File No. 202312

# Re Cauvier

**IN THE MATTER OF:**

**The Mutual Fund Dealer Rules**

**and**

**Samantha Jane Cauvier**

2024 CIRO 19

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: December 12, 2023 in Toronto, Ontario (via videoconference)
Decision: December 12, 2023
Reasons for Decision: January 30, 2024

**Hearing Panel:**
Emily Cole, Chair
Samuel Mah, Industry Representative
Timothy Pryor, Industry Representative

**Appearances:**
Molly McCarthy, Enforcement Counsel
Jonathan Preece, Counsel for the Respondent
Samantha Jane Cauvier, Respondent (present)

## REASONS FOR DECISION

### I. REASONS FOR DECISION

¶ 1 On January 1, 2023, the Mutual Fund Dealers Association (MFDA) and the Investment Industry Regulatory Organization of Canada (IIROC) merged to form the Canadian Investment Regulatory Organization (CIRO). Under CIRO's transitional provisions, the conduct addressed by these reasons remains subject to the rules and bylaws of the MFDA that were in force at the time the conduct occurred.

### II. OVERVIEW

¶ 2 The Panel found that the Respondent, Samantha Jane Cauvier contravened Dealer Member policies and procedures and MFDA Rules by falsely recording that clients were residents of Ontario, enabling her to circumvent the prohibition against transacting business in provinces where an Approved Person is not registered. The Respondent also opened a new account and processed the purchase of mutual funds for a client who resides in a province where the Respondent is not registered.

¶ 3 After considering the nature and extent of the misconduct the panel found that the proposed sanctions including a two-month suspension from conducting securities related

business in any capacity, a $2,500 fine and $5,000 costs fell within a reasonable range of appropriateness.

¶ 4 These are the reasons for our decision:

**CONTRAVENTIONS**

¶ 5 The Respondent admits to the following violations of the Mutual Fund Dealer Rules:

(a) Between February 2021 and June 2021, the Respondent:

i. instructed a client to falsely inform the Dealer Member that the client was a resident of Ontario; and

ii. in respect of a second client, falsely recorded on account opening documentation that the client was a resident of Ontario,

thereby enabling the Respondent to circumvent the Dealer Member's prohibition against transacting business in provinces where the Respondent was not registered, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rules 2.1.1, 2.2.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 2.1.1, 2.2.1, 1.1.2, and 2.5.1).

(b) Between February 2021 and June 2021, the Respondent opened a new account and processed the purchase of mutual funds in respect of a client who resided in a province in which the Respondent was not registered, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rules 1.1.5, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 1.1.5, 2.1.1, 1.1.2, and 2.5.1).

**PROPOSED SANCTIONS**

¶ 6 Staff and the Respondent agreed and consented to the following sanctions:

(a) the Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer for a period of two months, commencing on the date that this settlement agreement is accepted by a Hearing Panel, pursuant to Mutual Fund Dealer Rule 7.4.1.1(c);

(b) the Respondent shall pay a fine in the amount of $2,500, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

(c) the Respondent shall pay costs in the amount of $5,000, pursuant to Mutual Fund Dealer Rule 7.4.2;

(d) the payment by the Respondent of the fine and costs shall be made to and received by CIRO in certified funds as follows:

i. $5,000 (costs) upon acceptance of the Settlement Agreement by the Hearing Panel;

ii. $300 (fine) upon acceptance of the Settlement Agreement by the Hearing Panel;

iii. $500 (fine) on or before January 12, 2024;

iv. $600 (fine) on or before February 12, 2024;

v. $600 (fine) on or before March 12, 2024;

vi. $500 (fine) on or before April 12, 2024;

(e) if the Respondent fails to make any of the payments of the fine or costs as they become due, then any outstanding balance of the fine and costs owed by the Respondent shall become immediately due and payable to CIRO;

(f) the Respondent shall in the future comply Mutual Fund Dealer Rules 1.1.5, 2.1.1, 2.2.1, 1.1.2, and 2.5.1.

**AGREED FACTS**

¶ 7 The Panel relied on the Agreed Facts set out in the Settlement Agreement attached. The key facts are summarized in these reasons.

**ANALYSIS**

**JURISDICTION OF THE HEARING PANEL**

¶ 8 A hearing panel is authorized to either accept or reject a settlement agreement.

Mutual Fund Dealer Rule 7.44.3

¶ 9 The role of a hearing panel in reviewing a settlement agreement is to determine whether the proposed penalties agreed to by Staff and the Respondent fall within a reasonable range of appropriateness – not to determine what the correct penalty is, in its view. A hearing panel "will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness."

