

# Re Che

IN THE MATTER OF:

**The Mutual Fund Dealer Rules**

**and**

**Miranda Sirri Che**

2024 CIRO 08

Canadian Investment Regulatory Organization  
Hearing Panel (Saskatchewan District)

Heard: October 10, 2023, in Saskatoon, Saskatchewan (via videoconference)

Decision: October 10, 2023

Reasons for Decision: January 17, 2024

**Hearing Panel:**

Sherri Walsh, Chair

Annette Stephens, Industry Representative

James Samanta, Industry Representative

**Appearances:**

Jennifer Galarneau, Enforcement Counsel

Miranda Che, Respondent (present)

## REASONS FOR DECISION

### I. INTRODUCTION

¶ 1 On August 3, 2023, 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 Miranda Sirri Che (the “Respondent”).

¶ 2 One day prior, on August 2nd, 2023, 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 she could be disciplined pursuant to Mutual Fund Dealer Rules 7.3 and 7.4.1<sup>1</sup> (the “Settlement Agreement”).

¶ 3 On October 10, 2023, the Respondent attended a Settlement Hearing (the “Hearing”) which was held by

<sup>1</sup> 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 recognized under applicable securities legislation that is called the Canadian Investment Regulatory Organization (referred to herein as “CIRO”). 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. Where the Rules of IIROC and the by-laws, Rules and policies of the MFDA that were in force immediately prior to amalgamation have been incorporated into the Interim Rules, Enforcement Staff have referenced the relevant section of the Interim Rules. 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.

video conference before a Hearing Panel of the Saskatchewan District Hearing Committee of CIRO (the "Panel").

¶ 4 At the outset of the Hearing, Enforcement Counsel made a request, pursuant to Rule 2.2(1)(a) of the Mutual Fund Dealer's Rules of Procedure ("ROP") for the abridgement of the 10 day notice period required by Rule 15.2 of the ROP, in order to permit the Panel to proceed with the Settlement Hearing. This was requested because notice of the Hearing had not been published within the 10 day period.

¶ 5 Enforcement Counsel submitted that there would be no prejudice to members of the public if the Panel granted its request since settlement hearings are held *in camera* and, therefore, even if the ordinary notice period had been provided, members of the public would be excluded from the proceeding unless and until the Settlement Agreement were accepted by the Panel.

¶ 6 The Panel granted Enforcement Counsel's request for what was in effect a modest abridgement of time, in order to allow the Hearing to proceed consistent with the parties' expectations, noting that this type of relief has been granted in previous disciplinary proceedings.

*Lewis (Re)* [2021] Hearing Panel of the Central Regional Panel., MFDA File No. 202169 Hearing Panel Decision dated December 19, 2022

*Quadrus Investment Services Ltd. (Re)*, [2021] Hearing Panel of the Central Regional Council, MFDA File No. 202166, Hearing Panel Decision dated January 20, 2022, at paras. 5-11

¶ 7 The Panel also granted Enforcement Counsel's request that the Hearing be held in the absence of the public, pursuant to Rule 15.2.2 of the ROP.

¶ 8 At the conclusion of the Hearing, the Panel accepted the Settlement Agreement and issued an order to that effect. These are the Panel's reasons for its decision.

## II. CONTRAVENTION

¶ 9 In the Settlement Agreement, the Respondent admitted to having committed the following violation of the Rules:

4. The Respondent admits to the following violations of the Mutual Fund Dealer Rules:

Between January 15, 2021 and March 11, 2021, the Respondent signed the signatures of six clients on 8 account forms and submitted the account forms to the Dealer Member for processing, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).

## III. TERMS OF SETTLEMENT

¶ 10 In the Settlement Agreement, Staff and the Respondent agreed to the following terms:

- a) the Respondent shall be prohibited 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 three months, commencing on the date that this settlement agreement is accepted by a Hearing Panel, pursuant to Mutual Fund Dealer Rule 7.4.1.l(e);
- b) the Respondent shall pay a fine in the amount of \$14,000 ("Fine"), pursuant to Mutual Fund Dealer Rule 7.4.1.l(b);
- c) the Respondent shall pay costs in the amount of \$5,000 ("Costs"), pursuant to Mutual Fund Dealer Rule 7.4.2;
- d) payment by the Respondent of the Fine and Costs shall be made to and received by the Corporation in certified funds as follows;
  - i) \$5,000 (Costs) upon acceptance of the Settlement Agreement;
  - ii) \$1,300 (Fine) on or before the last business day of the first month following the date of the Settlement Agreement;

