



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: James Edgar Mitchell Wilson

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, James Edgar Mitchell Wilson (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 September 2009 and November 2018, the Respondent obtained, possessed, and in some instances, used to process transactions, 80 pre-signed account forms in respect of 51 clients, contrary to MFDA Rule 2.1.1;

- b) Between January 2013 and April 2018, the Respondent altered and used to process transactions, 15 account forms in respect of 14 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and
 - c) In June 2015, the Respondent photocopied the signature page from an account form that had been previously signed by a client and re-used the signature page to complete one additional form in respect of the client, 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 pay a fine in the amount of 30,000 in certified funds pursuant to section 24.1.1(b) of By-law No. 1, upon acceptance of this Settlement Agreement;
 - b) the Respondent shall pay costs in the amount of \$2,500 in certified pursuant to section 24.2 of By-law No. 1, upon acceptance of this Settlement Agreement;
 - c) the Respondent shall write or rewrite and pass the Ethics and Professional Conduct Course offered by the IFSE within 3 months of the acceptance of this Settlement Agreement, pursuant to section 24.1.1(f) of MFDA By-Law No. 1;
 - d) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
 - e) the Respondent will attend the Settlement Hearing in person (via videoconference).
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. Commencing in September 2006, the Respondent has been registered in Manitoba as a dealing representative with FundEX Investments Inc. (the “Member”), a Member of the MFDA.

8. At all material times, the Respondent carried on business in the Winnipeg, Manitoba area.

Pre-Signed Account Forms

9. At all material times, the Member’s policies and procedures prohibited its Approved Persons from holding, obtaining, or using pre-signed account forms.

10. Between September 2009 and November 2018, the Respondent obtained, possessed, and in some instances, used to process transactions, 80 pre-signed account forms in respect of 51 clients.

11. The pre-signed account forms consisted of Systematic Instruction, Order Entry, Registered Education Savings Plan Withdrawal, Know-Your-Client Update, and New Client Application forms.

Altered Account Forms

12. Between January 2013 and April 2018, the Respondent altered and used to process transactions 15 account forms in respect of 14 clients by altering information on the account forms without having the clients initial the alterations.

13. The altered forms consisted of Order Entry, Systematic Instruction, RESP Payment, RESP Withdrawal forms.

14. The alterations the Respondent made to the account forms consisted of altering fund codes, fund names, fund descriptions, fund amounts, dates, and withdrawal amounts on the original signed forms.

Re-Using Client Signatures

15. In June 2015, the Respondent photocopied the signature page from an account form that had been previously signed by a client and re-used the signature page to complete one additional form in respect of the client.

16. The account form consisted of a Systematic Instruction form, which the Respondent submitted to the Member for processing.

Member's Investigation

17. In February 2019, the Member identified the account forms that are described in this Settlement Agreement during an onsite branch review during where the Member reviewed all of the client files serviced by the Respondent.

18. On April 15, 2019, the Member placed the Respondent under strict supervision for a period of 3 months.

19. In August 2019, the Member sent audit letters to affected clients along with copies of transaction history portfolio statements of the previous three years, and asked the clients to review and verify the accuracy of trading activities executed in their accounts. The Member also asked the clients to advise if their personal or financial circumstances had changed to ensure their portfolios remained in line with their investment objectives and risk tolerance. No clients reported any concerns to the Member.

20. On September 12, 2019, the Member issued a warning letter to the Respondent in respect of the conduct described above, and required the Respondent to pay \$3,436 for costs associated with the audit letters and the strict supervision.

Additional Factors

21. The Respondent has not previously been the subject of a MFDA disciplinary proceeding.

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

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

24. 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

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 agrees to waive any rights to a full hearing, a review hearing or appeal 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.

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 2nd day of July, 2021.

“James Edgar Mitchell Wilson”

James Edgar Mitchell Wilson

“MP”

Witness – Signature

MP

Witness – Print Name

“Charles Toth”

Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement



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PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
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Re: James Edgar Mitchell Wilson

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 James Edgar Mitchell Wilson (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 MFDA By-law No. 1;

AND WHEREAS based upon the admissions of the Respondent, the Hearing Panel is of the opinion that:

- a) Between September 2009 and November 2018, the Respondent obtained, possessed, and in some instances, used to process transactions, 80 pre-signed account forms in respect of 51 clients, contrary to MFDA Rule 2.1.1;
- b) Between January 2013 and April 2018, the Respondent altered and used to process transactions, 15 account forms in respect of 14 clients by altering information on

the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1; and

- c) In June 2015, the Respondent photocopied the signature page from an account form that had been previously signed by a client and re-used the signature page to complete one additional form in respect of the client, 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 \$30,000 in certified funds pursuant to section 24.1.1(b) of By-law No. 1, upon acceptance of this Settlement Agreement;
2. The Respondent shall pay costs in the amount of \$2,500 in certified funds pursuant to section 24.2 of By-law No. 1, upon acceptance of this Settlement Agreement;
3. The Respondent shall write or rewrite and pass the Ethics and Professional Conduct Course offered by the IFSE within 3 months of the acceptance of this Settlement Agreement, pursuant to section 24.1.1(f) of MFDA By-Law No. 1;
4. The Respondent shall in the future comply with MFDA Rule 2.1.1; and
5. 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]

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