



**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: John Mark Wright**

Heard: June 16, 2016, in Toronto, Ontario  
Reasons for Decision: July 8, 2016

**REASONS FOR DECISION**

Hearing Panel of the Central Regional Council:

Frederick H. Webber	Chair
Brigitte J. Geisler	Industry Representative
Cheryl Hamilton	Industry Representative

Appearances:

Michelle Pong	)	Counsel for the Mutual Fund Dealers
	)	Association of Canada
	)	
Michael Donsky	)	Counsel for the Respondent
	)	
	)	

1. As a result of a Settlement Agreement dated June 10, 2016, a copy of which is attached hereto, entered into between MFDA and the Respondent (the “Settlement Agreement”), a settlement hearing was conducted on June 16, 2016 in Toronto. The Hearing Panel received and considered oral submissions from MFDA counsel and the Respondent’s counsel, and written submissions of the MFDA. Respondent’s counsel advised the Panel that he agreed with the submissions of the MFDA.

2. The contravention alleged by the MFDA and admitted by the Respondent is set out in the Settlement Agreement and is as follows:

Between August 7, 2007 and July 1, 2009, the Respondent was a shareholder and director of Emerald Capital International Ltd (“ECI”) which sold its shares to ten clients he serviced, and sold units of the Emerald Explorer Fund (“EEF”) to six clients he serviced, which gave rise to conflicts or potential conflicts of interest between his interests and the interests of clients that he failed to disclose to Keybase Financial Group Inc., a Member of the MFDA with which he was registered as a mutual fund salesperson/dealing representative, and address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rules 2.1.1 and 2.1.4.

3. The Respondent agreed to the following terms of settlement:

- (a) a three year prohibition on the authority of the Respondent to conduct 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 MFDA By-law No. 1;
- (b) a fine in the amount of \$15,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1, payable as follows:
  - i. \$5,000 payable on or before the date of the settlement hearing;
  - ii. \$5,000 payable no later than six months from the date that the settlement agreement is accepted by the Hearing Panel;

- iii. \$5,000 payable no later than 12 months from the date that the settlement agreement is accepted by the Hearing Panel;
- (c) costs in the amount of \$5,000, pursuant to section 24.2 of MFDA By-law No. 1, payable on or before the date of the settlement hearing;
- (d) the Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.1.4 while in the employ of or associated with any MFDA Member; and
- (e) the Respondent will attend in person, on the date set for the Settlement Hearing.

4. The salient facts are set out in the Settlement Agreement attached hereto as Schedule “1” and need not be repeated here.

5. In accordance with s. 24.4.3 of MFDA By-law No. 1, a hearing panel has only two options on a settlement hearing, it may accept or reject the Settlement Agreement, but is not permitted to substitute its own decision. As stated in the MFDA written submissions, (citing Jacobson, MFDA File No. 200712, Re Clark, [1999] I.D.A.C.D. No. 40, and Re Milewski [1999] I.D.A.C.D. No. 17, a hearing panel should not interfere lightly in a negotiated settlement as long as the penalties agreed are within a reasonable range of appropriateness.

This principle has been followed in a number of cases. This Panel agrees with the principle stated and has followed it in this case. Furthermore, as stated in the MFDA submissions, this principle assists the MFDA to fulfill its regulatory objective of protecting the public (citing British Columbia Securities Commission v. Seifert, 2007 BCCA 484).

Given the standard of “reasonableness”, it is the responsibility of this Panel to determine whether the penalties set forth in the Settlement Agreement strike a reasonable balance between fairness to the Respondent in the circumstances and the need to protect the investing public, the industry membership, the integrity of the discipline process, the integrity of the securities markets and prevention of a repetition of the offence.

6. The MFDA written submissions set forth a number of factors commonly considered by hearing panels in determining whether a settlement should be accepted:

- (a) whether acceptance of the settlement agreement would be in the public interest and whether the penalty imposed will protect investors;
- (b) whether the settlement agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the settlement agreement;
- (c) whether the settlement agreement addresses the issues of both specific and general deterrence;
- (d) whether the proposed settlement will prevent the type of conduct described in the settlement agreement from occurring again in the future;
- (e) whether the settlement agreement will foster confidence in the integrity of the Canadian capital markets;
- (f) whether the settlement agreement will foster confidence in the integrity of the MFDA; and
- (g) whether the settlement agreement will foster confidence in the regulatory process itself.

The MFDA submissions cited Jacobson (supra), and other cases as authority for the foregoing. These factors were accepted and applied by this Panel.