*Mílewski (Re)*, [1999] I.D.A.C.D. No. 17.

*Sterling Mutuals Inc. (Re)*, 2008 LNCMFDA 16 at para. 37.

¶ 10 Settlements provide an effective and efficient way of addressing misconduct in the securities industry. When the parties can agree upon appropriate sanctions, settlements can provide certainty, save time, and conserve the regulator's limited resources. Respondents who take responsibility and admit their misconduct are more likely to comply with the sanctions imposed. This helps CIRO meet its primary objective of investor protection.

*British Columbia (Securities Commission v. Seifert*, [2006] B.C.J. No 225 at paras. 48-49 (S.C.), aff'd [2007] B.C.J. No 2186 at para. 31 (C.A.)

¶ 11 The Panel considered the seriousness of the Respondent's misconduct and the June 30, 2021, Dealer Member PFSL Investments Canada Ltd. warning letter.

**The Respondent's Misconduct was Very Serious**

¶ 12 The Respondent's misconduct was very serious because it was dishonest and deliberate.

¶ 13 The Respondent engaged in misconduct to circumvent the Dealer Member's PFSL Investments Canada Ltd. prohibition against transacting business in provinces where an Approved Person is not registered, contrary to the Dealer Member's policies and procedures and MFDA rules 2.1.1, 2.2.1 and 1.1.2 (as it relates to Rule 2.5.1).

¶ 14 Specifically, with respect to client KH who resided in Alberta, the Respondent instructed her to falsely inform the Dealer Member that she was a resident of Ontario and with respect to a second client, JM who also resided in Alberta, the Respondent falsely recorded on account opening forms for a Registered Education Savings Plan (RESP) that the client JM was a resident of Ontario.

¶ 15 The Respondent then transferred the proceeds of JM's existing RESP account she held at a different financial institution to the new RESP account and set up preauthorized contributions in the amount of $45 per month in respect of client JM who resided in a province that the Respondent was not registered to conduct business in.

¶ 16 In March 2021, the initial preauthorized contribution of $45 was made to the RESP account which was applied to the purchase of mutual funds. On or about March 23, 2021, after learning that Approved People are required to be registered in the province where they conduct securities related business, JM complained to the Dealer Member and requested that the Dealer Member cancel her preauthorized contributions and close the RESP account.

¶ 17 The Dealer Member reversed the initial $45 contribution and subsequently closed the RESP account.

**The Respondent's Conduct was Dishonest.**

¶ 18 The Respondent's conduct was very serious because it was dishonest. Honesty and integrity are key attributes of the high standard of business conduct expected of Approved Persons. Mutual Fund Dealer Rule 2.1.1 prescribes the standard of conduct applicable to registrants in the mutual fund industry. The Standard of Conduct Rule requires, among other things, that:

> Each Member and Approved Person of a Member shall: deal fairly, honestly and in good faith with its clients; observe high standards 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.
>
> Mutual Fund Dealer Rule 2.1.1(a)-(c).

¶ 19 The Respondent dishonestly recorded or caused to be recorded false information on KYC documents.

¶ 20 When an Approved Person opens a client account using an inaccurate or false address, or where the Approved Person facilitates a change of a client address in the Dealer Member's records to an address that the Approved Person knows is inaccurate, the Approved Person has engaged in conduct which is contrary to the standard of conduct enumerated in Mutual Fund Dealer Rule 2.1.1.

> *Pekel (Re)*, [2021] Hearing Panel of the Central Regional Council, MFDA Hearing No. 202007, Reasons for Decision dated January 7, 2021.

¶ 21 In Pekel, the hearing panel recognized that changing a client's address can be used, as it was in this case, to conceal additional misconduct.

> Changing a client's address on the records of a member is a method Approved Persons have used in the past to conceal misconduct. hearing panels have found such conduct to be a breach of Rule 2.1.1. For example, in *Huang* (*Re*), the Approved Person changed client addresses on the records of the member to his own personal address, which the hearing panel determined breached MFDA Rule 2.1.1. Similarly, in *Patel* (*Re*), the hearing panel determined that by changing the client's address on the records of the member to the branch address to prevent the client from receiving account statements, the Approved Person had breached MFDA Rule 2.1.1. [*Huang* (*Re*), MFDA File No. 201570, Central Region, September 8, 2016, at para. 18, SBA, Tab 6. *Patel* (*Re*), MFDA File. No. 201921, Central Region, September 17, 2019].
>
> *Pekel*, *supra* at para. 35.

