Fund Dealers
Association of Canada

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Ellen Bessner

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Counsel for the Respondent

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)

William George Wray

)

Respondent, In Person

1. As a result of a Settlement Agreement entered into by Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and William George Wray (“Respondent”), on August 8, 2016, a Settlement Hearing was conducted on October 27, 2016 in Toronto. The Hearing Panel, pursuant to s. 24.4.3 of By-law No. 1, accepted the factual allegations set out in the Settlement Agreement, and the propriety of the penalty agreed to therein, and issued an Order to that effect. The Settlement Agreement and Order are attached hereto as Schedules 1 and 2.

Agreed Facts

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.

Registration History

3. The Respondent has been registered in the securities industry since 1999.

4. Since June 2007, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a dealing representative) with IPC Investment Corporation (“IPC”), a Member of the MFDA.

5. Prior to being registered with IPC, the Respondent was registered in Ontario as a mutual fund salesperson with IQON Financial Inc. (“IQON”) from September 2001 to May 2007, and in Alberta from June 2006 to May 2007.

6. At all material times, the Respondent conducted business in the Alliston, Ontario area.

Failure to Learn Essential Facts Relative to a Client

(a) *The Accounts*

7. From November 2001 to May 2007, the Respondent serviced client SCM's account at IQON¹, and from June 2007 to May 2015, the Respondent serviced client SCM's account at IPC (together, the "Accounts").

8. During these periods, the Respondent discussed all matters relating to the Accounts, including trades and updates to client SCM's know-your-client ("KYC") information, with client SCM's spouse, client RM. The Respondent did not have any discussions with client SCM about her Accounts.

9. The Respondent provided all account forms in respect of the Accounts that required client SCM's signature to client RM, and asked client RM to obtain client SCM's signature on the account forms. Client RM returned the account forms containing client SCM's signature to the Respondent, who then submitted the account forms for processing. The Respondent did not verify with client SCM the accuracy of the information on any of the account forms, which consisted of:²

- 8 Mutual Fund Trade Tickets;
- 2 Client Summary Forms (containing client SCM's KYC information);
- 2 Order Entry Forms;
- 1 New Account Application Form (containing client SCM's KYC information), which was used to open client SCM's account at IPC;
- 1 Client Information Change Form;
- 1 Investor Agreement Form;
- 1 RRSP Loan Application Form;
- 1 Statement of Disclosure Form;
- 1 Acknowledgement and Consent Form; and
- 1 Deregistration/Withdrawal Request Form.

¹ The Respondent first became subject to the MFDA's jurisdiction on June 4, 2002, which is the date on which IQON became a Member of the MFDA.

² Paragraph 9 only lists those account forms that the Respondent obtained after he became subject to the MFDA's jurisdiction on June 4, 2002.

(b) *The Redemption Request*

10. On January 9, 2012, client RM requested that the Respondent redeem the cash holdings in client SCM's IPC Account.

11. Consistent with his practice described above in paragraphs 8 and 9, upon receiving client RM's redemption request, the Respondent sent client RM a Deregistration/Withdrawal Request Form for client SCM to sign, which contained directions to redeem the entire cash balance in client SCM's IPC Account in the amount of \$22,006.79, and to deposit the proceeds from the redemption in a joint bank account belonging to client RM and SCM.

12. On January 11, 2012, client RM returned the Deregistration/Withdrawal Request Form containing client SCM's signature to the Respondent's assistant, who submitted it for processing.

13. On January 12, 2012, the entire cash balance in the IPC Account of \$22,006.79 was redeemed (the "Redemption") and deposited into client RM's and SCM's joint bank account.

14. On or about March 25, 2014, client SCM advised the Respondent that she had only recently become aware of the Redemption, and advised the Respondent that the signature on the Deregistration/Withdrawal Request form was not hers and she was not aware of client RM's redemption request at the time it was made. This was the first time that the Respondent discussed either of client SCM's Accounts with client SCM.

Action Taken by the Member

15. IPC commenced an investigation into the Respondent's conduct after it was informed about this matter by the Respondent's branch manager.