7. The MFDA submissions then asserted that the primary goal of securities regulation is the protection of the investor, citing the well-known case of Pezim v. British Columbia (Superintendent of Brokers), [1994] 2 S.C.R. 557. This Panel agrees.

8. The MFDA submissions listed the following factors regarding the appropriateness of the penalty frequently considered by panels, citing Re Headley [2006] MFDA File No. 200509 and Re Tonnies [2005] MFDA file No. 200503:

- (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 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.

9 The MFDA submissions emphasized the importance of general deterrence when determining the appropriate penalty, since penalties should discourage other registrants from engaging in the misconduct for which the Respondent is being disciplined, citing Re Cartaway Resources Corp.[2004] 1 S.C.R. 672. This Panel agrees that general deterrence is an important factor in this case.

10 MFDA counsel reviewed with the Panel the MFDA Penalty Guidelines, including the recommended penalty types and ranges, regarding the misconduct of the type in this case. The MFDA written submissions, set out the factors which were applied in this case, as follows.

a) Nature of the misconduct

11 The actions of the Respondent involved conflicts or potential conflicts of interest between his own interests and those of his clients that he failed to disclose to the Member and address by the exercise of reasonable business judgment. The Panel agrees with the MFDA that such misconduct is serious, not trivial. It is the Respondent's obligation to make the client's interest

his primary focus and to avoid conflicts between his interests and those of his clients. Furthermore, by failing to advise Keybase of the Respondent's actions, Keybase could not exercise its oversight obligations to avoid harm to the particular clients and to investigate whether other clients of the Respondent may have been affected.

b) Respondent's Experience and Past Conduct

12. The Respondent was registered as a mutual fund salesperson/dealing representative with Keybase from January 17, 2003 to August 22, 2011 and prior to that as a mutual fund salesperson since January 1997. He cannot claim lack of experience or knowledge. As a mitigating factors, the Respondent has not been the subject of any previous disciplinary proceedings; and he reported monies missing from ECI accounts to Bermuda authorities and was a Crown witness in connection with the prosecution arising therefrom.

c) Respondent's Recognition of Misconduct

13. The Respondent's admission to his misconduct shows that he recognizes the seriousness of his misconduct. By entering into the Settlement Agreement, he has accepted responsibility therefor and avoided the necessity of the MFDA conducting a lengthy and expensive hearing. This is a mitigating factor considered by the Panel in deciding whether to accept the Settlement Agreement.

d) Client Harm/Respondent Benefit

14. The MFDA has not received any complaints regarding the conduct described in the Settlement Agreement. The Respondent admits receiving a payment of \$5694.50, but stated that he did not know what it was for. He also stated that he was not aware of any fees or commissions paid to him or any of the ECI partners regarding the sale of ECI shares. There is no evidence that the Respondent received, or became entitled to receive, fees or commissions from ECI in respect of sales of units of EEF to the six clients listed in the Settlement Agreement.

e) Case Law

15. The Panel was referred to, and has reviewed, cases set out in the MFDA written submissions. Although each case turns on its own facts, these cases were general guidance to this Panel in determining the reasonableness of the penalties proposed in the Settlement Agreement.

Acceptance of Settlement Agreement

16. Given the nature of the misconduct, the need for specific and general deterrence, the mitigating and aggravating factors and the cases to which the Panel was referred, the Panel agreed that the terms of the Settlement Agreement were reasonable. Accordingly the Settlement Agreement was accepted by the Panel who signed the order accordingly.

**DATED** this 8<sup>th</sup> day of July, 2016.

“Frederick H. Webber”

---

Frederick H. Webber  
Chair

“Brigitte J. Geisler”

---

Brigitte J. Geisler  
Industry Representative

“Cheryl Hamilton”

---

Cheryl Hamilton  
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: John Mark Wright**

---

**SETTLEMENT AGREEMENT**

---

**I. INTRODUCTION**

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (the "MFDA") will announce that it proposes to hold a hearing to consider whether, pursuant to section 24.4 of By-law No. 1, a hearing panel of the Central Regional Council (the "Hearing Panel") of the MFDA should accept the settlement agreement entered into between Staff of the MFDA ("Staff") and the Respondent, John Mark Wright (the "Settlement Agreement").

**II. JOINT SETTLEMENT RECOMMENDATION**

2. Staff conducted an investigation of the Respondent's activities. The investigation disclosed that the Respondent had engaged in activity for which the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to section 24.1 of MFDA By-law No. 1.