*Huang* (*Re*), [2016] Hearing Panel of the Central Regional Council, MFDA Hearing No. 201570, Reasons for Decision dated September 8, 2016.

¶ 22 When a false address for a client is recorded on the back-office system of the Dealer Member, the Dealer Member is unable to effectively supervise its dealing representatives and ensure that applicable regulatory requirements and policies and procedures of the Dealer Member are met.

¶ 23 Hearing panels have held that a failure to record a client's KYC information, including the failure to record the proper address for a client, as part of the suitability analysis is a contravention of Rule 2.2.1.

*Park (Re)*, [2023] Hearing Panel of the Pacific Regional Council, MFDA Hearing No. 202260, Reasons for Decision dated August 28, 2023.

*Collymore (Re)*. [2022] Hearing Panel of the Central Regional Council, MFDA Hearing No. 202214, Reasons for Decision dated December 14, 2022.

*Wighton (Re)*, [2020] Hearing Panel of the Central Regional Council, MFDA Hearing No. 2018123, Reasons for Decision dated February 19, 2020, at para. 22.

¶ 24 By falsely recording that clients JM and KH resided in Ontario, the Respondent undermined the KYC and suitability processes designed to protect investors and deprived the Dealer Member of maintaining appropriate oversight of these functions.

**The Respondent's Conduct was Deliberate.**

¶ 25 The Respondent's misconduct was particularly serious because she intentionally disobeyed the Rules. The Respondent was clearly aware of the prohibition against transacting business in provinces where an Approved Person is not registered.

¶ 26 The Respondent's registration history disclosed that she had in the past been registered in more than one province. The Respondent had been registered in Ontario since February 2017. She was also registered in British Columbia between February 2017 and August 2018. This is evidence that the Respondent knew that she was required to register in provinces where she intended to transact business.

¶ 27 Rather than investing the time and money necessary to comply with the Rules by registering in Alberta, the Respondent dishonestly and deliberately recorded or caused to be recorded on KYC forms that clients JM and KH lived in Ontario knowing full well that they lived in Alberta.

**The Respondent Processed a Trade Outside her Jurisdiction.**

¶ 28 Approved Persons are only permitted to conduct securities related business on behalf of a Dealer Member if they are registered or licensed in the manner necessary, and are in good standing, under the applicable legislation in the province or territory where the Approved Person proposes to act.

Mutual Fund Dealer Rule 1.1.5 (a).

¶ 29 Hearing panels have held that engaging in securities related business beyond the terms of the Approved Person's registration is a breach of Mutual Fund Dealer Rules 1.1.5 and 2.1.1 (formerly MFDA Rules 1.1.5 and 2.1.1) and circumvents the Dealer Member's ability to supervise the activities of its Approved Persons.

¶ 30 By falsely recording that clients JM and KH resided in Ontario, the Respondent circumvented the registration requirement of Rule 1.1.5 which allowed the Respondent to open a

new account and process a transaction in respect of a client who resided in a province in which the Respondent was not registered.

*Potter (Re)* [2012] Hearing Panel of the Central Regional Council, MFDA File No. 201038, Panel Decision dated January 24, 2012.

*Martin (Re)* [2016] Hearing Panel of the Central Regional Council, MFDA File No. 201627, Panel Decision dated November 11, 2016.

*Simmons (Re)* [2019] Hearing Panel of the Central Regional Council, MFDA File No. 201894, Panel Decision dated January 25, 2019.

**June 30, 2021, Dealer Member Warning Letter**

¶ 31 On June 30, 2021, the Dealer Member PFSL Investments Canada Ltd. issued a warning letter to the Respondent for the conduct that is the subject of this Settlement.

**MITIGATING FACTORS**

¶ 32 The Hearing Panel also considered the following mitigating factors:

(a) The affected investors did not suffer any financial harm because the Dealer Member reversed the trade.

(b) The Respondent did not retain any financial benefit because of her misconduct because the Dealer Member reversed the commissions.

(c) The Respondent has not previously been the subject of CIRO disciplinary proceedings.

(d) The Respondent has expressed remorse and cooperated fully with Staff; and,

(e) By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources, and expense associated with conducting a full hearing on the allegations.

**INABILITY TO PAY**

¶ 33 Ability to pay is a consideration when imposing an appropriate monetary sanction.

