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: Helen Collymore

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Mutual Fund Dealers Association of Canada (the "MFDA") will announce that it proposes to hold a hearing (the "Settlement Hearing") to consider whether, pursuant to section 24.4 of MFDA By-law No. 1, a hearing panel of the Central Regional Council (the "Hearing Panel") of the MFDA should accept the settlement agreement (the "Settlement Agreement") entered into between Staff of the MFDA ("Staff") and the Respondent, Helen Collymore (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 By-laws, Rules or Policies of the MFDA:

a) on or around September 4, 2009, the Respondent opened a new account and processed a purchase of mutual funds in respect of a client who was a non-resident

of Canada, which the Respondent was not permitted to do pursuant to the policies and procedures of the Member, and MFDA Rules 2.1.1, 2.5.1 and 1.1.2; and

b) between 2009 and 2019, the Respondent failed to update a client's residential address when the Respondent became aware that the client was no longer residing in Canada which concealed from the Member that the client was no longer a resident of Canada and would therefore be subject to different tax treatment in respect of the client's investments held at the Member, contrary to the Member's policies and procedures and MFDA Rules 2.2.1[1], 2.2.4[2]; 2.5.1 and 1.1.2.

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 of $7,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No.1;

b) the Respondent shall pay costs of $5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No.1;

c) the Respondent shall in the future comply with MFDA Rules 1.1.2, 2.1.1, 2.2.1, 2.2.4, and 2.5.1; and

d) the Respondent shall attend in person or via teleconference 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".

[1]MFDA Rule 2.2.1 was amended multiple times including on December 13, 2005, December 3, 2010, December 3, 2011, February 22, 2013 and December 31, 2021. The conduct of the Respondent contravened all versions of Rule 2.2.1. In this Settlement Agreement, the Respondent's admissions that her conduct contravened Rule 2.2.1 concern all versions of the Rule that were in effect between 2009 and 2019.

[2] On December 3, 2010, Rule 2.2.4 was amended. With respect to the contravention set out in sub-paragraph 4 (b) of this Settlement Agreement, the Respondent's conduct contravened the requirements set out in the versions of Rule 2.2.4 that were in force prior to and after December 3, 2010.

IV. AGREED FACTS

Registration History

7. Since 2001, the Respondent has been registered in Ontario as a dealing representative with Investors Group Financial Services Inc. (the "Member"). The Respondent has also been registered in Quebec since 2006, and between 2006 and 2014 in Alberta.

8. Between 2009 and 2012, the Member designated the Respondent as a branch manager.

9. At all material times, the Respondent conducted business in the Mississauga, Ontario area.

10. For portions of 2007 and 2008, the Respondent was on leave from the Member.

Opening an Account and Processing a Trade for a Client Who Does Not Reside in Canada

11. At all material times, the Member's policies and procedures prohibited existing clients who reside in the United States ("US") from opening new accounts and making contributions into Member accounts, as follows:

> Existing clients who are U.S. residents will not be permitted to open new plans.
>
> If an existing Investors Group client moves to the U.S., the federal and state securities and insurance laws of the U.S. impose restrictions on the service that Investors Group and Consultants can provide to U.S. residents. Existing Investors Group clients who have relocated to the U.S. and have decided to retain their accounts with Investors Group will be allowed to do so, subject to the following restrictions…new deposits into any Investors Group sponsored investment product cannot be accepted.

12. In 1991, client TW became a client of the Member, and in 2006, the Respondent became the Approved Persons responsible for servicing her accounts.

13. On or about January 7, 2007, client TW ceased residing in Canada and moved to the US.

14. Around the time when she moved to the US, client TW requested that the Respondent update her address documented in the Member's records to a new Canadian address for her accounts (the "Canadian Address").

15. The Respondent states that at this time, she was not aware that client TW would no longer be residing in Ontario.

16. At the time that she moved to the US, client TW held both registered and non-registered accounts at the Member.

17. By no later than September 4, 2009, the Respondent knew that client TW was not residing in Canada.

18. On September 4, 2009, after the Respondent was aware that client TW was no longer residing in Canada, the Respondent opened a new non-registered account on behalf of client TW, in trust for her niece and purchased a mutual fund in the account, contrary to the Member's policies and procedures.

Failed to Update that a Client Was No Longer Resident in Canada

19. At all material times, the Member's policies and procedures required its Approved Persons to review and update Know-Your-Client ("KYC") information when a material change in client circumstances occurred.

20. As described above, no later than September 2009, the Respondent was aware that client TW was not residing in Canada. Client TW's change in residency amounted to a material change in client circumstances that required the Respondent to update KYC information including client TW's residential address documented in the records of the Member associated with client TW's investment accounts.