3. Staff and the Respondent recommend settlement of the matters disclosed by the investigation in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule “A”

4. Staff and the Respondent agree that the terms of this 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.

### **III. ACKNOWLEDGEMENT**

5. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the MFDA (subject to Part IX) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

### **IV. AGREED FACTS**

#### **Registration History**

6. From January 17, 2003 to August 22, 2011, the Respondent was registered in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, and Newfoundland and Labrador as a mutual fund salesperson/dealing representative with Keybase Financial Group Inc. (“Keybase”), a Member of the MFDA.

7. The Respondent was previously registered as a mutual fund salesperson as follows:

- (a) from March 1999 to January 2003, with Canadian Investment Consultants; and
- (b) from January 1997 to February 1999, with Brightside Financial Services.

8. The Respondent has not been registered in the securities industry in any capacity since he resigned from Keybase in August 2011.

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

### **Emerald Capital International Ltd.**

10. In or about August 2007, the Respondent, along with three other individuals, JB, AB and DB, incorporated Emerald Capital International Ltd. ("ECI") in Bermuda. ECI was formed with the intention to

- (a) establish, promote and manage a mutual fund for institutional investors known as the Emerald Explorer Fund, which specialized in Canada's junior mining sector; and
- (b) act as a venture capital company.

11. On August 7, 2007, the Respondent purchased one third of ECI's shares. The other two thirds of the company's shares were allocated as follows: one third was held by JB and one third was held by AB and DB. (AB and DB were spouses at all material times and are not related to JB.).

12. On August 27, 2007, the Respondent was named Director and Vice-President of ECI. The Respondent was also referred to as ECI's Managing Partner in some written communications with the public.

13. The Respondent states that he did not act as the Director or Vice-President of ECI and held these positions in name only. The Respondent states that he was not named, nor did he act as, the Managing Partner of ECI.

14. AB and DB jointly owned and operated a group of companies known as the Emerald Financial Group. The Respondent states that he was not involved in the operations of the Emerald Financial Group. The Respondent states that the Emerald Financial Group was a brokerage firm able to offer a wide variety of products to Bermuda based clients and others. The Emerald Financial Group included the following Bermuda-based entities:

- (a) Emerald Financial Limited (“EFL”), which operated as a brokerage firm through which individuals could purchase equities and mutual funds;
- (b) Directrade Ltd., which was an on-line brokerage through which individuals could purchase equities and mutual funds;
- (c) Emerald Investment Management Limited; and
- (d) EFG Select Funds Limited (“EFG Select”)<sup>1</sup>, which created and operated a Bermuda mutual fund known as the Emerald High Income Fund<sup>2</sup>.

15. ECI did not operate as part of the Emerald Financial Group. The only relationship between ECI and the Emerald Financial Group was as follows:

- (a) the owners of the Emerald Financial Group, AB and DB, were also jointly a one-third owner of ECI;
- (b) ECI acquired 40% of the non-redeemable shares in the capital of EFG Select, a subsidiary of the Emerald Financial Group. The Respondent states that this acquisition occurred after disclosure to the Bermuda Monetary Authority on October 5, 2007 and approval from the Bermuda Monetary Authority on October 17, 2007.
- (c) EFL provided brokerage services to ECI.

---

<sup>1</sup> The Respondent states that EFG Select was a blanket fund license with the ability to operate multiple funds on the same platform. EFG was set up for the purpose of operating mutual funds under the supervision of the Bermuda Monetary Authority.

<sup>2</sup> The Respondent states that the Emerald High Income Fund invested in debt instruments issued by New Solutions Capital, a Canadian commercial lender, to finance commercial lending activity.

16. Between September 2007 and July 2008, ECI issued and sold additional shares<sup>3</sup>, through EFL, totaling at least US\$1,155,000 to at least ten clients serviced by the Respondent, as described below:

<b>Client Name</b>	<b>Date of Investment</b>	<b>Amount (in USD)</b>
GE	May 27, 2008	\$100,000
LE	May 29, 2008	\$15,000
JF	September 2007	\$100,000
HF	February 26, 2008	\$50,000
DG	June 9, 2008	\$35,000
KK	September 17, 2007	\$75,000
	April 21, 2008	\$25,000
SL	March 11, 2008	\$50,000
GL	March 2008	\$65,000
	November 2007	\$135,000
BM	November 29, 2007	\$5,000
JW	July 2, 2008	\$500,000
	<b>TOTAL</b>	<b>\$1,155,000</b>

17. ECI intended to use the funds raised through the sale of ECI shares as seed capital.

18. The Respondent states that he did not recommend or sell shares of ECI. The Respondent acknowledges that he provided ECI with the names of clients who might be interested in purchasing its shares.