- iii) \$1,300 (Fine) on or before the last business day of the second month following the date of the Settlement Agreement;
  - iv) \$1,300 (Fine) on or before the last business day of the third month following the date of the Settlement Agreement;
  - v) \$1,300 (Fine) on or before the last business day of the fourth month following the date of the Settlement Agreement;
  - vi) \$1,300 (Fine) on or before the last business day of the fifth month following the date of the Settlement Agreement;
  - vii) \$1,300 (Fine) on or before the last business day of the sixth month following the date of the Settlement Agreement;
  - viii) \$1,300 (Fine) on or before the last business day of the seventh month following the date of the Settlement Agreement;
  - ix) \$1,300 (Fine) on or before the last business day of the eighth month following the date of the Settlement Agreement;
  - x) \$1,300 (Fine) on or before the last business day of the ninth month following the date of the Settlement Agreement;
  - xi) \$1,300 (Fine) on or before the last business day of the tenth month following the date of the Settlement Agreement; and
  - xii) \$1,000 (Fine) on or before the last business day of the eleventh month following the date of the Settlement Agreement.
- e) if the Respondent fails to make any of the payments described above in sub (d), then any outstanding balance of the Fine and Costs shall become immediately due and payable to the CIRO;
  - f) the Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1; and
  - g) the Respondent shall attend by videoconference on the date set for the Settlement Hearing.

#### IV. AGREED FACTS

¶ 11 The facts which Staff and the Respondent agreed upon to reach the Settlement Agreement are set out at paragraphs 7 through 22 of that agreement and are reproduced below:

##### Registration History

¶ 7 Commencing August 12, 2013, the Respondent has been registered in the securities industry.

¶ 8 Between February 15, 2017 and March 25, 2021, the Respondent was registered in Saskatchewan as a dealing representative with TD Investment Services Inc. (the "Dealer Member"), a Dealer Member of the Corporation (formerly a Member of the MFDA).<sup>2</sup>

¶ 9 On March 25, 2021, the Dealer Member terminated the Respondent as a result of the conduct described herein, and the Respondent is currently not registered in the securities industry in any capacity.

¶ 10 At all material times, the Respondent conducted business in the Saskatoon, Saskatchewan area.

##### The Respondent Signed Client Signatures

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<sup>2</sup> Between August 12, 2013 and February 21, 2017, the Respondent was registered in the Northwest Territories and Nunavut as a dealing representative with the Dealer Member

¶ 11 At all material times, the Dealer Member's policies and procedures prohibited the falsification of signatures and engaging in unethical business practices.

¶ 12 Between January 15, 2021 and March 11, 2021, the Respondent signed the signatures of clients on 8 account forms relating to six clients.

¶ 13 On six of the forms consisting of Transaction and Account Maintenance Forms, the Respondent signed the clients' signature beside various notes of their discussions with clients that included the purpose of the transaction, risk and fee disclosure, and Know Your Client information.

¶ 14 The remaining two forms consisted of a Transaction and Account Maintenance Form to process a pre-authorized contribution, and a TD Multi-Holding Registered Savings Plan Application Form.

#### **The Dealer Member's Investigation**

¶ 15 While conducting daily trade reviews, the Dealer Member identified five of the account forms described above. Subsequently, the Dealer Member completed a review of client files maintained by the Respondent and identified the remaining account forms described above.

¶ 16 The Dealer Member contacted or attempted to contact the impacted clients in order to address the deficiencies in the account forms, and requested that the clients arrange for an appointment to complete the account forms again and to ensure that the holdings in the client's accounts were suitable. None of the clients responded with any concerns.

¶ 17 On March 25, 2021 the Dealer Member terminated the Respondent.

#### **Additional Factors**

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

¶ 19 There is no evidence of client financial loss or lack of authorization for the underlying transactions, and no clients have complained to Staff or the Dealer Member.

¶ 20 The Respondent has not previously been the subject of MFDA or CIRO disciplinary proceedings.

¶ 21 The Respondent states that due to the Respondent's personal and financial circumstances, including that the Respondent lives in a remote location (Nunavut), and is currently financially supporting a number of dependents, the Respondent requires that the payment of the Fine and Costs be made in installments as set out above in the Settlement Agreement.

¶ 22 By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources and expenses that would have otherwise been necessary to conduct a contested hearing of the allegations.

## **V. ANALYSIS**

### **The Law**

¶ 12 The Respondent has admitted to signing the signatures or initials for six clients on eight account forms and submitting the account forms to the Member for processing. This misconduct constitutes a serious breach of Mutual Fund Dealer Rule 2.1.1.