21. While client TW was residing in the US, the Respondent and client TW had a number of communications regarding client TW's accounts at the Member, including the following:

a) between 2010 and 2013, client TW provided the Respondent or her assistants with various addresses in the US to which client TW's quarterly account statements should be sent;
b) in 2016, client TW instructed the Respondent to redeem monies from her Member accounts in order to pay expenses that client TW had incurred in the US;
c) in 2017, client TW requested changes in her accounts, as client TW had become aware of potential penalties that client TW might incur by holding investments outside of the US; and

d) in 2017 client TW inquired whether her Registered Educational Savings Plan ("RESP") account could be transferred from client TW's daughter to her niece, as her daughter could not use of the proceeds of the RESP in the US.

22. The Respondent failed to update client TW's KYC information, or notify the Member of client TW's address change. This concealed from the Member that the client was no longer a resident of Canada and would therefore be subject to different tax treatment in respect of the client's investments held at the Member as described below.

23. In 2013 and 2016, at the request of client TW, the Respondent redeemed monies from client TW's RRSP account. The Member was not aware that client TW no longer resided in Canada, and as a result, the Member:

a) applied withholding tax calculations on the redemptions applicable to a Canadian resident rather than those applicable to a US resident; and
b) issued and provided Client TW with the tax slips applicable to investments or redeemed by a Canadian resident rather than those redeemed by a US resident.

24. Between 2007 and 2017, client TW earned income distributions from her non-registered investment accounts. As the Member was unaware that client TW did not reside in Canada, it issued client TW tax slips for this income applicable to a Canadian resident and did not apply withholding tax to the income. Had the Member been aware that client TW resided in the US, it would have issued her tax slips applicable to a US resident and applied withholding tax to the income.

25. Client TW incurred a tax liability with the Canada Revenue Agency (the "CRA") arising from the incorrect application of withholding taxes on her RRSP redemptions and income distributions from her non registered accounts.

26. In December 2019, client TW complained to the Member that she had incurred a tax liability with CRA as a result of the fact that the residential address associated with her accounts at the Member was Canadian.

27. Client TW is continuing to deal with the CRA with respect to the quantification of her outstanding tax liability. The Member's complaint handling process in response to Client TW's

complaint is on-going pending the outcome of Client TW's negotiations with the CRA about the amount of her outstanding tax liability.

28. On July 3, 2020, the Member issued a warning letter to the Respondent for failing to meet her KYC obligations and for failing to accurately update the client's residency status.

Additional Factors

29. The Respondent has not previously been the subject of MFDA disciplinary proceedings.

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

V. ADDITIONAL TERMS OF SETTLEMENT

31. 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.

32. 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. 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.

33. 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.

34. 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 MFDA Rules of Procedure;

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) except for any proceedings commenced to address an alleged failure to comply with this Settlement Agreement, 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, 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 section 24.1.1 of MFDA By-law No. 1 for the purpose of giving notice to the public thereof in accordance with section 24.5 of MFDA 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.

35. 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 section 24.3 of the By-laws of the MFDA 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.

36. 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 MFDA By-law No. 1, unaffected by the Settlement Agreement or the settlement negotiations.

37. 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.

38. 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 17th day of August, 2022.

"Helen Collymore"
Helen Collymore

"JD"
Witness – Signature

JD
Witness – Print name

"Charles Toth"
Staff of the MFDA
Per: Charles Toth
Vice-President, Enforcement

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: Helen Collymore

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") provided notice to the public of a Settlement Hearing in respect of Helen Collymore (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) on or around September 4, 2009, the Respondent opened a new account and processed a purchase of mutual funds in respect of a client who was a non-resident of Canada, which the Respondent was not permitted to do pursuant to the policies and procedures of the Member, and MFDA Rules 2.1.1, 2.5.1 and 1.1.2; and

b) between 2009 and 2019, the Respondent failed to update a client's residential address when the Respondent became aware that the client was no longer residing in Canada which concealed from the Member that the client was no longer a

resident of Canada and would therefore be subject to different tax treatment in respect of the client's investments held at the Member, contrary to the Member's policies and procedures and MFDA Rules 2.2.1[3], 2.2.4[4]; 2.5.1 and 1.1.2.

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

1. The Respondent shall pay a fine of $7,500 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No.1;

2. The Respondent shall pay costs of $5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No.1;

3. The Respondent shall in the future comply with MFDA Rules 1.1.2, 2.1.1, 2.2.1, 2.2.4, and 2.5.1; and

4. 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]

DM 897279

[3]MFDA Rule 2.2.1 was amended multiple times including on December 13, 2005, December 3, 2010, December 3, 2011, February 22, 2013 and December 31, 2021. The conduct of the Respondent contravened all versions of Rule 2.2.1 during the material time.
[4] On December 3, 2010, Rule 2.2.4 was amended. The Respondent's conduct contravened the requirements set out in the versions of Rule 2.2.4 that were in force prior to and after December 3, 2010.