The Respondent's ability to pay may be a consideration in determining the appropriate monetary sanction to be imposed. However, it is only one of the factors to be weighed in relation to all other applicable factors including general and specific deterrence and the need to ensure public confidence in the MFDA's disciplinary process.

The burden is on the Respondent to raise the issue and to provide evidence of inability to pay, such as tax returns or audited financial statements. Evidence of a bona fide inability to pay may result in the reduction or waiver of a fine, or in the imposition of an installment payment plan.

MFDA Sanction Guidelines, para. 11

¶ 34 Staff submitted they are reasonably satisfied on the basis of an affidavit sworn by the Respondent that the Respondent has an inability to pay.

Settlement Agreement, at para. 30.

¶ 35 We agree with Staff that the Respondent's *bona fide* inability to pay warranted a reduction in the fine. A two-month suspension in lieu of a higher monetary fine was appropriate in the circumstances.

**COSTS**

¶ 36 The costs award is appropriate and consistent with previous decisions.

**CONCLUSION**

¶ 37 We are satisfied that the proposed sanctions, including a two-month suspension from conducting securities related business in any capacity, a $2,500 fine and $5,000 costs will serve as specific deterrence to the Respondent, Samantha Jane Cauvier, and general deterrence to others in the industry who may contemplate engaging in similar misconduct in the future.

¶ 38 Staff provided five comparable cases, two of which addressed similar misconduct: *Park (Re), supra* and *Collymore (Re), supra.*

¶ 39 Based on a review of these cases and taking into consideration the factors discussed above, we are satisfied the proposed sanctions fall within a reasonable range of appropriateness.

¶ 40 We therefore accepted the Settlement Agreement and made an order reflecting the agreed upon sanctions against the Respondent, Samantha Jane Cauvier.

Dated at Ontario, this 30th day of January, 2024

"Emily Cole"

Emily Cole, Chair

"Samuel Mah"

Samuel Mah, Industry Representative

"Timothy Pryor"

Timothy Pryor, Industry Representative

## Settlement Agreement

**IN THE MATTER OF:**

**The Mutual Fund Dealer Rules**

**and**

**Samantha Jane Cauvier**

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## SETTLEMENT AGREEMENT

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### 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 Ontario District Hearing Committee (the "Hearing Panel") of CIRO should accept the settlement agreement (the "Settlement Agreement") entered into between Staff of CIRO ("Staff") and

Samantha Jane Cauvier (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]

a) Between February 2021 and June 2021, the Respondent:

i. instructed a client to falsely inform the Dealer Member that the client was a resident of Ontario; and

ii. in respect of a second client, falsely recorded on account opening documentation that the client was a resident of Ontario,

thereby enabling the Respondent to circumvent the Dealer Member's prohibition against transacting business in provinces where the Respondent was not registered, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rules 2.1.1, 2.2.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 2.1.1, 2.2.1, 1.1.2, and 2.5.1).

b) Between February 2021 and June 2021, the Respondent opened a new account and processed the purchase of mutual funds in respect of a client who resided in a province in which the Respondent was not registered, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rules 1.1.5, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 1.1.5, 2.1.1, 1.1.2, and 2.5.1).

## III. Terms of settlement

¶ 5 Staff and the Respondent agree and consent to the following terms of settlement:

a) the Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer for a period of two months, commencing on the date that this settlement agreement is accepted by a Hearing Panel, pursuant to Mutual Fund Dealer Rule 7.4.1.1(c);

b) the Respondent shall pay a fine in the amount of $2,500, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

c) the Respondent shall pay costs in the amount of $5,000, pursuant to Mutual Fund Dealer Rule 7.4.2;

d) the payment by the Respondent of the fine and costs shall be made to and received by CIRO in certified funds as follows:

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[1] At the time of the conduct addressed in this proceeding, MFDA Rules 1.1.5, 2.1.1, 2.2.1, 1.1.2 and 2.5.1 were in effect and are now incorporated into Mutual Fund Dealer Rules 1.1.5, 2.1.1, 2.2.1, 1.1.2, and 2.5.1 referred to in this proceeding. On July 7, 2022, amendments to MFDA Rule 1.1.2 came into effect. As the conduct addressed in this proceeding pre-dated the amendment to that Rule, the version of MFDA Rule 1.1.2 that was in effect prior to July 7, 2022 is applicable to this proceeding.