#### **Standard of Conduct**

¶ 13 Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1) prescribes the standard of conduct applicable to registrants in the mutual fund industry. The 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.

¶ 14 Rule 2.1.1 establishes a standard of conduct that aims to protect the public interest and requires

Approved Persons to adhere to a high standard of ethical conduct. It articulates the most fundamental obligations of all registrants in the securities industry.

*Breckenridge (Re)*, [2007] Hearing Panel of the Ontario Regional Council, MFDA Hearing No. 200718, Hearing Panel Decision dated November 14, 2007

### Signing a Client's Signature is Not Permissible

¶ 15 Signing a client's signature contravenes the standard of conduct set out in Mutual Fund Dealer Rule 2.1.1, and is serious misconduct. In the MFDA matter of *Barnai (Re)*, the Hearing Panel, citing earlier decisions, summarized the principles with respect to falsified client signatures:

"Falsifying client signatures or initials is serious misconduct. Signature falsification (like the use of pre-signed forms) adversely affects the integrity and reliability of account documents, leads to the destruction of the audit trail, has a negative impact on Member complaint handling, and has the potential for misuse in the form of unauthorized trading, fraud and misappropriation."

As a Hearing Panel of the Investment Dealers Association (now IIROC) stated in *Bell (Re)*:

"Forgery is always serious. It is unequivocally condemned because it is fundamentally dishonest and dangerous. Any act of forgery is a step onto a steep and slippery slope of deception that is always potentially harmful to clients and actually harmful to the Member firm and the securities industry as a whole."

[...]

*Lamontagne (Re)* reiterated the principle set out in *Bell (Re)*, but went on to state that, where warranted, hearing panels may distinguish between serious and less egregious instances of falsification:

"Forgery is always a serious regulatory matter because it shows that the Respondent lacks the honesty required of a professional in the securities industry ... forgery often attracts severe sanctions. While there is no such thing as a "minor case" of forgery, hearing panels may distinguish between more and less egregious examples of forgery."

[...]

*Barnai (Re)*, [2015] Hearing Panel of the Central Regional Council, MFDA File No. 201325, Hearing Panel Decision dated March 17, 2015 at paras. 6-8

¶ 16 Signing a client's signature, among other things, adversely affects the integrity and reliability of account documents, leads to the destruction of the audit trail, has a negative impact on Member complaint handling and has the potential for misuse in the form of unauthorized trading, fraud and misappropriation.

¶ 17 The MFDA warned Approved Persons against engaging in signature falsification, such as signing a client's signature, on a number of occasions, through the following widely publicized Notices and Bulletins:

MFDA Staff Notice 0066, Signature Falsification, dated October 31, 2007

MFDA Staff Notice 0066, Signature Falsification, dated October 31, 2007 (Updated March 4, 2013)

MFDA Staff Notice 0066, Signature Falsification, dated October 31, 2007 (Updated January 26, 2017)

MFDA Bulletin #0661-E, Signature Falsification, dated October 2, 2015

### Role of the Panel

¶ 18 The role a Hearing Panel performs at a settlement hearing is fundamentally different from the role it performs at a contested hearing.

¶ 19 When considering a settlement agreement, a Hearing Panel has only two options: either to accept or reject the agreement.

Mutual Fund Dealer Rule 7.4.4.3

¶ 20 As stated by the Hearing Panel in *Sterling Mutuals Inc. (Re)* citing the I.D.A. Ontario District Council in *Milewski (Re)*:

...while in a contested hearing the Panel attempts to determine the correct penalty, in a settlement hearing the 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." (In *re Milewski*, [1999] I.D.A.C.D. No. 17)

*Sterling Mutuals Inc. (Re)*, MFDA File No. 200820, Hearing Panel of the Central Regional Council, Decision and Reasons dated September 3, 2008, at para. 37

¶ 21 Hearing Panels have acknowledged that one of the reasons that settlement agreements which have been worked out by the parties should be respected is because Panels do not know what led to the settlement, or what was given up by the parties during the course of their negotiations.