19. After the ten clients listed above had become ECI shareholders, the Respondent: (1) received reports from ECI on the clients' shareholdings in the company; and (2) assisted the clients to address any problems or concerns with ECI that the clients had had in respect of their ECI shares. The Respondent states that as a Financial Planner, the Respondent would in the ordinary course (1) receive reports from his clients regarding all their investments and (2) assist his clients to address problems that might occur regarding these investments.

---

<sup>3</sup> ECI did not sell the shares which were held by the Respondent, JB, AB, or DB.

20. The Respondent acknowledges that, on August 14, 2008, he received a single payment of \$5,694.50 in one of his Canadian accounts. The Respondent does not know what the payment was for.

21. The Respondent states that he is not aware that any fees or commissions were ever paid to him or any of the ECI partners in respect of the sale of ECI shares.

22. Between December 2007 and April 30, 2008, the Respondent was reimbursed for office expenses he incurred on ECI's behalf in the amount of US\$13,183.54. The Respondent also incurred additional expenses totaling \$4,486.69 on ECI's behalf for which he states he has not been reimbursed. In addition, the Respondent incurred an additional CAD\$13,000 in disbursements for legal expenses for ECI when Emerald Financial Group was put into receivership as the receiver, in error, also included ECI and wound that company up.

23. ECI shares were not an investment product approved by Keybase for sale.

24. At no time did the Respondent ever inform Keybase that:

- (a) he owned one third of the shares of ECI;
- (b) he was named as a Director and Vice-President of ECI; and
- (c) ECI had sold its shares totaling at least US\$1,155,000 to at least ten clients serviced by the Respondent.

25. At all material times, Keybase's policies and procedures prohibited its Approved Persons from, among other things, serving as an officer, director or partner of third party organizations that were not disclosed to and approved by Keybase.

### **Emerald Explorer Fund**

26. In or about 2007, ECI began setting up the Emerald Explorer Fund ("EEF") which was to operate as a mutual fund, regulated by the Bermuda Monetary Authority.

27. Between May and June 2008, ECI sold units of the EEF, through EFL, totaling US\$431,640 to at least six clients serviced by the Respondent, as described below:

<b>Client Name</b>	<b>Date of Investment</b>	<b>Amount (in USD)</b>
CB	May 28, 2008	\$50,000
GE	June 24, 2008	\$100,000
HF	Unknown	\$50,000
ML and MaL	June 20, 2008	\$48,640
GL	March 2008	\$183,000
	<b>TOTAL</b>	<b>\$431,640</b>

28. The Respondent states that he had no role in these sales.

29. The Respondent states that all funds received from clients CB, GE, HF, ML, MaL and GL were deposited in an EEF trust account. EEF did not engage in any business, and the fund never formally started operation so, ultimately, no investments were made. All investor monies were returned to the respective clients and no losses were occasioned by the investors in the EEF.

30. The EEF was not an investment product approved by Keybase for sale.

31. At no time did the Respondent ever inform Keybase that ECI had sold units of the EEF totaling at least US\$431,640 to at least 6 clients serviced by the Respondent.

32. There is no evidence that the Respondent received, or became entitled to receive, fees or commissions from ECI in respect of the sale of units of the EEF to the six clients listed above.

### **Possible Fraud at ECI**

33. In about January 2009, the Respondent and JB became aware that approximately \$400,000 had been removed from ECI's accounts. At that time, JB retained a private investigator to look into this matter. The Respondent and JB also reported the missing monies to the Bermuda Police.

34. As a result, in or about July 2009, the Bermuda Monetary Authority and the Official Receiver of Bermuda placed the companies forming the Emerald Financial Group, including EFL, into receivership and appointed a liquidator. The Respondent states that ECI was included in the receivership in error.

35. In or about 2010, the Bermuda Police Services charged AB and DB with 18 counts of theft of funds from ECI and four counts of money laundering. The Respondent was subsequently summoned in AB's and DB's trial as a Crown prosecution witness. AB and DB were found guilty by the Bermuda Supreme Court of misleading the Bermuda Monetary Authority, but not theft and money laundering.

