



**Mutual Fund Dealers Association of Canada**  
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A DISCIPLINARY HEARING  
PURSUANT TO SECTIONS 20 AND 24 OF BY-LAW NO. 1 OF  
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**Re: Dennis Jerome Duclos**

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**NOTICE OF HEARING**

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**NOTICE** is hereby given that a first appearance will take place by teleconference before a hearing panel of the Central Regional Council (“Hearing Panel”) of the Mutual Fund Dealers Association of Canada (“MFDA”) on June 9, 2022 at 10:30 a.m. (Eastern), or as soon thereafter as the appearance can be held, concerning a disciplinary proceeding commenced by the MFDA against Dennis Jerome Duclos (the “Respondent”). Members of the public who would like to listen to the teleconference should contact [hearings@mfd.ca](mailto:hearings@mfd.ca) to obtain particulars.

**DATED** this 23<sup>rd</sup> day of March, 2022.

“Michelle Pong”

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Michelle Pong  
Director, Regional Councils

Mutual Fund Dealers Association of Canada  
121 King Street West, Suite 1000  
Toronto, ON M5H 3T9  
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**NOTICE** is further given that the MFDA alleges the following violations of the By-laws, Rules or Policies of the MFDA:

**Allegation #1:** On or about June 5, 2019, the Respondent processed a redemption in a client account based on the instructions from someone other than the client, contrary to the Member's policies and procedures and MFDA Rules 1.1.2, 2.5.1, and 2.1.1.

**Allegation #2:** Between in or about November 2019 and June 2020, the Respondent failed to report to the Member complaints received from a client, contrary to the Member's policies and procedures and MFDA Rules 1.1.2, 2.5.1, 2.1.1, 1.4(b), and MFDA Policy 6.

**Allegation #3:** Between in or about September 2014 and October 2018, the Respondent altered and used to process transactions 4 account forms in respect of 2 clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1.

**Allegation #4:** Between in or about October 2019 and September 2020, the Respondent failed to record and maintain evidence of client trade instructions with respect to 16 redemptions in 4 client accounts, contrary to the Member's policies and procedures and MFDA Rules 1.1.2, 2.5.1, and 5.1(b).

### **PARTICULARS**

**NOTICE** is further given that the following is a summary of the facts alleged and intended to be relied upon by the MFDA at the hearing:

#### **Registration History**

1. Since on or about September 12, 2011, the Respondent has been registered in Ontario as a dealing representative with Sun Life Financial Investment Services (Canada) Inc. (the "Member"), a Member of the MFDA.
2. At all material times, the Respondent conducted business in the Waterloo, Ontario area.

#### **Allegation #1 - Unauthorized Redemption**

3. At all material times, clients #1 and #2 (spouses) were clients of the Member, whose accounts were serviced by the Respondent.

4. Clients #1 and #2 held individual Tax Free Savings Accounts (the “TFSA”) at the Member.
5. On or about May 31, 2019, client #2 emailed the Respondent to inquire about the balances of the TFSA. Client #2 also advised the Respondent that clients #1 and #2 wished to access monies held in their accounts in order to pay expenses that they had incurred.
6. On or about May 31, 2019, the Respondent replied to client #2 and disclosed the balances held in the TFSA of both client #1 and client #2.
7. The Respondent did not contact or obtain the consent of client #1 before disclosing to client #2 the TFSA balance of client #1.
8. On or about June 4, 2019, client #2 emailed the Respondent requesting that \$10,000 be withdrawn from each of the TFSA belonging to client #1 and client #2, for a total of \$20,000.
9. Without communicating with client #1, the Respondent completed and submitted to the Member for processing an order ticket to redeem \$10,000 from the TFSA of client #1. Based on the instructions of client #2, the Respondent also submitted for processing an order ticket to redeem \$10,000 from the TFSA of client #2.
10. Client #2 also instructed the Respondent to electronically transfer the proceeds of the redemption to a joint account belonging to clients #1 and #2.
11. On or about November 21, 2019, client #1 complained to the Respondent that he did not authorize the \$10,000 redemption from his TFSA. Client #1 also complained that he did not receive or have access to the proceeds of the redemption.
12. By virtue of the foregoing, the Respondent processed a redemption in a client account based on the instructions from someone other than the client, contrary to MFDA Rules 1.1.2, 2.5.1, and 2.1.1.

#### **Allegation #2 - Failure to Report Client Complaints to the Member**

13. At all material times, the Member’s policies and procedures required Approved Persons to immediately report any verbal or written client complaint to their manager no later than 2 days after being informed about the complaint.