*Fike (Re)*, MFDA File No. 2017102, Hearing Panel of the Central Regional Council, Decision and Reasons dated December 7, 2017, at paras. 22 and 23

¶ 22 The rationale for respecting settlements of the nature found in the Settlement Agreement in this case, was further articulated by the British Columbia Court of Appeal:

Settlements assist the Commission to ensure that its overriding objective, the protection of the public, is met. Settlements proscribe activities that are harmful to the public. In so doing, they are effective in accomplishing the purposes of the statute. They provide means of reaching a flexible remedy that is tailored to address the interests of both the Commission and the person under investigation. Enforcement is rarely a concern because the settlement is voluntary. A person who is the subject of an investigation retains the option of refusing to settle and proceeding to a hearing. Settlements are also efficient. Both parties can forego the time and expense of a hearing. Or, they can settle some matters, and direct their resources to the matters that are in dispute, and therefore to be resolved by way of a hearing.

*British Columbia (Securities Commission) v Seifert*, 2007 BCCA 484, at para. 31

¶ 23 Although the *Seifert* decision dealt with an agreement that was before the British Columbia Securities Commission, the case has frequently been cited by Hearing Panels in MFDA Settlement Hearings.

#### **Factors Concerning Acceptance of a Settlement Agreement**

¶ 24 Hearing Panels have repeatedly expressed the view that generally settlement agreements should be accepted, bearing in mind the following criteria:

- a) That it is in the public interest to do so and that the penalties proposed will be sufficient to protect investors;
- b) That the agreement is reasonable and proportionate, having regard to the conduct of the Respondent;
- c) That the agreement addresses the issues of both specific and general deterrence;
- d) That the agreement is likely to prevent the type of conduct set out in the facts;
- e) That the agreement will foster confidence in the integrity of the Canadian capital markets;
- f) That the agreement will foster confidence in the integrity of the MFDA; and
- g) That the agreement will foster confidence in the regulatory process itself.

*Sterling Mutuals Inc. (Re)*, *supra*, at para. 36

#### **Factors Concerning the Appropriateness of the Proposed Penalty**

¶ 25 The primary goal of all securities regulation is investor protection.

*Pezim v British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557, at para. 68

¶ 26 In addition to investor protection, the goals of securities regulation include fostering public confidence in the capital markets and in the securities industry, as a whole.

*Pezim, supra*, at paras. 59 & 68

¶ 27 In determining the appropriateness of a proposed penalty, Hearing Panels also frequently cite the decision in *Breckenridge (Re)*, where the Panel stated that sanctions “... should be preventative, protective and prospective in nature ...” taking into account the following considerations:

- a. the protection of the investing public;
- b. the integrity of the securities markets;
- c. specific and general deterrence;
- d. the protection of the MFDA’s membership; and
- e. protection of the integrity of the MFDA’s enforcement processes.

*Breckenridge (Re)*, MFDA File No. 200718, Hearing Panel of the Central Regional Council, 2007 LNCMFDA 38, at paras. 75 and 76

¶ 28 The Panel in *Breckenridge (Re)* set out the following additional factors which a Hearing Panel should consider, having regard to the specific circumstances of the case:

- (a) the seriousness of the allegations proved against the respondent;
- (b) the respondent’s experience in the capital markets;
- (c) the level of the respondent’s activity in the capital markets;
- (d) the harm suffered by investors as a result of the respondent’s activities;
- (e) the benefits received by the respondent as a result of the improper activity;
- (f) the risk to investors and the capital markets in the jurisdiction, were the respondent to continue to operate in capital markets in the jurisdiction;
- (g) the damage caused to the integrity of the capital markets in the jurisdiction by the respondent’s improper activities;
- (h) the need to deter not only those involved in the case being considered, but also any others who participate in the capital markets, from engaging in similar improper activity;
- (i) the need to alert others to the consequences of inappropriate activities to those who are permitted to participate in capital markets; and
- (j) previous decisions made in similar circumstances.

*Breckenridge (Re), supra* at para. 77

¶ 29 On November 15, 2018, the MFDA issued Sanction Guidelines (the “Guidelines”) to assist Staff and respondents in conducting disciplinary proceedings and negotiating settlement agreements and to assist Hearing Panels in determining the fair and efficient disposition of settled and contested disciplinary proceedings. While those guidelines are not mandatory or binding on a Panel, they provide a summary of the key factors upon which a panel can exercise its discretion in a consistent and fair manner.

#### **Application of the Factors Listed Above in the Present Case**

##### **Nature of the Misconduct**

¶ 30 The Panel reiterates the concerns that Hearing Panels have recently been expressing, about the fact that conduct similar to the conduct engaged in by the Respondent, continues to occur. We agree with Staff's submission that to address this concern, meaningful penalties must be imposed on Approved Persons who engage in this misconduct in order to deter such practices from occurring in the future.