#### **Additional**

36. Staff has not received any complaints in respect of the conduct described in this Settlement Agreement.

37. The Respondent cooperated with Staff's investigation of this matter.

#### **V. CONTRAVENTIONS**

38. The Respondent admits that, between about August 7, 2007 and July 1, 2009, he was a shareholder and director of ECI which sold its shares to ten clients he serviced, and sold units of the EEF to six clients he serviced, which gave rise to conflicts or potential conflicts of interest between his interests and the interests of clients that he failed to disclose to the Member and address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rules 2.1.4 and 2.1.1.

#### **VI. TERMS OF SETTLEMENT**

39. The Respondent agrees to the following terms of settlement:

- (a) a three year prohibition on the authority of the Respondent to conduct 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 MFDA By-law No. 1;
- (b) a fine in the amount of \$15,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1, payable as follows:
  - i. \$5,000 payable on or before the date of the settlement hearing;
  - ii. \$5,000 payable no later than six months from the date that the settlement agreement is accepted by the Hearing Panel;
  - iii. \$5,000 payable no later than 12 months from the date that the settlement agreement is accepted by the Hearing Panel;
- (c) costs in the amount of \$5,000, pursuant to section 24.2 of MFDA By-law No. 1, payable on or before the date of the settlement hearing;
- (d) the Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.1.4 while in the employ of or associated with any MFDA Member; and
- (e) the Respondent will attend in person, on the date set for the Settlement Hearing.

## **VII. STAFF COMMITMENT**

40. If this Settlement Agreement is accepted by the Hearing Panel, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the contraventions described in Part V of this Settlement Agreement, subject to the provisions of Part IX below. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any contraventions that are not set out in Part V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the contraventions set out in Part V, whether known or unknown at the time of settlement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations.

## **VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT**

41. Acceptance of this Settlement Agreement shall be sought at a hearing of the Central Regional Council of the MFDA on a date agreed to by counsel for Staff and the Respondent.

42. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the settlement hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive his 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.

43. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, then the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to section 24.1.1 of MFDA By-law No. 1 for the purpose of giving notice to the public thereof in accordance with section 24.5 of MFDA By-law No. 1.

44. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, 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 him.

## **IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT**

45. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under section 24.3 of the By-laws of the MFDA against the Respondent based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding(s) may be heard and determined by a hearing

panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

## **X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT**

46. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule "A" is not made 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 this Settlement Agreement or the settlement negotiations.

47. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

## **XI. DISCLOSURE OF AGREEMENT**

48. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law.

49. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel.

## **XII. EXECUTION OF SETTLEMENT AGREEMENT**

50. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

51. A facsimile copy of any signature shall be effective as an original signature.

**DATED** this 10<sup>th</sup> day of June, 2016.

“John Mark Wright”  
\_\_\_\_\_  
John Mark Wright

“SW”  
\_\_\_\_\_  
Witness – Signature

SW  
\_\_\_\_\_  
Witness – Print Name

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



**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: John Mark Wright**

---

**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 MFDA By-law No. 1 in respect of John Mark Wright (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 sections 20 and 24.1 of MFDA By-law No. 1;

**AND WHEREAS** the Hearing Panel is of the opinion that between about August 7, 2007 and July 1, 2009, the Respondent was a shareholder and director of Emerald Capital International Ltd. which sold its shares to ten clients he serviced, and sold units of the Emerald Explorer Fund to six clients he serviced, which gave rise to conflicts or potential conflicts of interest between his interests and the interests of clients that he failed to disclose to the Member and address by the exercise of responsible business judgment influenced only by the best interest of the clients, contrary to MFDA Rules 2.1.4 and 2.1.1.

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

1. 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*.

2. A three year prohibition on the authority of the Respondent to conduct 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 MFDA By-law No. 1.

3. A fine in the amount of \$15,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1, payable as follows:

- (i) \$5,000 payable on or before the date of the settlement hearing;
- (ii) \$5,000 payable no later than six months from the date that the settlement agreement is accepted by the Hearing Panel;
- (iii) \$5,000 payable no later than 12 months from the date that the settlement agreement is accepted by the Hearing Panel;

4. Costs in the amount of \$5,000, pursuant to section 24.2 of MFDA By-law No. 1, payable on or before the date of the settlement hearing; and

5. The Respondent shall in the future comply with MFDA Rules 2.1.1 and 2.1.4 while in the employ of or associated with any MFDA Member.

**DATED** this [day] day of [month], 2016.

---

Name,  
Chair

---

Name,  
Industry Representative

---

Name,  
Industry Representative

DM 490490 v1