i. $5,000 (costs) upon acceptance of the Settlement Agreement by the Hearing Panel;

ii. $300 (fine) upon acceptance of the Settlement Agreement by the Hearing Panel;

iii. $500 (fine) on or before January 12, 2024;

iv. $600 (fine) on or before February 12, 2024;

v. $600 (fine) on or before March 12, 2024;

vi. $500 (fine) on or before April 12, 2024;

e) if the Respondent fails to make any of the payments of the fine or costs as they become due, then any outstanding balance of the fine and costs owed by the Respondent shall become immediately due and payable to CIRO;

f) the Respondent shall in the future comply Mutual Fund Dealer Rules 1.1.5, 2.1.1, 2.2.1, 1.1.2, and 2.5.1; and

g) 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 February 2017, the Respondent has been registered in Ontario as a dealing representative with PFSL Investments Canada Ltd. (the "Dealer Member"), a Dealer Member of CIRO (formerly a Member of the MFDA).

¶ 8 Between February 2017 and August 2018, the Respondent was also registered in British Columbia with the Dealer Member.

¶ 9 At all material times, the Respondent carried on business in the Carleton Place, Ontario area.

### Trading outside of Ontario and Falsely Recording Addresses of Clients Who Do Not Reside in Ontario

¶ 10 At all material times, the Dealer Member's policies and procedures restricted Approved Persons to soliciting, selling and transacting mutual fund business in provinces or territories where the Approved Person was registered and authorized to sell securities.

### Client KH

¶ 11 At all material times, client KH was a client of the Dealer Member who resided in Alberta. Client KH's accounts were serviced by another Approved Person who resided in Alberta.

¶ 12 On or about February 23, 2021, at the instruction of the Respondent, client KH requested that the Dealer Member update her address to an Ontario address at which client KH did not reside and which belonged to SP, an individual who at that time was training under the Respondent in an unlicensed capacity.

¶ 13 At this time, the Respondent also instructed client KH to direct the Dealer Member to make the Respondent the dealing representative responsible for servicing her investment

accounts.

¶ 14 The Respondent instructed client KH to falsely represent to the Dealer Member that client KH was an Ontario resident whose accounts could be serviced by the Respondent. This concealed from the Dealer Member that client KH was a resident of Alberta, a province in which the Respondent was not registered to conduct securities related business.

**Client JM**

¶ 15 At all material times, client JM resided in Alberta.

¶ 16 In or about February and March 2021, the Respondent met with client JM to discuss:

h) opening a Registered Education Savings Plan (RESP) account on behalf of client JM at the Dealer Member (the "RESP Account");

i) transferring the proceeds of client JM's existing RESP account, which was held at a different financial institution, to the RESP Account; and

j) contributing $45 per month to the RESP Account through pre-authorized contributions which would be applied towards the purchase of mutual funds.

¶ 17 On March 2, 2021, the Respondent prepared an RESP Account Application Form to open the RESP Account, and met with client JM to obtain client JM's signature on the document.

¶ 18 Rather than recording client JM's actual Alberta address on the RESP Account Application Form, the Respondent falsely recorded an Ontario address which belonged to SP.

¶ 19 By recording that client JM resided in Ontario, the Respondent falsely represented to the Dealer Member that client JM was an Ontario resident whose accounts could be serviced by the Respondent. This concealed from the Dealer Member that client JM was a resident of Alberta, a province in which the Respondent was not registered to conduct securities related business.

¶ 20 On March 8, 2021, the initial pre-authorized contribution of $45 was made to the RESP Account, which was applied towards the purchase of mutual funds.

¶ 21 Following the opening of the RESP Account at the Dealer Member, client JM spoke to a representative at another financial institution who informed client JM that Approved Persons are required to be registered in the province where they engage in securities related business.

¶ 22 On or about March 23, 2021, client JM complained to the Dealer Member about the Respondent's conduct and requested that the Dealer Member cancel her pre-authorized contributions and close the RESP Account.

¶ 23 On or around March 26, 2021, the Dealer Member reversed the initial $45 pre-authorized contribution and subsequently closed the RESP Account.

**Additional Factors**

¶ 24 The Respondent has not been the subject of prior MFDA or CIRO disciplinary proceedings.

¶ 25 As a result of the Dealer Member reversing the trades that the Respondent processed for client JM, as described above at paragraph 23, client JM did not suffer any financial loss.

¶ 26 There is no evidence of any financial loss suffered by client KH.

¶ 27 The Dealer Member reversed the Respondent's commission income arising from the trade that she had processed on behalf of client JM and there is no evidence that the Respondent has retained any financial benefit from the misconduct described herein.

