

# Re Farmer

IN THE MATTER OF:

**The Mutual Fund Dealer's Rules**

**and**

**Autum Kaylee Farmer**

2023 CIRO 39

Canadian Investment Regulatory Organization  
Hearing Panel of the Nova Scotia District

Heard: September 25, 2023

Decision: September 25, 2023

Reasons for Decision: December 13, 2023

**Hearing Panel:**

R. Scott Peacock, Chair

Greg Wiebe, Industry Representative

David Acker, Industry Representative

**Appearances:**

Maria Di Clemente, Enforcement Counsel

Autum Kaylee Farmer, Respondent

---

## REASONS FOR DECISION

---

This matter came before the Panel on 25 September 2023 for consideration of the parties request for the acceptance of a Settlement Agreement dated 9 September 2023. Upon hearing the parties and the materials filed, the Panel accepted the proffered agreement for the reasons set out in this decision.

### INTRODUCTION

¶ 1 On the 27<sup>th</sup> day of March 2023 the Mutual Fund Dealer Division of the New Self-Regulatory Organization of Canada issued a Notice of Hearing before a Panel of the Nova Scotia District Hearing Committee on 5 May 2023 by teleconference.

¶ 2 The Notice of Hearing set forth two allegations of violations of the Mutual Fund Dealers Rules:

“Allegation No. 1: Between August 2020 and October 2020, the Respondent signed the electronic signatures of five clients on 14 account forms and submitted the account forms to the Dealer Member for processing, contrary to Mutual Fund Dealers Rule 2.1.1 (formerly MFDA Rule 2.1.1).”

“Allegation No. 2: In October 2020, the Respondent made false or misleading statements to the Dealer Member during the course of its investigation into the Respondent's conduct, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).”

¶ 3 A first appearance was held by video conference on 5 May 2023 following the Notice of Hearing being served upon the Respondent on 12 April 2023. A motion for the abridgment of time was made by Enforcement Counsel and consented to by the Respondent in accordance with Rule 7.1(2) Mutual Fund Dealer Rules of Procedure.

¶ 4 After hearing the parties, an order was made in respect to the abridgment of time, the Respondent's filing of a Reply, Staff's disclosure to the Respondent, the Respondent's disclosure to Staff, Staff's and Respondent's list of witnesses and setting a date for a Hearing on the Merits for 27 July 2023.

¶ 5 A hearing was convened via video conference on 27 July 2023. Staff informed the Panel Chair that the Order of 5 May 2023 had not been fully complied with and requested the hearing proceed as an interim appearance for the purpose of completion of settlement discussions. A new date was set for either a Hearing on the Merits, a Settlement Hearing or Penalty Hearing.

¶ 6 The Panel was advised on 15 September 2023 that the hearing scheduled for 25 September 2023 would proceed as a Settlement Hearing.

¶ 7 On the 25<sup>th</sup> day of September 2023 a hearing was held by video conference. Staff's motion to proceed in camera was granted. Staff made a motion to waive the service of a Notice of Settlement Hearing pursuant to Mutual Fund Dealer Rules of Procedure 1.5 and 1.3. The Respondent consented to the motion and the motion was granted. The Notice of Hearing of 27 March 2023 was marked and accepted as exhibit # 1 and the Settlement Agreement dated 9 September 2023 was marked and accepted as Exhibit # 2 on consent.

### **SUBMISSIONS**

¶ 8 Enforcement Counsel filed Written Submissions and a Book of Authorities in support of their submission. Staff placed emphasis on the duty owed by the Respondent as set out in Mutual Fund Dealer Rule 2.1.1

“Each member and Approved Person of a Member shall: deal fairly, honestly and in good faith with its clients, observe high standard of ethics and conduct in the transaction of business and not engage in any business conduct or practice which is unbecoming or detrimental to the public interest.”

¶ 9 It was Staff's position that signature falsification is a particularly serious violation of the Rules and expected standard of conduct. Falsification of signature and use of pre-signed forms adversely impacts the reliability of account documentation and internal controls and might be a precursor to fraud and misappropriation.

¶ 10 In respect to the second allegation of misleading the Member, Staff noted that the Respondent had in first instance denied having falsified client signatures during the Member's own investigation. In a subsequent interview the Respondent admitted to having falsified the client signatures. It was determined during the Member's investigation that the clients had authorized the relevant transactions save and except one which was a mutual misunderstanding. The Dealer Member terminated the Respondent on 18 November 2020.

¶ 11 In speaking to an appropriate penalty Staff proposed a fine of \$5,000.00 to be paid in installments as set out in the proposed Settlement Agreement, attached as appendix “A” to this decision. Costs in the matter were proposed as \$5,000.00 payable upon acceptance of the Settlement Agreement. The Respondent was to be prohibited from conducting securities related business while associated with any member of CIRO (Canadian Investment Regulatory Organization) for a period of twelve months from the date of acceptance.

¶ 12 In support of Staff's position several cases were referred to the Panel for consideration in their Book of Authorities. Other factors submitted for the Panel's consideration were that the Respondent had gained no financial benefit from their misconduct, the clients had suffered no economic loss and there was no indication the transactions had not been approved by the clients. Staff also submitted that Staff had been provided evidence and was satisfied that the Respondent did not have financial resources to pay higher monetary penalties.

¶ 13 In response to Staff's submissions the Respondent accepted responsibility for her misconduct. She apologized for her actions and took no exception to Staff's representations. She wanted only to rectify the situation.

### **CONSIDERATION OF FACTS AND LAW**

¶ 14 The panel in its deliberations are constrained to consider only those facts and admissions set forth in

the Settlement Agreement. No extraneous facts may be considered. The Panel has only two options; accept or reject the Settlement Agreement. The Panel shall not in any circumstance have the authority to substitute its own disposition it may have deemed appropriate upon the facts. If the proposed settlement is appropriate and within a reasonable range of possible outcomes it should be accepted. The panel is not possessed of all the facts and positions of the parties, the course of negotiations, that are not contained in the signed agreement. These principles are settled in numerous cases.<sup>1</sup>

¶ 15 The Panel in reaching its decision considered the submission of the Parties, the facts set forth in the Settlement Agreement, and the cases referred for their consideration. It is the Panel's view that falsifying signatures and misleading the Member during its investigation are very serious examples of misconduct. Such conduct has adverse impact on the apparent integrity and efficiency of securities markets and the public interest warranting serious penalties.

¶ 16 Although the Panel would have imposed greater sanctions upon the evidence, we do not find the Settlement Agreement provisions fall outside the reasonable and appropriate test in all the circumstance. The Settlement Agreement of 9 September 2023 is accepted.

DATED this 13 day of December 2023

“R. Scott Peacock”  
\_\_\_\_\_

R. Scott Peacock, Chair

“Greg Wiebe”  
\_\_\_\_\_

Greg Wiebe, Industry Representative

“David Acker”  
\_\_\_\_\_

David Acker, Industry Representative

**Copyright © 2023 Canadian Investment Regulatory Organization. All Rights Reserved**

---

<sup>1</sup> Sterling Mutuals Inc (Re), MFDA File NO. 20080 and Milewski,[1999] IDA No. 17