



**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: Zhi Cheng Charles Jiang**

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**SETTLEMENT AGREEMENT**

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**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 Zhi Cheng Charles Jiang (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:

Between approximately January 2012 and October 2018, the Respondent:

- a) obtained, possessed and, in five cases used to process transactions, 14 pre-signed account forms in the accounts of 9 clients, and obtained from 2 clients who are spouses and maintained possession of 2 signed and undated cheques payable to a fund company that were never used, contrary to MFDA Rule 2.1.1; and
- b) altered 3 account forms in respect of 2 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 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 \$25,000 in certified funds upon the acceptance of the Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
- b) the Respondent shall pay costs in the amount of \$5,000 in certified funds upon the acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;
- c) the Respondent shall successfully complete the Investment Dealer Supervisors Course offered by the Canadian Securities Institute, or another industry supervision course that is acceptable to Staff of the MFDA, within 6 months of the acceptance of the Settlement Agreement, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;
- d) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- e) the Respondent shall attend in person or by 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"

### **IV. AGREED FACTS**

#### **Registration History**

7. In December 1998, the Respondent was first registered in the securities industry in Ontario.

8. Since October 2006, the Respondent has been an Approved Person registered in Ontario as a dealing representative (formerly a mutual fund salesperson) with Queen Financial Group Inc. (the “Member”). Since October 2006, the Respondent has also been the President, Chief Executive Officer, Ultimate Designated Person (“UDP”) and the Chief Compliance Officer (“CCO”) of the Member. The Respondent has also been registered in British Columbia since February 2008 and in Quebec since December 2014.

9. At all material times, the Respondent conducted business from the Member’s head office in the Markham, Ontario area.

### **Pre-Signed Account Forms And Cheques**

10. At all material times, the Member’s policies and procedures indicated that the Member will not accept pre-signed forms and that if pre-signed forms are submitted for processing or discovered by other means, the Member will investigate how the forms were obtained, reject the trade that the forms were submitted to process and the account that the forms are associated with will be frozen until further investigation is completed.

11. Between January 2012 and October 2018, the Respondent obtained and possessed 14 pre-signed account forms in the accounts of 9 clients. Five of the pre-signed forms were used to process transactions in the accounts of 4 clients. The Respondent also obtained from 2 clients who are spouses and maintained possession of 2 signed and undated cheques payable to a fund company in the amounts of \$10,000 each that were never used and were subsequently destroyed.

12. During an investigation into the activities of the Member, Staff discovered pre-signed forms in the possession of the Respondent that included:

- a) 2 Know-Your-Client (“KYC”) information forms;
- b) 1 redemption form;
- c) 1 account transfer authorization form;
- d) 1 Financial Transaction form;
- e) 2 subscription agreements;
- f) 1 accredited investor certification form;
- g) 5 switch/systematic instructions forms; and
- h) 1 letter of direction.

13. In December 2018, Staff discovered the pre-signed account forms and cheques described in paragraph 11 and 12 above during an attendance at the Member's office.

### **Altered Account Forms**

14. Between approximately January 2012 and October 2017, the Respondent altered 3 account forms in respect of 2 clients by altering information on the account forms using correction fluid without having the clients initial the alterations.

15. The altered account forms included a new account application form (a "NAAF") and 2 KYC information update forms. The Respondent altered the KYC information recorded on a NAAF and on 2 KYC information update forms before submitting the documentation for processing.

16. The Respondent states that he orally discussed with the clients all of the alterations that were made to the account forms before he submitted the forms for processing.

17. In December 2018, Staff discovered the altered account forms described in paragraphs 14 and 15 above during an attendance at the Member's office.

### **Member's Investigation**

18. The Member subsequently contacted all of the clients referred to in paragraphs 11 and 14 above that are still clients of the Member and confirmed that any transactions processed pursuant to the forms at issue were completed with the clients' authorization, that any KYC forms at issue were authorized and accurate, and that the clients do not have any concerns about the manner in which their accounts have been serviced.

### **Additional Factors**

19. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above beyond any commissions and fees that he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

20. To date, the use of the forms described in this Settlement Agreement has not resulted in client complaints to the Member or to the MFDA.

21. There is no evidence of client loss or any lack of client authorization associated with the use of any of the pre-signed forms and cheques or the altered forms described in this Settlement Agreement.

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

23. 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**

24. 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.

25. The Settlement Agreement is subject to acceptance by the Hearing Panel which shall be sought at a hearing (the "Settlement Hearing"). 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](http://www.mfda.ca).

26. 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.

27. 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 respecting the Respondent in this matter;
- 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) 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. 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 s. 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of 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.

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

29. Staff and the Respondent agree that the terms of the Settlement Agreement, including the attached Schedule “A”, will be released to the public only if and when the Settlement Agreement is accepted by the Hearing Panel.

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

**DATED** this 19<sup>th</sup> day of December, 2022.

“Zhi Cheng Charles Jiang”

\_\_\_\_\_  
Zhi Cheng Charles Jiang

“JX”

\_\_\_\_\_  
Witness – Signature

JX

\_\_\_\_\_  
Witness – Print name

“Charles Toth”

\_\_\_\_\_  
Staff of the MFDA

Per: Charles Toth

Vice-President, Enforcement



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**IN THE MATTER OF A SETTLEMENT HEARING  
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**ORDER**

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**WHEREAS** on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of MFDA By-law No. 1 in respect of Zhi Cheng Charles Jiang (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** Staff and the Respondent made a joint request pursuant to Rule 2.2(1)(a) of the MFDA Rules of Procedure (the "ROP") for the abridgement of the ten day notice period required by Rule 15.2 of the ROP in order to permit the Hearing Panel to proceed with the Settlement hearing on [Date];

**AND WHEREAS** on the basis of the admissions made by the Respondent in the Settlement Agreement, the Hearing Panel is of the opinion that between approximately January 2012 and October 2018, the Respondent:

- a) obtained, possessed and, in five cases used to process transactions, 14 pre-signed account forms in the accounts of 9 clients, and obtained from 2 clients who are spouses and maintained possession of 2 signed and undated cheques payable to a fund company that were never used, contrary to MFDA Rule 2.1.1; and
- b) altered 3 account forms in respect of 2 clients by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1

**IT IS HEREBY ORDERED THAT** the ten day notice period required according to Rule 15.2 of the ROP is abridged in accordance with Rules 1.3, 1.5 and 2.2(1)(a) of the ROP and the Settlement Agreement is accepted, the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent shall immediately pay a fine in the amount of \$25,000 in certified funds, pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
2. The Respondent shall immediately pay costs in the amount of \$5,000 in certified funds, pursuant to s. 24.2 of MFDA By-law No. 1;
3. The Respondent shall successfully complete the Investment Dealer Supervisors Course offered by the Canadian Securities Institute, or another industry supervision course that is acceptable to Staff of the MFDA, within 6 months of the acceptance of the Settlement Agreement, pursuant to s. 24.1.1(f) of MFDA By-law No. 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]

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