*Kachur (Re)*, [2022] Hearing Panel of the Prairie Regional Council, MFDA File No. 202201, Hearing Panel Decision dated July 6, 2022 at para. 36

*Ramjohn (Re)*, [2021] Hearing Panel of the Central Regional Council, MFDA File No. 202067, Hearing Panel Decision dated October 22, 2021 at para. 1

*Myers (Re)*, [2021] Hearing Panel of the Central Regional Council, MFDA File No. 202145, Hearing Panel Decision dated January 10, 2022 at para. 29

*Gilchrist (Re)*, [2017] Hearing Panel of the Pacific Regional Council, MFDA File No. 2016100, Hearing Panel Decision dated May 29, 2017 at para. 16

### **Post-Bulletin Conduct**

¶ 31 When the respective misconduct has occurred after the MFDA issued its Bulletin #0661-E on October 2, 2015, Hearing Panels have considered this to be an aggravating factor.

*Owen (Re)*, [2017] MFDA File No. 201784, Hearing Panel of the Prairie Regional Council, Panel Decision dated December 7, 2017, at para. 35

*Lo (Re)*, [2018] MFDA File No. 201776, Hearing Panel of the Central Regional Council, Panel Decision dated February 7, 2018, at paras. 16, 18

### **The Respondent's Experience in the Securities Industry**

¶ 32 The Respondent was registered in the industry with the Member, commencing August 12, 2013 until March 25, 2021 when she was terminated. She is not currently registered in the securities industry.

¶ 33 The Respondent has not previously been the subject of MFDA or CIRO disciplinary proceedings. This is a mitigating factor.

### **The Respondent's Recognition of the Misconduct**

¶ 34 By entering into the Settlement Agreement, the Respondent has recognized the seriousness of and accepted responsibility for her conduct. She has also saved CIRO the time, resources and expenses associated with a contested disciplinary hearing. The Panel finds this is a mitigating factor.

### **Harm Suffered by Investors**

¶ 35 The Panel also considers it a mitigating factor that there is no evidence of client financial loss or lack of authorization for the underlying transactions and no clients have complained to Staff or the Member.

### **Benefits Received by the Respondent**

¶ 36 There is no evidence that the Respondent received any financial benefit from the misconduct beyond any commissions and fees that she would ordinarily have been entitled to receive had the transactions been carried out in the appropriate manner.

### **Deterrence**

¶ 37 Both the Supreme Court of Canada and Hearing Panels have held that deterrence is an appropriate factor to be taken into account when determining the appropriateness of a penalty.

*Cartaway Resources Corp. (Re)*, [2004] 1 SCR 672 (SCC) at paras. 52-62

¶ 38 The effect of general deterrence should advance the goal of protecting investors. As a result, the penalty levied should be sufficient so as to affirm public confidence in the regulatory system and ensure that the misconduct is not repeated by others in the industry.

*Cartaway Resources Corp. (Re)*, *supra*, at para. 61

¶ 39 We find that the penalty which is proposed in the Settlement Agreement is sufficient to demonstrate that the Respondent's misconduct, in all of the circumstances, is serious and carries significant consequences.

¶ 40 It will specifically deter the Respondent from engaging in similar activity by imposing a meaningful

sanction upon her which reflects the seriousness of the misconduct at issue and will act as a general deterrent by reinforcing the message that the misconduct described in these proceedings will not be tolerated within the mutual fund industry and will result in significant sanctions.

¶ 41 As noted earlier in these Reasons, Hearing Panels have recently commented with dismay that misconduct similar to the misconduct engaged in by the Respondent, continues to occur.

¶ 42 In reaching our decision on this matter, therefore, we have taken into consideration the fact that the proposed penalty is necessary in order to achieve effective deterrence within the industry.

#### Previous Decisions Made in Similar Circumstances

¶ 43 Enforcement Counsel provided the Panel with the following chart, setting out comparable cases.

