



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

Settlement Agreement

File No. 202323

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

and

Robert Bernard Friesen

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 Nova Scotia District Committee (the “Hearing Panel”) of CIRO should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of CIRO (“Staff”) and Robert B. Friesen (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 2.5.5(f) and 2.1.1 were in effect and are now incorporated into Mutual Fund Dealer Rules 2.5.5(f) and 2.1.1 referred to in this proceeding.

Between January 11, 2017 and February 21, 2021, the Respondent, acting in the capacity as branch manager, reviewed and approved the use of 29 account forms where information had been altered on the account forms without having the client initial the alterations, contrary to Mutual Fund Dealer Rules 2.5.5(f) and 2.1.1 (formerly MFDA Rules 2.5.5(f) and 2.1.1).

III. TERMS OF SETTLEMENT

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 \$5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);
- (b) the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to Mutual Fund Dealer Rule 7.4.2;
- (c) the Respondent shall be suspended from acting as a branch manager or in any supervisory capacity for a Dealer Member for a period of 6 months, commencing on the date of this Order, pursuant to Mutual Fund Dealer Rule 7.4.1.1(f);
- (d) the Respondent shall successfully complete the branch manager's course offered by the Investment Funds Institute of Canada, the Investment Dealer Supervisors Course offered by the Canadian Securities Institute, or another industry course that is acceptable to Staff of CIRO, prior to acting as a branch manager or in any supervisory capacity for a Dealer Member, pursuant to Mutual Fund Dealer Rule 7.4.1.1(f);
- (e) the Respondent shall in the future comply with Mutual Fund Dealer Rules 2.5.5(f) and 2.1.1 (formerly MFDA Rules 2.5.5(f) and 2.1.1); and

(f) 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 November 1, 2004, the Respondent has been registered in Nova Scotia as a dealing representative with Desjardins Financial Security Investments Inc. (the "Dealer Member"), a Dealer Member of CIRO (formerly a Member of the MFDA).

8. From approximately June 30, 2006 to July 13, 2010, the Dealer Member designated the Respondent as a co-branch manager, and from approximately July 13, 2010 to December 8, 2021, the Dealer Member designated the Respondent as a branch manager.

9. At all material times, the Respondent conducted business in and around the Halifax, Nova Scotia area.

Altered Account Forms

10. At all material times, the Dealer Member's branch manager manual required all branch managers to "*...review the integrity of...important documents, including ensuring all sections are complete, any corrections have been initialed by the client, the form has been signed and dated by the client, and the form has been signed and dated by the advisor.*"

11. Between January 11, 2017 and October 21, 2021, SH, an Approved Person who the Respondent had the responsibility to supervise as his branch manager, submitted to the Respondent for approval 29 account forms where information had been altered on the forms without having the client initial the alterations.

12. The Respondent, acting in his capacity as branch manager, reviewed and approved the use of these account forms.

13. The altered account forms the Respondent approved consisted of: 14 Know-Your-Client (“KYC”) Update Forms, 7 Letters of Direction, 4 Mutual Fund Trade Tickets, 3 Account Opening Forms, and 1 Internal Transfer Form.

14. The alterations made to the 29 altered account forms approved by the Respondent included alterations to: client KYC information, investment objectives, investment instructions, client contact information, investment amounts and fund codes.

The Member’s Investigation

15. In May 2021, the Dealer Member completed a full file review of the client files maintained by SH, and discovered the account forms described above.

16. As part of its investigation into the Respondent’s conduct, the Dealer Member sent letters to affected clients identifying the alterations made by SH to information on the account forms described above to ensure that the alterations were accurate and authorized. No clients raised any concerns to the Dealer Member.

Additional Factors

17. There is no evidence that the Respondent received any financial benefit from the conduct set out above beyond the commissions or fees he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

18. There is no evidence of client loss or lack of authorization for the underlying transactions, and no clients complained to CIRO or the Dealer Member.

19. The Respondent has not previously been the subject of MFDA or CIRO disciplinary hearings.

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

V. ADDITIONAL TERMS OF SETTLEMENT

21. 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.

22. 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.

23. 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.

24. 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 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, 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.

25. 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.

26. 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.

27. 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.

28. 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 9 day of November, 2023.

“Robert B. Friesen” _____
Robert B. Friesen

“Witness” _____
Witness - Signature

“Witness” _____
Witness - Print name

“Charles Toth” _____
Staff of CIRO
Per: Charles Toth
Canadian Investment Regulatory Organization, Vice-President, Enforcement
(Mutual Fund Dealers)

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.



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Canadian Investment
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Organisme canadien
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Order

File No. 202323

Schedule “A

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

and

Robert Bernard Friesen

ORDER

WHEREAS on [date], the Canadian Investment Regulatory Organization (“CIRO”) issued a Notice of Settlement Hearing pursuant to Mutual Fund Dealer Rule 7.4.4 in respect of a disciplinary proceeding against Robert B. Friesen (the “Respondent”);

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

Between January 11, 2017 and February 21, 2021, the Respondent, acting in the capacity as branch manager, reviewed and approved the use of 29 account forms where information had been altered on the account forms without having the client initial the alterations, contrary to Mutual Fund Dealer Rules 2.5.5(f) and 2.1.1 (formerly MFDA Rules 2.5.5(f) and 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 \$5,000 in certified funds payable on the date of this Order, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

2. The Respondent shall pay costs in the amount of \$2,500 in certified funds payable on the date of this Order, pursuant to Mutual Fund Dealer Rule 7.4.2;
3. The Respondent shall be suspended from acting as a branch manager or in any supervisory capacity for a Dealer Member for a period of 6 months, commencing on the date of this Order, pursuant to Mutual Fund Dealer Rule 7.4.1.1(f);
4. The Respondent shall successfully complete the branch manager's course offered by the Investment Funds Institute of Canada, the Investment Dealer Supervisors Course offered by the Canadian Securities Institute, or another industry course that is acceptable to Staff of CIRO prior to acting as a branch manager or in any supervisory capacity for a Dealer Member, pursuant to Mutual Fund Dealer Rule 7.4.1.1(f);
5. The Respondent shall in the future comply with Mutual Fund Dealer Rules 2.5.5(f) and 2.1.1 (formerly MFDA Rules 2.5.5(f) and 2.1.1); and
6. 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 personal information, pursuant to Rules 1.8(2) and (5) of the Mutual Fund Dealer Rules of Procedure.

DATED this [day] day of [month], 2023.

Name,
Chair

Name,
Industry Representative

Name,
Industry Representative