14. As described above at paragraph 11, on or about November 21, 2019, client #1 complained to the Respondent that he did not authorize the redemption in his TFSA. The Respondent failed to report to the Member the complaint that he received from client #1.
15. On May 20, 2020, client #1 complained further to the Respondent about the unauthorized redemption from his TFSA.
16. The Respondent also did not report this complaint to the Member.
17. On June 18, 2020, client #1 complained to the Respondent's branch about the unauthorized redemption from his TFSA described above.
18. The Member subsequently compensated client #1 for the full amount of the monies (\$10,000) that the Respondent redeemed from the TFSA of client #1 without authorization.
19. On the direction of the Member, the Respondent paid \$5,000 to the Member as partial compensation for the amount that it paid to client #1.
20. By virtue of the foregoing, the Respondent failed to report to the Member complaints received from a client, contrary to MFDA Rules 1.1.2, 2.5.1, 2.1.1, 1.4(b), and MFDA Policy 6.

### **Allegation #3 - Altered Account Forms**

21. At all material times, the Member's policies and procedures prohibited Approved Persons from altering or correcting any information on a signed document, without having the client initial the document to show that the alteration was approved.
22. Between in or about September 2014 and October 2018, the Respondent altered and used to process transactions 4 account forms in respect of 2 clients by altering information on the account forms without having the client initial the alterations.
23. The forms consisted of:
  - a) 2 Sun Life Financial Know Your Client (KYC) Update Forms;
  - b) 1 Sun Life Financial Nominee Tax-Free Savings Account (TFSA) Application Form; and
  - c) 1 Sun Life Client Information Form (Know your client (KYC)).

24. The information that the Respondent altered on the account forms included a fund code, fund name, risk tolerance, net worth, and investment objective sections.

25. By virtue of the foregoing, the Respondent failed to observe a high standard of conduct and ethics in the transaction of business and engaged in conduct unbecoming of an Approved Person, contrary to MFDA Rule 2.1.1.

#### **Allegation #4 - Failure to Record and Maintain Evidence of Client Instructions**

26. At all material times, the Member's policies and procedures required Approved Persons to maintain detailed evidence of all client conversations. The Member's policies and procedures required that Approved Persons maintain electronic meeting notes on the Member's system.

27. Between in or about October 2019 and September 2020, the Respondent failed to record and maintain evidence of client trade instructions with respect to 16 redemptions in 4 client accounts.

28. By virtue of the foregoing, the Respondent failed to record and maintain evidence of client trade instructions, contrary to MFDA Rules 1.1.2, 2.5.1, and 5.1(b).

**NOTICE** is further given that the Respondent shall be entitled to appear and be heard and be represented by counsel or agent at the hearing and to make submissions, present evidence and call, examine and cross-examine witnesses.

**NOTICE** is further given that MFDA By-laws provide that if, in the opinion of the Hearing Panel, the Respondent:

- has failed to carry out any agreement with the MFDA;
- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Member or of any regulation or policy made pursuant thereto;
- has failed to comply with the provisions of any By-law, Rule or Policy of the MFDA;
- has engaged in any business conduct or practice which such Regional Council in its discretion considers unbecoming or not in the public interest; or
- is otherwise not qualified whether by integrity, solvency, training or experience,

the Hearing Panel has the power to impose any one or more of the following penalties:

- a) a reprimand;
- b) a fine not exceeding the greater of:
  - (i) \$5,000,000.00 per offence; and
  - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- d) revocation of the authority of such person to conduct securities related business;
- e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time; and
- f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel.

**NOTICE** is further given that the Hearing Panel may, in its discretion, require that the Respondent pay the whole or any portion of the costs of the proceedings before the Hearing Panel and any investigation relating thereto.

**NOTICE** is further given that the Respondent must **serve a Reply** on Enforcement Counsel and **file a Reply** with the Office of the Corporate Secretary within twenty days from the date of service of this Notice of Hearing.

A **Reply** shall be **served** upon Enforcement Counsel at:

Mutual Fund Dealers Association of Canada  
121 King Street West, Suite 1000  
Toronto, ON M5H 3T9  
Attention: Michael A. M. Mantle  
Email: [mmantle@mfd.ca](mailto:mmantle@mfd.ca)

A **Reply** shall be **filed** by:

- a) providing four copies of the **Reply** to the Office of the Corporate Secretary by personal delivery, mail or courier to:

The Mutual Fund Dealers Association of Canada  
121 King Street West, Suite 1000  
Toronto, ON M5H 3T9  
Attention: Office of the Corporate Secretary; or

- b) transmitting one electronic copy of the **Reply** to the Office of the Corporate Secretary by e-mail at [corporatesecretary@mfd.ca](mailto:corporatesecretary@mfd.ca).

A **Reply** may either:

- (i) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing; or
- (ii) admit the facts alleged and conclusions drawn by the MFDA in the Notice of Hearing and plead circumstances in mitigation of any penalty to be assessed.

**NOTICE** is further given that the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by the MFDA in the Notice of Hearing that are not specifically denied in the **Reply**.

**NOTICE** is further given that if the Respondent fails:

- a) to **serve and file a Reply**; or
- b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a **Reply** may have been served,

the Hearing Panel may proceed with the hearing of the matter on the date and the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without any further notice to and in the absence of the Respondent, and the Hearing Panel may accept the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing as having been proven and may impose any of the penalties described in the By-laws.

**END.**

DM 881882