| Case:                                                                                                                                            | Contraventions:                                                                                      | Penalty:                                                                                                           | Other Factors:                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| <b>Armstrong (Re)</b> , [2021] Hearing Panel of the Pacific Regional Council, MFDA File No. 202161, Reasons for Decision dated November 30, 2021 | <ul style="list-style-type: none"> <li>• 5 falsified signatures</li> <li>• 1 altered form</li> </ul> | <b>Settlement</b> <ul style="list-style-type: none"> <li>• Fine of \$12,000</li> <li>• Costs of \$2,500</li> </ul> | <ul style="list-style-type: none"> <li>• Warning letter from Member</li> </ul>                                                        |
| <b>Yu (Re)</b> [2021] Hearing Panel of the Prairie Regional Council MFDA File No. 202170, Reasons for Decision dated May 12, 2022                | <ul style="list-style-type: none"> <li>• 1 copy and pasted signature and signed initials</li> </ul>  | <b>Settlement</b> <ul style="list-style-type: none"> <li>• Fine of \$9500</li> <li>• Costs of \$2500</li> </ul>    | <ul style="list-style-type: none"> <li>• Respondent resigned from the Member and was no longer registered in the industry.</li> </ul> |
| <b>Comrie(Re)</b> [2022] Hearing Panel of the Ontario District Hearing Committee MFDA File No. 202262, Reasons for Decision dated June 6, 2023   | <ul style="list-style-type: none"> <li>• 2 copy and pasted signatures</li> </ul>                     | <b>Settlement</b> <ul style="list-style-type: none"> <li>• Fine \$10,000</li> <li>• Costs \$2500</li> </ul>        | <ul style="list-style-type: none"> <li>• Terminated by Member</li> </ul>                                                              |

| Case:                                                                                                                                                      | Contraventions:                                                                                      | Penalty:                                                                                                       | Other Factors:                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fulton (Re)</b><br>[2022] Hearing Panel of the Central Regional Council, MFDA Hearing No. 202269, Hearing Panel Decision dated June 29, 2023            | <ul style="list-style-type: none"> <li>6 reused signatures</li> <li>3 altered forms</li> </ul>       | <b>Settlement</b> <ul style="list-style-type: none"> <li>Fine of \$19,000</li> <li>Costs of \$5,000</li> </ul> | <ul style="list-style-type: none"> <li>The Respondent paid \$2,000 in supervision fees to the Member during a period of close supervision.</li> </ul> |
| <b>Castelino (Re)</b><br>[2021] Hearing Panel of the Central Regional Council MFDA Hearing No. 202019, Reasons for Decision dated June 30, 2020            | <ul style="list-style-type: none"> <li>4 falsified signatures</li> <li>Mislead the Member</li> </ul> | <b>Settlement</b> <ul style="list-style-type: none"> <li>Fine of \$13,500</li> <li>Costs of \$2,500</li> </ul> | <ul style="list-style-type: none"> <li>Terminated by Member</li> </ul>                                                                                |
| <b>Rizovska-Spasik (Re)</b><br>[2022] Hearing Panel of the Central Regional Council. MFDA Hearing No. 202236, Reasons for Decision dated November 23, 2023 | <ul style="list-style-type: none"> <li>4 falsified signatures</li> </ul>                             | <b>Settlement</b> <ul style="list-style-type: none"> <li>Fine of \$13,000</li> <li>Costs of \$2,500</li> </ul> | <ul style="list-style-type: none"> <li>Terminated by Member</li> </ul>                                                                                |
| <b>Ajin (Re)</b><br>[2022] Hearing Panel of the Atlantic Regional Council, MFDA File No. 202178, Reasons not yet released                                  | <ul style="list-style-type: none"> <li>4 cut and paste signatures</li> </ul>                         | <b>Settlement</b> <ul style="list-style-type: none"> <li>\$12,500 fine</li> <li>\$2,500 costs</li> </ul>       | <ul style="list-style-type: none"> <li>Terminated by Member</li> </ul>                                                                                |

| Case:                                                                                                                                              | Contraventions:                                                          | Penalty:                                                                                                      | Other Factors:                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| <b>Mollons(Re)</b><br>[2023]<br>Saskatchewan<br>District Hearing<br>Committee,<br>CIRO File No.<br>20232, Reasons<br>and Order not<br>yet released | <ul style="list-style-type: none"> <li>6 falsified signatures</li> </ul> | <b>Settlement</b> <ul style="list-style-type: none"> <li>\$13,500 fine</li> <li>2 month Suspension</li> </ul> | <ul style="list-style-type: none"> <li>Terminated by Member</li> </ul> |

¶ 44 The Panel agrees with Enforcement Counsel’s submission that the above referenced cases were sufficiently similar for us to consider in determining the appropriateness of the penalty that was agreed upon by the parties.

¶ 45 In particular, we agree with Enforcement Counsel’s submission that the penalties in these cases, all of which are relatively recent, reflect panels’ concerns about ensuring that penalties are sufficiently significant so as to deter the type of misconduct which is the subject of these proceedings, from continuing to occur. For example, we note that in the most recent decision: *Mollons (Re)*, a 2 month suspension was agreed upon in addition to a fine in the amount of \$13,500, for misconduct which was similar to the circumstances that exist in this matter.

