



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

Settlement Agreement

File No. 202312

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULESⁱ
and
Samantha Jane Cauvier**

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Canadian Investment Regulatory Organization, a consolidation of IIROC and the MFDA (“CIRO”) will announce that it proposes to hold a hearing (the “Settlement Hearing”) to consider whether, pursuant to Mutual Fund Dealer Rule 7.4.4.3, a hearing panel of the Ontario District Hearing Committee (the “Hearing Panel”) of CIRO should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of CIRO (“Staff”) and Samantha Jane Cauvier (the “Respondent”).

2. Staff and the Respondent consent and agree to the terms of this Settlement Agreement.

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

II. CONTRAVENTIONS

4. The Respondent admits to the following violations of the Mutual Fund Dealer Rules:¹

¹At the time of the conduct addressed in this proceeding, MFDA Rules 1.1.5, 2.1.1, 2.2.1, 1.1.2 and 2.5.1 were in effect and are now incorporated into Mutual Fund Dealer Rules 1.1.5, 2.1.1, 2.2.1, 1.1.2, and 2.5.1

- (a) Between February 2021 and June 2021, the Respondent:
- i. instructed a client to falsely inform the Dealer Member that the client was a resident of Ontario; and
 - ii. in respect of a second client, falsely recorded on account opening documentation that the client was a resident of Ontario,

thereby enabling the Respondent to circumvent the Dealer Member's prohibition against transacting business in provinces where the Respondent was not registered, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rules 2.1.1, 2.2.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 2.1.1, 2.2.1, 1.1.2, and 2.5.1).

- (b) Between February 2021 and June 2021, the Respondent opened a new account and processed the purchase of mutual funds in respect of a client who resided in a province in which the Respondent was not registered, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rules 1.1.5, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 1.1.5, 2.1.1, 1.1.2, and 2.5.1).

III. TERMS OF SETTLEMENT

5. Staff and the Respondent agree and consent to the following terms of settlement:
- (a) the Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer for a period of two months, commencing on the date that this settlement agreement is accepted by a Hearing Panel, pursuant to Mutual Fund Dealer Rule 7.4.1.1(c);

referred to in this proceeding. On July 7, 2022, amendments to MFDA Rule 1.1.2 came into effect. As the conduct addressed in this proceeding pre-dated the amendment to that Rule, the version of MFDA Rule 1.1.2 that was in effect prior to July 7, 2022 is applicable to this proceeding.

- (b) the Respondent shall pay a fine in the amount of \$2,500, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);
- (c) the Respondent shall pay costs in the amount of \$5,000, pursuant to Mutual Fund Dealer Rule 7.4.2;
- (d) the payment by the Respondent of the fine and costs shall be made to and received by CIRO in certified funds as follows:
 - i. \$5,000 (costs) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - ii. \$300 (fine) upon acceptance of the Settlement Agreement by the Hearing Panel;
 - iii. \$500 (fine) on or before January 12, 2024;
 - iv. \$600 (fine) on or before February 12, 2024;
 - v. \$600 (fine) on or before March 12, 2024;
 - vi. \$500 (fine) on or before April 12, 2024;
- (e) if the Respondent fails to make any of the payments of the fine or costs as they become due, then any outstanding balance of the fine and costs owed by the Respondent shall become immediately due and payable to CIRO;
- (f) the Respondent shall in the future comply Mutual Fund Dealer Rules 1.1.5, 2.1.1, 2.2.1, 1.1.2, and 2.5.1; and
- (g) the Respondent shall attend by videoconference 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 this Settlement Agreement herein and consent to the making of an Order in the form attached as Schedule "A".

IV. AGREED FACTS

Registration History

7. Since February 2017, the Respondent has been registered in Ontario as a dealing representative with PFSL Investments Canada Ltd. (the “Dealer Member”), a Dealer Member of CIRO (formerly a Member of the MFDA).

8. Between February 2017 and August 2018, the Respondent was also registered in British Columbia with the Dealer Member.

9. At all material times, the Respondent carried on business in the Carleton Place, Ontario area.

Trading outside of Ontario and Falsely Recording Addresses of Clients Who Do Not Reside in Ontario

10. At all material times, the Dealer Member’s policies and procedures restricted Approved Persons to soliciting, selling and transacting mutual fund business in provinces or territories where the Approved Person was registered and authorized to sell securities.

Client KH

11. At all material times, client KH was a client of the Dealer Member who resided in Alberta. Client KH’s accounts were serviced by another Approved Person who resided in Alberta.

12. On or about February 23, 2021, at the instruction of the Respondent, client KH requested that the Dealer Member update her address to an Ontario address at which client KH did not reside and which belonged to SP, an individual who at that time was training under the Respondent in an unlicensed capacity.