16. On March 23, 2015, IPC sent a warning letter to the Respondent regarding the conduct described above, and on March 30, 2015, IPC placed the Respondent on close supervision for a period of 12 months.

17. On June 1, 2015, IPC paid compensation to client SCM for the Redemption, which client SCM advised IPC she did not authorize.

Additional Factors

18. On May 14, 2015, the Ontario Securities Commission placed the Respondent on close supervision for an indefinite period.

19. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described in this Settlement Agreement, beyond the commissions and fees that he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

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

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

The Settlement Agreement

22. The Respondent acknowledged that his conduct, referred to above, violated MFDA Rules 2.1.1, and 2.2.1, and Staff and the Respondent jointly recommended that the Hearing Panel accept the Settlement Agreement facts and the following penalties:

- a) the Respondent shall pay a fine in the amount of \$15,000 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 Respondent shall in the future comply with MFDA Rules 2.2.1 and 2.1.1, and

d) the Respondent will attend in person on the date set for the Settlement Hearing.

23. Staff submitted that the proposed resolution falls inside the reasonable range of appropriateness having regard to the nature of the conduct admitted by the Respondent and the MFDA's regulatory objective of protecting the public. The Panel accepted that submission.

Reasons for Acceptance of the Settlement Agreement

(a) *Jurisdiction and Mandate of the Hearing Panel*

24. Pursuant to section 24.4.3 of MFDA By-law No.1, a Hearing Panel may either accept or reject a settlement agreement. A Hearing Panel will not, and should not, reject a settlement agreement unless the proposed penalty clearly falls outside the range of appropriate penalty.³ An appropriate penalty is one that is fair and reasonable, addressing the nature and severity of the infraction, the element of specific and general deterrence, and the preservation of investor and public confidence in the integrity of the investment industry.⁴

25. The role of a Hearing Panel at a settlement hearing is fundamentally different than its role at a contested hearing. As was stated by the MFDA Hearing Panel in *Sterling Mutuals Inc. (Re)*, quoting the reasoning in the I.D.A matter of *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.]

26. The principle that a Hearing Panel will not reject a settlement agreement unless the proposed penalty clearly falls outside the reasonable range of appropriateness assists the MFDA

³ *Sterling Mutuals Inc. (Re)* 2008 LNCMFDA16; *Milewski (Re)* [1999] I.D.A.C.D. No 17 Ontario District Council, 1999

⁴ *Jacobson (Re)*, 2007 LNCMFDA 27, at para. 68

to fulfill its regulatory objective of protecting the public. Settlements advance this regulatory objective by proscribing activities that are harmful to the public, while enabling the parties to reach a flexible remedy tailored to address the interests of both the regulator and a respondent.

British Columbia (Securities Commission) v. Seifert, 2007 BCCA 484, at para. 31, Staff's Book of Authorities, **Tab 7**.

(b) Applicable Rules and Provisions

27. The relevant rules and provisions in this matter are:

- a) MFDA Rule 2.1.1 (*Standard of Conduct*);
- b) MFDA Rule 2.2.1 (*Know-Your-Client*);
- c) Section 24.1.1 of MFDA By-law No. 1 (*Penalties*);
- d) Section 24.2 of MFDA By-law No. 1 (*Costs*); and
- e) Section 24.4 of MFDA By-law No. 1 (*Settlements*).

28. Pursuant to MFDA Rule 2.2.1, Approved Persons are required to use due diligence to learn the essential facts relative to each client and to each order or account accepted.

29. Due diligence includes the obligation to know and fully understand the client's financial situation, current and continuing financial obligations, net worth, income, liquid assets, understanding of the market, age relative to retirement, and risk tolerance.

Badasha (Re), [2015] Hearing Panel of the Pacific Regional Council, MFDA File No. 201424, Panel Decision dated June 9, 2015, at para. 46.

30. MFDA Rule 2.1.1 is a rule of general application which prescribes the high standard of conduct applicable to Members and Approved Persons. The Rule is designed to protect the public interest by requiring registrants in the mutual fund industry to adhere to a high standard of conduct, both in ethics and professional competence, in the transaction of business.