¶ 46 Enforcement Counsel also confirmed to the Panel that the proposed penalty, insofar as it contained an installment schedule for payment of the fine and costs, was appropriate in light of the Respondent’s personal and financial circumstances including the fact that the Respondent lives in a remote location and is currently financially supporting a number of dependents.

## VI. CONCLUSION

¶ 47 Having reviewed the Settlement Agreement and having considered Enforcement Counsel’s submissions, both written and oral, the Panel is satisfied that the penalty which is set out in the Settlement Agreement falls within a reasonable range of appropriateness having regard to the nature and extent of the Respondent’s misconduct in all of the circumstances.

¶ 48 It is reasonable and proportionate and will deter the Respondent and other Approved Persons from engaging in the type of misconduct that is the subject of these proceedings. It will also advance the public interest and CIRO’s objective to enhance investor protection and ensure high standards of conduct in the investment industry.

¶ 49 For all of the above reasons, the Panel, therefore, accepts the Settlement Agreement.

Dated at Saskatoon, Saskatchewan this 17 day of January, 2024

“Sherri Walsh”

Sherri Walsh

“Annette Stephens”

Annette Stephens

“James Samanta”

**Settlement Agreement**

**IN THE MATTER OF:**

**THE MUTUAL FUND DEALER RULES<sup>i</sup>**

**And**

**Miranda Sirri Che**

**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 Manitoba District Committee (the “Hearing Panel”) of CIRO should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of CIRO (“Staff”) and Miranda Sirri Che (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:<sup>3</sup>

Between January 15, 2021 and March 11, 2021, the Respondent signed the signatures of six clients on 8 account forms and submitted the account forms to the Dealer Member for processing, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly 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 be prohibited 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 three 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(e);
- b) the Respondent shall pay a fine in the amount of \$14,000 (“Fine”), pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);
- c) the Respondent shall pay costs in the amount of \$5,000 (“Costs”), pursuant Mutual Fund Dealer Rule 7.4.2;
- d) payment by the Respondent of the Fine and Costs shall be made to and received by the Corporation in certified funds as follows:
  - (i) \$5,000 (Costs) upon acceptance of the Settlement Agreement;
  - (ii) \$1,300 (Fine) on or before the last business day of the first month following the date of the Settlement Agreement;

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<sup>3</sup> At the time of the conduct addressed in this proceeding, MFDA Rule 2.1.1 was in effect and is now incorporated into Mutual Fund Dealer Rule 2.1.1 referred to in this proceeding.

- (iii) \$1,300 (Fine) on or before the last business day of the second month following the date of the Settlement Agreement;
  - (iv) \$1,300 (Fine) on or before the last business day of the third month following the date of the Settlement Agreement;
  - (v) \$1,300 (Fine) on or before the last business day of the fourth month following the date of the Settlement Agreement;
  - (vi) \$1,300 (Fine) on or before the last business day of the fifth month following the date of the Settlement Agreement;
  - (vii) \$1,300 (Fine) on or before the last business day of the sixth month following the date of the Settlement Agreement;
  - (viii) \$1,300 (Fine) on or before the last business day of the seventh month following the date of the Settlement Agreement;
  - (ix) \$1,300 (Fine) on or before the last business day of the eighth month following the date of the Settlement Agreement;
  - (x) \$1,300 (Fine) on or before the last business day of the ninth month following the date of the Settlement Agreement;
  - (xi) \$1,300 (Fine) on or before the last business day of the tenth month following the date of the Settlement Agreement; and
  - (xii) \$1,000 (Fine) on or before the last business day of the eleventh month following the date of the Settlement Agreement.
- e) if the Respondent fails to make any of the payments described above in subparagraph (d), then any outstanding balance of the Fine and Costs shall become immediately due and payable to the CIRO;
  - f) the Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1; 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 Commencing August 12, 2013, the Respondent has been registered in the securities industry.

¶ 8 Between February 15, 2017 and March 25, 2021, the Respondent was registered in Saskatchewan as a dealing representative with TD Investment Services Inc. (the "Dealer Member"), a Dealer Member of the Corporation (formerly a Member of the MFDA).<sup>4</sup>

¶ 9 On March 25, 2021, the Dealer Member terminated the Respondent as a result of the conduct described herein, and the Respondent is currently not registered in the securities industry in any capacity.