13. At this time, the Respondent also instructed client KH to direct the Dealer Member to make the Respondent the dealing representative responsible for servicing her investment accounts.

14. The Respondent instructed client KH to falsely represent to the Dealer Member that client KH was an Ontario resident whose accounts could be serviced by the Respondent. This concealed from the Dealer Member that client KH was a resident of Alberta, a province in which the Respondent was not registered to conduct securities related business.

Client JM

15. At all material times, client JM resided in Alberta.

16. In or about February and March 2021, the Respondent met with client JM to discuss:

(a) opening a Registered Education Savings Plan (RESP) account on behalf of client JM at the Dealer Member (the “RESP Account”);

(b) transferring the proceeds of client JM’s existing RESP account, which was held at a different financial institution, to the RESP Account; and

(c) contributing \$45 per month to the RESP Account through pre-authorized contributions which would be applied towards the purchase of mutual funds.

17. On March 2, 2021, the Respondent prepared an RESP Account Application Form to open the RESP Account, and met with client JM to obtain client JM’s signature on the document.

18. Rather than recording client JM’s actual Alberta address on the RESP Account Application Form, the Respondent falsely recorded an Ontario address which belonged to SP.

19. By recording that client JM resided in Ontario, the Respondent falsely represented to the Dealer Member that client JM was an Ontario resident whose accounts could be serviced by the Respondent. This concealed from the Dealer Member that client JM was a

resident of Alberta, a province in which the Respondent was not registered to conduct securities related business.

20. On March 8, 2021, the initial pre-authorized contribution of \$45 was made to the RESP Account, which was applied towards the purchase of mutual funds.

21. Following the opening of the RESP Account at the Dealer Member, client JM spoke to a representative at another financial institution who informed client JM that Approved Persons are required to be registered in the province where they engage in securities related business.

22. On or about March 23, 2021, client JM complained to the Dealer Member about the Respondent's conduct and requested that the Dealer Member cancel her pre-authorized contributions and close the RESP Account.

23. On or around March 26, 2021, the Dealer Member reversed the initial \$45 pre-authorized contribution and subsequently closed the RESP Account.

Additional Factors

24. The Respondent has not been the subject of prior MFDA or CIRO disciplinary proceedings.

25. As a result of the Dealer Member reversing the trades that the Respondent processed for client JM, as described above at paragraph 23, client JM did not suffer any financial loss.

26. There is no evidence of any financial loss suffered by client KH.

27. The Dealer Member reversed the Respondent's commission income arising from the trade that she had processed on behalf of client JM and there is no evidence that the Respondent has retained any financial benefit from the misconduct described herein.

28. After conducting a review of all of the client files maintained by the Respondent, the Dealer Member did not discover any additional examples of improper changes to client addresses.

29. In or around June 30, 2021, the Dealer Member issued a warning letter to the Respondent for the conduct that is the subject of this Settlement Agreement.

30. The Respondent states that the Respondent is unable to pay a monetary penalty greater than the total of the fine and costs amount set out in this Settlement Agreement. Staff has received evidence which corroborates the Respondent's inability to pay.

31. The Respondent has expressed remorse and has fully cooperated with Staff in its investigation.

32. By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources, and expenses associated with conducting a contested hearing of the allegations.

V. ADDITIONAL TERMS OF SETTLEMENT

33. This settlement is agreed upon in accordance with Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure.

34. The Settlement Agreement is subject to acceptance by the Hearing Panel. At or following the conclusion of the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement. Settlement Hearings are typically held in the absence of the public pursuant to Mutual Fund Dealer Rule 7.3.5 and Rule 15.2(2) of the Mutual Fund Dealer 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.

35. 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 agreed,

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.

36. 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 at the settlement hearing, subject to Rule 15.3 of the Mutual Fund Dealer Rules of Procedure;
- (b) the Respondent agrees to waive any rights to a full hearing, a review hearing or appeal, including before the Board of Directors of CIRO 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) except for any proceedings commenced to address an alleged failure to comply with this Settlement Agreement, Staff will not initiate any proceeding under the Mutual Fund Dealer Rules against the Respondent in respect of the contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any contraventions that are not set out in this Settlement Agreement, 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;
- (d) the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to Mutual Fund Dealer Rule 7.4.1.1 for the purpose of giving notice to the public thereof in accordance with Mutual Fund Dealer Rule 7.4.5; 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.

37. 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 Mutual Fund Dealer Rule 7.4.3 against the Respondent based on, but not limited to, the facts set out in this 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.