31. Previous MFDA Hearing Panels have held that where an Approved Person opens a client account and/or updates the client's Know-Your-Client information without communicating directly with the client, the Approved Person has violated the Know-Your-Client obligation set out in MFDA Rule 2.2.1, and the standard of conduct set out in MFDA Rule 2.1.1.

Badasha (Re), supra,

Adams (Re), [2015] Hearing Panel of the Central Regional Council, MFDA File No. 201255, Panel Decision dated March 18, 2015,

32. In order to fulfill the Know-Your-Client obligation, an Approved Person is required to learn the essential facts about his or her client directly from the client. In the absence of a power of attorney, it is not sufficient to consult with a third party, including even the client's spouse, for the purpose of obtaining Know-Your-Client information or trading instructions.

DeVuono (Re), [2012] Hearing Panel of the Central Regional Council, MFDA File No. 201102, Panel Decision (Misconduct) dated November 22, 2012, at para. 67.

33. As stated by the Investment Dealers Association Hearing Panel in *Milewski (Re)*:

... it is not sufficient to take another person's word, even a husband's. Due diligence requires that the information relating to a new client's investment experience and objectives must be obtained directly from the client. The registered representative's obligations are owed to her and it is to her to whom he must look for instructions.

Milewski (Re), [1999] I.D.A.C.D. No. 17, Ontario District Council Decision dated July 28, 1999, at pp. 8-9.

34. In the present case, the Respondent admits that he opened an account for client SCM, updated client SCM's Know-Your-Client information on three occasions, and processed trades in client SCM's account without having communicated directly with client SCM, thereby failing to use due diligence to learn the essential facts relative to client SCM and to each order or account accepted, contrary to MFDA Rules 2.2.1 and 2.1.1.

(c) ***Penalty Guidelines***

35. If the Settlement Agreement is accepted, the Respondent will receive the following penalty:

- a) the Respondent shall pay a fine in the amount of \$15,000 pursuant to s. 24.1.1(b) of MFDA By-law No. 1; and
- b) the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1.

36. The MFDA Penalty Guidelines are an additional source of factors to be taken into account with regards to penalty. The MFDA Penalty Guidelines (s. 24.1.1) are not mandatory but are intended to assist Hearing Panels, Staff and Respondents in considering the appropriate penalties in MFDA disciplinary proceedings.

37. As stated in the introduction to the MFDA Penalty Guidelines under the heading “Purpose Of The MFDA Penalty Guidelines”:

Range is Guideline Only

The penalty types and ranges stated in the Guidelines are not mandatory. The Guidelines suggest the types and ranges of penalties that would be appropriate for particular case types. The Guidelines are intended to provide a basis upon which discretion can be exercised consistently and fairly in like circumstances but are not binding on a Hearing Panel.

38. Where an Approved Person fails to fulfill his or her Know-Your-Client obligations, the MFDA Penalty Guidelines recommend one or all of the following: a minimum fine of \$10,000; period of increased supervision; writing or re-writing an appropriate industry course; suspension; a permanent prohibition in egregious cases.

39. Where an Approved Person fails to adhere to the standard of conduct in Rule 2.1.1, the MFDA Penalty Guidelines recommend one or all of the following: a minimum fine of \$5,000;

writing or re-writing an appropriate industry course; suspension; a permanent prohibition in egregious cases.

(d) *Specific Factors Concerning the Appropriateness of the Penalty*

40. The Respondent's breaches of Rules 2.2.1 and 2.1.1 were serious⁵. However they only related to one client. No financial benefit was received by the Respondent, and the Panel is satisfied that no dishonest or fraudulent intention was present. The Respondent had not been the subject of any prior disciplinary process. The client was fully reimbursed by the Member. The Respondent was registered in the securities industry since 1999, and therefore knew, or ought to have known that his actions violated the Rules. However, he co-operated fully with the MFDA investigation, and his entry into the Settlement Agreement saved the MFDA the time and expense of a full Hearing. He was placed under close supervision by the Member for a period of 12 months, and for an indefinite period by the Ontario Securities Commission.