¶ 28 After conducting a review of all of the client files maintained by the Respondent, the

Dealer Member did not discover any additional examples of improper changes to client addresses.

¶ 29 In or around June 30, 2021, the Dealer Member issued a warning letter to the Respondent for the conduct that is the subject of this Settlement Agreement.

¶ 30 The Respondent states that the Respondent is unable to pay a monetary penalty greater than the total of the fine and costs amount set out in this Settlement Agreement. Staff has received evidence which corroborates the Respondent's inability to pay.

¶ 31 The Respondent has expressed remorse and has fully cooperated with Staff in its investigation.

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

## V. ADDITIONAL TERMS OF SETTLEMENT

¶ 33 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.

¶ 34 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.

¶ 35 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.

¶ 36 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 contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any 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.

¶ 37 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.

¶ 38 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.

¶ 39 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.

¶ 40 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 5 day of December, 2023

"Samantha Jane Cauvier"

Samantha Jane Cauvier

"Witness"

Witness - Signature

"Witness"

Witness - Print name

"Charles Corlett"

Staff of CIRO

Per: Charles Corlett

Canadian Investment Regulatory Organization, Vice-President, Enforcement

File No. 202312

**Schedule "A"**

**Order**

**IN THE MATTER OF:**

**The Mutual Fund Dealer Rules**

**and**

**Samantha Jane Cauvier**

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## ORDER

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**WHEREAS** on June 9, 2023, the Canadian Investment Regulatory Organization ("CIRO") issued a Notice of Hearing pursuant to Mutual Fund Dealer Rules 7.3 and 7.4 in respect of a disciplinary proceeding commenced against Samantha Jane Cauvier (the "Respondent");

**AND WHEREAS** a first appearance was held electronically by videoconference before a hearing panel of the Ontario District Hearing Committee of CIRO (the "Hearing Panel") in this matter on July 17, 2023;

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of CIRO ("Staff"), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to Rule 7.3 and 7.4.1 of the Mutual Fund Dealer Rules;

**AND WHEREAS** on [date], CIRO provided notice to the public of a Settlement Hearing in respect of the Respondent;

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

a) Between February 2021 and June 2021, the Respondent:

   vii. instructed a client to falsely inform the Dealer Member that the client was a resident of Ontario; and

   viii. in respect of a second client, falsely recorded on account opening documentation that the client was a resident of Ontario,

   thereby enabling the Respondent to circumvent the Dealer Member's prohibition against transacting business in provinces where the Respondent was not registered, contrary to the Dealer Member's policies and procedures and Mutual Fund Dealer Rules 2.1.1, 2.2.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 2.1.1, 2.2.1, 1.1.2, and 2.5.1).

b) Between February 2021 and June 2021, the Respondent opened a new account and processed the purchase of mutual funds in respect of a client who resided in a province in which the Respondent was not registered, contrary to the Member's policies and procedures and Mutual Fund Dealer Rules 1.1.5, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 1.1.5, 2.1.1, 1.1.2, and 2.5.1).

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

¶ 1 The Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer for a period of two months commencing on the date of this Order, pursuant to Mutual Fund Dealer Rule 7.4.1.1(c);

¶ 2 The Respondent shall pay a fine in the amount of $2,500, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b));

¶ 3 The Respondent shall pay costs in the amount of $5,000, pursuant to Mutual Fund Dealer Rule 7.4.2;

¶ 4 The payment by the Respondent of the fine and costs shall be made to and received by CIRO in certified funds as follows:

a) $5,000 (costs) upon acceptance of the Settlement Agreement by the Hearing Panel;

b) $300 (fine) upon acceptance of the Settlement Agreement by the Hearing Panel;

c) $500 (fine) on or before January 12, 2024;

d) $600 (fine) on or before February 12, 2024;

e) $600 (fine) on or before March 12, 2024; and

f) $500 (fine) on or before April 12, 2024;

¶ 5 If the Respondent fails to make any of the payments of the fine or costs as they become due, then any outstanding balance of the fine and costs owed by the Respondent shall become immediately due and payable to CIRO;

¶ 6 The Respondent shall in the future comply Mutual Fund Dealer Rules 1.1.5, 2.1.1, 2.2.1, 1.1.2, and 2.5.1; and

¶ 7 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 intimate financial and personal information, pursuant to Rules 1.8(2) and (5) of the Mutual Fund Dealer Rules of Procedure.

**DATED** this [day] day of [month], 202[ ].

Name,

Chair

Name,

Industry Representative

Name,

Industry Representative