38. 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 Mutual Fund Dealer Rules 7.3 and 7.4, unaffected by the Settlement Agreement or the settlement negotiations.

39. 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. The terms of the Settlement Agreement, including the attached Schedule "A", will be released to the public if and when the Settlement Agreement is accepted by the Hearing Panel.

40. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile or electronic copy of any signature shall be as effective as an original signature.

DATED this 5 day of December, 2023

“Samantha Jane Cauvier”
Samantha Jane Cauvier

“Witness”
Witness - Signature

“Witness”
Witness - Print name

“Charles Corlett”
Staff of CIRO
Per: Charles Corlett
Canadian Investment Regulatory Organization, Vice-President, Enforcement

ⁱ On January 1, 2023, the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Mutual Fund Dealers Association of Canada (the “MFDA”) were consolidated into a single self-regulatory organization that is called the Canadian Investment Regulatory Organization (referred to herein as “CIRO”) and is recognized under applicable securities legislation. CIRO adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the “Interim Rules”). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and certain by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation. Pursuant to Mutual Fund Dealer Rule 1A and s. 14.6 of By-law No. 1 of CIRO, contraventions of former MFDA regulatory requirements may be enforced by CIRO.



Schedule “A

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES**

and

Samantha Jane Cauvier

ORDER

WHEREAS on June 9, 2023, the Canadian Investment Regulatory Organization (“CIRO”) issued a Notice of Hearing pursuant to Mutual Fund Dealer Rules 7.3 and 7.4 in respect of a disciplinary proceeding commenced against Samantha Jane Cauvier (the “Respondent”);

AND WHEREAS a first appearance was held electronically by videoconference before a hearing panel of the Ontario District Hearing Committee of CIRO (the “Hearing Panel”) in this matter on July 17, 2023;

AND WHEREAS the Respondent entered into a settlement agreement with Staff of CIRO (“Staff”), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to Rule 7.3 and 7.4.1 of the Mutual Fund Dealer Rules;

AND WHEREAS on [date], CIRO provided notice to the public of a Settlement Hearing in respect of the Respondent;

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

(a) Between February 2021 and June 2021, the Respondent:

- i. instructed a client to falsely inform the Dealer Member that the client was a resident of Ontario; and
- ii. in respect of a second client, falsely recorded on account opening documentation that the client was a resident of Ontario,

thereby enabling the Respondent to circumvent the Dealer Member's prohibition against transacting business in provinces where the Respondent was not registered, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rules 2.1.1, 2.2.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 2.1.1, 2.2.1, 1.1.2, and 2.5.1).

(b) Between February 2021 and June 2021, the Respondent opened a new account and processed the purchase of mutual funds in respect of a client who resided in a province in which the Respondent was not registered, contrary to the Member's policies and procedures and Mutual Fund Dealer Rules 1.1.5, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 1.1.5, 2.1.1, 1.1.2, and 2.5.1).

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

1. The Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer for a period of two months commencing on the date of this Order, pursuant to Mutual Fund Dealer Rule 7.4.1.1(c);
2. The Respondent shall pay a fine in the amount of \$2,500, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b));
3. The Respondent shall pay costs in the amount of \$5,000, pursuant to Mutual Fund Dealer Rule 7.4.2;

4. The payment by the Respondent of the fine and costs shall be made to and received by CIRO in certified funds as follows:

(a) \$5,000 (costs) upon acceptance of the Settlement Agreement by the Hearing Panel;

(b) \$300 (fine) upon acceptance of the Settlement Agreement by the Hearing Panel;

(c) \$500 (fine) on or before January 12, 2024;

(d) \$600 (fine) on or before February 12, 2024;

(e) \$600 (fine) on or before March 12, 2024; and

(f) \$500 (fine) on or before April 12, 2024;

5. If the Respondent fails to make any of the payments of the fine or costs as they become due, then any outstanding balance of the fine and costs owed by the Respondent shall become immediately due and payable to CIRO;

6. The Respondent shall in the future comply Mutual Fund Dealer Rules 1.1.5, 2.1.1, 2.2.1, 1.1.2, and 2.5.1; and

7. If at any time a non-party to this proceeding, with the exception of the bodies set out in Mutual Fund Dealer Rule 6.3, requests production of or access to exhibits in this proceeding that contain personal information as defined by CIRO's Privacy Policy, then the Corporate Secretary's Office, Mutual Fund Dealer Division of CIRO shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all intimate financial and personal information, pursuant to Rules 1.8(2) and (5) of the Mutual Fund Dealer Rules of Procedure.

DATED this [day] day of [month], 20[].

Emily Cole,
Chair

Name,
Industry Representative

Name,
Industry Representative