(e) *Previous Decisions Made in Similar Cases*

41. In its Submissions of Staff, MFDA provided the following chart, summarizing the penalties applied by MFDA Hearing Panels addressing similar cases:

⁵ Badasha (Re) supra; *Daubney (Re)*, (2008) 31 OSCB 4817,

CASE	FACTS	PENALTIES
<p><i>Badasha (Re), supra,</i> Staff's Book of Authorities, Tab 2.</p>	<ul style="list-style-type: none"> • The Respondent opened new accounts for 16 individuals who the Respondent had never met or spoken to. The Respondent allowed an unregistered individual to obtain and record the individuals' Know-Your-Client information. • The Respondent also obtained and used 7 pre-signed forms; secured client signatures on account documentation for 8 client accounts by sending only the signature pages to the clients, and altered 2 account forms. • The Respondent was a branch manager. 	<p>The Hearing Panel accepted the settlement agreement with the following terms:</p> <ul style="list-style-type: none"> • Two year prohibition • Fine of \$5,000; • Costs of \$3,500.
<p><i>Adams (Re), supra,</i> Staff's Book of Authorities, Tab 3.</p>	<ul style="list-style-type: none"> • The Respondent signed new account opening documents (as the mutual fund salesperson responsible for the accounts) for at least 12 clients without having ever met or spoken to the clients. • The Respondent also obtained pre-signed account forms from at least 13 clients, which he forwarded to a third party to complete and submit to the Member in order to open accounts for the clients and implement a leveraged investment strategy in the accounts. 	<p>The Hearing Panel accepted the settlement agreement with the following terms:</p> <ul style="list-style-type: none"> • Fine of \$17,500; • Costs of \$7,500; • Requirement for the Respondent to complete an industry compliance course.

42. The Panel views the violations in the cases of *Badasha (Re)*. and *Adams (Re)* to be more egregious, than the violations committed by the Respondent.

43. In summary, the Panel hereby confirms acceptance of the Settlement Agreement, and the penalty set out therein.

DATED this 8th day of June, 2017.

“H. Michael Kelly”

H. Michael Kelly, Q.C.
Chair

“Kenneth P. Mann”

Kenneth P. Mann
Industry Representative

“Robert C. White”

Robert C. White
Industry Representative

DM 554218 v1

Schedule “1”

Settlement Agreement

File No. 201661



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: William George Wray

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and William George Wray (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 June 2002 and March 2014, the Respondent opened a client account, updated the client's Know-Your-Client information on three occasions and processed trades in the client's account without having communicated directly with the client, thereby failing to use due diligence to learn the essential facts relative to the client and to each order or account accepted, contrary to MFDA Rules 2.2.1 and 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 \$15,000 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 Respondent shall in the future comply with MFDA Rules 2.2.1 and 2.1.1; and
- d) 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 has been registered in the securities industry since 1999.

8. Since June 2007, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a dealing representative) with IPC Investment Corporation (“IPC”), a Member of the MFDA.

9. Prior to being registered with IPC, the Respondent was registered in Ontario as a mutual fund salesperson with IQON Financial Inc. (“IQON”) from September 2001 to May 2007, and in Alberta from June 2006 to May 2007.

10. At all material times, the Respondent conducted business in the Alliston, Ontario area.

Failure to Learn Essential Facts Relative to a Client

The Accounts

11. From November 2001 to May 2007, the Respondent serviced client SCM’s account at IQON⁶, and from June 2007 to May 2015, the Respondent serviced client SCM’s account at IPC (together, the “Accounts”).

12. During these periods, the Respondent discussed all matters relating to the Accounts, including trades and updates to client SCM’s know-your-client (“KYC”) information, with client SCM’s spouse, client RM. The Respondent did not have any discussions with client SCM about her Accounts.