¶ 10 At all material times, the Respondent conducted business in the Saskatoon, Saskatchewan area.

##### **The Respondent Signed Client Signatures**

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<sup>4</sup> Between August 12, 2013 and February 21, 2017, the Respondent was registered in the Northwest Territories and Nunavut as a dealing representative with the Dealer Member.

¶ 11 At all material times, the Dealer Member's policies and procedures prohibited the falsification of signatures and engaging in unethical business practices.

¶ 12 Between January 15, 2021 and March 11, 2021, the Respondent signed the signatures of clients on 8 account forms relating to six clients.

¶ 13 On six of the forms consisting of Transaction and Account Maintenance Forms, the Respondent signed the clients' signature beside various notes of their discussions with clients that included the purpose of the transaction, risk and fee disclosure, and Know Your Client information.

¶ 14 The remaining two forms consisted of a Transaction and Account Maintenance Form to process a pre-authorized contribution, and a TD Multi-Holding Registered Savings Plan Application Form.

#### **The Dealer Member's Investigation**

¶ 15 While conducting daily trade reviews, the Dealer Member identified five of the account forms described above. Subsequently, the Dealer Member completed a review of client files maintained by the Respondent and identified the remaining account forms described above.

¶ 16 The Dealer Member contacted or attempted to contact the impacted clients in order to address the deficiencies in the account forms, and requested that the clients arrange for an appointment to complete the account forms again and to ensure that the holdings in the client's accounts were suitable. None of the clients responded with any concerns.

¶ 17 On March 25, 2021 the Dealer Member terminated the Respondent.

#### **Additional Factors**

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

¶ 19 There is no evidence of client financial loss or lack of authorization for the underlying transactions, and no clients have complained to Staff or the Dealer Member.

¶ 20 The Respondent has not previously been the subject of MFDA or CIRO disciplinary proceedings.

¶ 21 The Respondent states that due to the Respondent's personal and financial circumstances, including that the Respondent lives in a remote location (Nunavut), and is currently financially supporting a number of dependents, the Respondent requires that the payment of the Fine and Costs be made in installments as set out above in the Settlement Agreement.

¶ 22 By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources and expenses that would have otherwise been necessary to conduct a contested hearing of the allegations.

#### **V. ADDITIONAL TERMS OF SETTLEMENT**

¶ 23 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.

¶ 24 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](http://www.mfda.ca).

¶ 25 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.

¶ 26 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 the Corporation 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.

¶ 27 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.

¶ 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 Mutual Fund Dealer Rules 7.3 and 7.4, unaffected by the Settlement Agreement or the settlement negotiations.

¶ 29 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.

¶ 30 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 2nd day of August, 2023

"Miranda Sirri Che"

Miranda Sirri Che

“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)

**Schedule “A”****Order****IN THE MATTER OF****THE MUTUAL FUND DEALER RULES****and****Miranda Sirri Che**

**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 Miranda Sirri Che (the “Respondent”);

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of the Corporation (“Staff”), 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 Mutual Fund Dealer Rules 7.3 and 7.4.1;

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

Between January 15, 2021 and March 11, 2021, the Respondent signed the signatures of six clients on 8 account forms and submitted the account forms to the Dealer Member for processing, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).

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

- ¶ 1 The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of the Corporation registered as a mutual fund dealer for a period of three months, commencing on [DATE/the date that this settlement agreement is accepted by a Hearing Panel], pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);
- ¶ 2 The Respondent shall pay a fine in the amount of \$14,000 (“Fine”), pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);
- ¶ 3 The Respondent shall pay costs in the amount of \$5,000 (“Costs”), pursuant Mutual Fund Dealer Rule 7.4.2;
- ¶ 4 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;
  - b) \$1,300 (Fine) on or before [Date];

- c) \$1,300 (Fine) on or before [Date];
- d) \$1300 (Fine) on or before [Date];
- e) \$1300 (Fine) on or before [Date];
- f) \$1300 (Fine) on or before [Date];
- g) \$1300 (Fine) on or before [Date];
- h) \$1300 (Fine) on or before [Date];
- i) \$1300 (Fine) on or before [Date];
- j) \$1300 (Fine) on or before [Date];
- k) \$1300 (Fine) on or before [Date]; and
- l) \$1000 (fine) on or before [Date].

¶ 5 If the Respondent fails to make any of the payments described above in paragraph 4, any outstanding balance of the Fine and Costs shall become immediately due and payable to CIRO;

¶ 6 The Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1; 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 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

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<sup>i</sup> 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.