



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: Martine Roxanne Yargeau

Heard: October 26, 2017 in Toronto, Ontario

Decision: October 26, 2017

Reasons for Decision: December 8, 2017

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Paul M. Moore, QC

Chair

Guenther W. K. Kleberg

Industry Representative

Robert C. White

Industry Representative

Appearances:

Sarah Glickman

)

Counsel for the Mutual Fund Dealers

)

Association of Canada

)

Martine Roxanne Yargeau

)

Respondent, by teleconference

)

Settlement Agreement

1. The Hearing Panel accepted the settlement agreement dated April 10, 2017 (“Settlement Agreement”) between the staff of the MFDA and Martine Roxanne Yargeau (“Respondent”). A copy of the Settlement Agreement is attached to these reasons as Schedule “1”. The agreed facts are set out in section III of the agreement.

Contraventions

2. The Respondent admitted that:
- a) on or about October 27, 2014, she falsified two (2) client signatures on one (1) account form and submitted the account form for processing, contrary to MFDA Rule 2.1.1; and
 - b) between January 2013 and February 2015, she obtained, possessed, and in some instances, used to process transactions, 203 pre-signed account forms in respect of 45 clients, contrary to MFDA Rule 2.1.1.

Agreed penalties

3. The agreed penalties were a one (1) year prohibition on the Respondent conducting any securities business in any capacity while employed by or associated with an MFDA Member.

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 her of the agreed penalty.

Issues

5. Was the agreed penalty a sufficient deterrent without a fine or a costs award?

Other considerations in determining acceptability of agreed penalties

6. The Respondent was terminated by her Member and is no longer registered in any capacity in the securities industry.

7. In 2015, the Respondent assigned herself into bankruptcy.

8. She has provided staff with copies of her recent notices of assessment from Revenue Canada that indicate she earns limited income and is unable to pay any amount towards a fine or costs.

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

10. There was no moral turpitude in her misconduct.

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

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

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

14. Considering the particular circumstances of the Respondent and the facts of this case, the agreed penalty is within a reasonable range of appropriateness with regard to MFDA decisions submitted to us by staff of the MFDA and made by MFDA Hearing Panels in similar circumstances. They are fair and reasonable and will serve as a specific and general deterrent.

Conclusion

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

DATED this 8th day of December, 2017.

“Paul M. Moore”

Paul M. Moore, QC
Chair

“Guenther W. K. Kleberg”

Guenther W. K. Kleberg
Industry Representative

“Robert C. White”

Robert C. White
Industry Representative

DM 587426

Schedule "1"

Settlement Agreement

File No. 201748



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Re: Martine Roxanne Yargeau

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Martine Roxanne Yargeau ("Respondent"), consent and agree to settlement of this matter by way of this agreement ("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) on or about October 27, 2014, the Respondent falsified 2 client signatures on 1 account form and submitted the account form for processing, contrary to MFDA Rule 2.1.1; and
- b) between January 2013 and February 2015, the Respondent obtained, possessed, or used to process transactions, 203 pre-signed account forms in respect of 45 clients, 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 be prohibited from conducting securities related business in any capacity while in the employ of or associated with a Member of the MFDA for a period of 1 year, pursuant to s.24.1.1(e) of MFDA By-law No.1;
- b) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- c) 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. Between 2005 and February 26, 2015, the Respondent was registered in Ontario 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. At all material times, the Respondent conducted business in the Toronto, Ontario area.

9. At all material times, the Respondent acted as the registered assistant to another Approved Person, AS, in the position of a Sales Advisor Associate.

10. On February 26, 2015, Sun Life terminated the Respondent's registration and she is no longer registered in the securities industry in any capacity.

Falsified Client Signatures

11. At all material times, client Numbered Company was the client of Sun Life whose account was serviced by Approved Person AS.

12. On September 16, 2014, the Respondent submitted to Sun Life for processing an anti-money laundering account form in respect of Client Numbered Company's account (the "AML Form").

13. During its review of the AML Form, Sun Life identified that while the AML Form contained the signatures of two representatives of client Numbered Company in one section, it was missing the representatives' signatures in another section and asked the Respondent to provide a fully executed form.

14. In response to Sun Life's request, the Respondent did not contact the representatives of client Numbered Company, but instead, photocopied the AML Form, cut out the representatives' signatures from the copy of the AML form, pasted them onto the AML Form in the section where the signatures were missing and re-submitted the AML Form to the Sun Life on or about October 27, 2014.

Pre-Signed Account Forms

15. Between January 2013 and February 2015, the Respondent obtained, possessed, or used to process transactions, 203 pre-signed account forms in respect of 45 clients.

16. The pre-signed account forms included pre-authorized contribution agreement forms, order tickets, limited trade authorization forms, and mutual fund application forms.

Sun Life's Investigation

17. On or about October 27, 2014, Sun Life identified that the Respondent had falsified the signatures of client Numbered Company's representatives on the AML Form in response to its supervisory inquiry.

18. As part of its investigation, Sun Life reviewed all client files at the branch where the Respondent worked and identified the pre-signed account forms that are the subject of this Settlement Agreement.

19. Between April 28, 2015 and May 6, 2015, Sun Life sent letters to all clients at the branch where the Respondent worked in order to determine whether the Respondent had engaged in unauthorized trading. No clients reported any concerns to Sun Life in response to these letters.

20. On February 26, 2015, Sun Life terminated the Respondent's registration.

Additional Factors

21. There is no evidence that the Respondent received any financial benefit from engaging in the conduct 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.

22. In 2015, the Respondent assigned herself into bankruptcy. She has provided Staff with copies of her recent Notices of Assessment from the Canada Revenue Agency that indicate she earns a limited income and is unable to pay any amount towards a fine and costs.

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

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. 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.

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 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 10th day of April, 2017.

“Martine Roxanne Yargeau”

Martine Roxanne Yargeau

“MD”

Witness – Signature

MD

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. 201748



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Re: Martine Roxanne Yargeau

ORDER

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

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

- a) on or about October 27, 2014, the Respondent falsified 2 client signatures on an account form and submitted the account form for processing, contrary to MFDA Rule 2.1.1; and
- b) between January 2013 and February 2015, the Respondent obtained, possessed, or

used to process transactions, 203 pre-signed account forms in respect of 45 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 be prohibited from conducting securities related business in any capacity while in the employ of or associated with a Member of the MFDA for a period of 1 year, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;
2. The Respondent shall in the future comply with MFDA Rule 2.1.1; and
3. 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]