13. The Respondent provided all account forms in respect of the Accounts that required client SCM’s signature to client RM, and asked client RM to obtain client SCM’s signature on the account forms. Client RM returned the account forms containing client SCM’s signature to the Respondent, who then submitted the account forms for processing. The Respondent did not

⁶ The Respondent first became subject to the MFDA’s jurisdiction on June 4, 2002, which is the date on which IQON became a Member of the MFDA.

verify with client SCM the accuracy of the information on any of the account forms, which consisted of:⁷

- 8 Mutual Fund Trade Tickets;
- 2 Client Summary Forms (containing client SCM's KYC information);
- 2 Order Entry Forms;
- 1 New Account Application Form (containing client SCM's KYC information), which was used to open client SCM's account at IPC;
- 1 Client Information Change Form;
- 1 Investor Agreement Form;
- 1 RRSP Loan Application Form;
- 1 Statement of Disclosure Form;
- 1 Acknowledgement and Consent Form; and
- 1 Deregistration/Withdrawal Request Form.

The Redemption Request

14. On January 9, 2012, client RM requested that the Respondent redeem the cash holdings in client SCM's IPC Account.

15. Consistent with his practice described above in paragraphs 12-13, upon receiving client RM's redemption request, the Respondent sent client RM a Deregistration/Withdrawal Request Form for client SCM to sign, which contained directions to redeem the entire cash balance in client SCM's IPC Account in the amount of \$22,006.79, and to deposit the proceeds from the redemption in a joint bank account belonging to client RM and SCM.

16. On January 11, 2012, client RM returned the Deregistration/Withdrawal Request Form containing client SCM's signature to the Respondent's assistant, who submitted it for processing.

⁷ Paragraph 13 only lists those account forms that the Respondent obtained after he became subject to the MFDA's jurisdiction on June 4, 2002.

17. On January 12, 2012, the entire cash balance in the IPC Account of \$22,006.79 was redeemed (the “Redemption”) and deposited into client RM’s and SCM’s joint bank account..

18. On or about March 25, 2014, client SCM advised the Respondent that she had only recently become aware of the Redemption, and advised the Respondent that the signature on the Deregistration/Withdrawal Request form was not hers and she was not aware of client RM’s redemption request at the time it was made. This was the first time that the Respondent discussed either of client SCM’s Accounts with client SCM.

Action Taken by the Member

19. IPC commenced an investigation into the Respondent’s conduct after it was informed about this matter by the Respondent’s branch manager.

20. On March 23, 2015, IPC sent a warning letter to the Respondent regarding the conduct described above, and on March 30, 2015, IPC placed the Respondent on close supervision for a period of 12 months.

21. On June 1, 2015, IPC paid compensation to client SCM for the Redemption, which client SCM advised IPC she did not authorize.

Additional Factors

22. On May 14, 2015, the Ontario Securities Commission placed the Respondent on close supervision for an indefinite period.

23. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described in this Settlement Agreement, beyond the commissions and fees that he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

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

25. 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

26. 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.

27. 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.

28. 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.

29. 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 the 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.

30. 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.

31. 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.

32. 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 8th day of August, 2016.

“William George Wray”

William George Wray

“SD”

Witness – Signature

SD

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. 201661



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: William George Wray

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 William George Wray (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 between June 2002 and March 2014, the Respondent opened a client account, updated the client's Know-Your-Client information on three occasions and processed trades in the client's account without having communicated directly with the client, thereby failing to use due diligence to learn the essential

facts relative to the client and to each order or account accepted, contrary to MFDA Rules 2.2.1 and 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 \$15,000 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 Respondent shall in the future comply with MFDA Rules 2.2.1 and 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]

Schedule “2”

Order

File No. 201661



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: William George Wray

ORDER

(ARISING FROM SETTLEMENT HEARING ON OCTOBER 27, 2016)

WHEREAS on August 15, 2016, 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 William George Wray (the “Respondent”);

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated August 8, 2016 (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 between June 2002 and March 2014, the Respondent opened a client account, updated the client’s Know-Your-Client information on three occasions and processed trades in the client’s account without having communicated directly with the client, thereby failing to use due diligence to learn the essential facts relative to the client and to each order or account accepted, contrary to MFDA Rules 2.2.1 and 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 \$15,000 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 Respondent shall in the future comply with MFDA Rules 2.2.1 and 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 27th day of October, 2016.

“H. Michael Kelly”

H. Michael Kelly, Q.C.
Chair

“Kenneth P. Mann”

Kenneth P. Mann
Industry Representative

“Robert C. White”

Robert C. White
Industry Representative