Reasons for Decision

File No. 201338

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: Blair Addison

Heard: September 30, 2014 in Toronto, Ontario
Reasons for Decision: November 13, 2014

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

Frederick H. Webber	Chair
Janet Himmeroder	Industry Representative (by teleconference)
David W. Kerr	Industry Representative

Appearances:

Maria L. Abate	)))	Enforcement Counsel, Mutual Fund Dealers Association of Canada ("MFDA")
Lindsay Scott	)))	Counsel for Blair Addison (the "Respondent")

1. As a result of a settlement agreement dated February 27, 2014 (the "Settlement Agreement"), entered into between Staff of the MFDA ("Staff") and the Respondent, a copy of which is attached hereto as Schedule "1", a settlement hearing was conducted on September 30, 2014 in Toronto. The Hearing Panel received and considered oral submissions from Staff and counsel for the Respondent, and Staff's written submissions. Respondent's counsel advised the Hearing Panel that she agreed with the submissions of Staff.

2. The contraventions alleged by the MFDA and admitted by the Respondent are set out in the Settlement Agreement and are as follows:

a) between August 2009 and March 2012, the Respondent engaged in personal financial dealings with client DH by recommending and facilitating an investment by client DH in the amount of $120,000 in a rental property owned by the Respondent by way of a second mortgage secured against the property, thereby creating a conflict or potential conflict of interest between the interests of the Respondent and the interests of client DH which the Respondent failed to ensure was addressed by the exercise of reasonable business judgment influenced only by the best interests of the client, contrary to MFDA Rules 2.1.4 and 2.1.1; and

b) between at least March 30, 2011 and July 4, 2011, the Respondent failed to comply with his reporting obligations to the Member in respect of complaints made the client DH concerning his investment in the Respondent's rental property, contrary to MFDA Rule 1.2.2, and subsections 4.1(a) and (b)(v) of MFDA Policy No.6.

3. The Respondent agreed to the following sanctions:

a) a fine in the amount of $20,000;
b) costs in the amount of $5,000;
c) the Respondent shall in future comply with all applicable MFDA By-laws, Rules and Policies, and all applicable legislation and regulations that the Respondent has agreed he breached in relation to the Settlement Agreement; and

d) the Respondent shall attend the Settlement Hearing in person.

4. The Respondent did not attend the Settlement Hearing in person but was represented by counsel who advised that the Respondent was prevented from attending by a medical emergency involving his wife. Both counsel agreed that the hearing should proceed in the absence of the Respondent.

5. The salient facts are set out in the Settlement Agreement as attached hereto and are, in summary:

a) On or about September 2009, the Respondent engaged in personal financial dealings with client DH by recommending and facilitating an investment by client DH in the amount of $120,000 in a rental property owned by the Respondent by way of a second mortgage secured against the property. The investment was for a term of one year with a maturity date of September 24, 2010. The Respondent assured client DH, who was also a long-time friend of the Respondent (20 plus years), that there would be no issues with repayment since the investment was only for a short period of time and that he had sufficient resources to repay the second mortgage in full at maturity.

b) On August 27, 2009, client DH transferred $131,495.36 from his Desjardins Financial Security Investments Inc. ("Desjardins") RSP account to a B2B RSP account since Desjardins would not permit a client to hold a second mortgage in an RSP account. On September 23, 2009, client DH advanced $120,000 from the B2B RSP account to the Respondent secured by a second mortgage on the Respondent's rental property.

c) While the Respondent made the monthly interest payments owing under the terms of the second mortgage, at the end of the one year term on September 24, 2010, the Respondent failed to repay the principal amount owing to Client DH.

d) On October 7, 2010, the Respondent requested a 12 month extension to repay client DH. Client DH refused to provide an extension but entered into an interim agreement

with the Respondent whereby he could attempt repayment in instalments and the principal would be repaid in full by April 24, 2011. On April 24, 2011, the Respondent failed to repay client DH in full and had also missed all of the agreed upon instalment payments.

e) On March 30, 2011, after it became apparent that the Respondent would not be able to repay client DH, client DH sought legal counsel to assist him to recoup his funds. The Respondent did not report the receipt of client DH's demand letter to Desjardins.

f) On July 4, 2011, client DH notified Desjardins about the personal financial dealings between himself (Client DH) and the Respondent. Client DH also requested that his account be transferred to another mutual fund salesperson.

g) On July 19, 2011, the Respondent requested a further extension to repay client DH. The Respondent requested until August 24, 2011 to repay client DH in full. The Respondent advised client DH that he would obtain the monies for repayment through the sale of the rental property. Client DH agreed to the extension request, but on August 24, 2011, the Respondent failed to repay the amount owning under the second mortgage.

h) On December 15, 2011, the Respondent and client DH agreed to yet another extension until April 24, 2012 for the Respondent to repay the amount owing to client DH.

i) On March 28, 2012, the Respondent repaid client DH $120,000 plus outstanding fees on account of the second mortgage and client DH signed a statement of discharge. The Respondent obtained the funds through the sale of the rental property.

j) At all material times, Desjardin's Policies and Procedures Manual ("PPM") addressed conflicts and potential conflicts of interest between Approved Persons and clients. The PPM provided that any transaction giving rise to a conflict or potential conflict of interest between an Approved Person and a client must be immediately reported to Desjardins prior to the transaction taking place.

6. In accordance with s. 24.4 of MFDA By-law No. 1, a hearing panel has only two options on a settlement hearing, it may accept or reject the Settlement Agreement, but is not permitted to substitute its own decision. As stated in the MFDA written submissions, (citing Professional Investments (Kingston) Inc. (Re), 2009 LNCMFDA 9), the proper approach to determine whether the Panel should accept the Settlement Agreement is as follows:

> "in a contested Hearing, the Hearing Panel attempts to determine the correct penalty. In a Settlement Hearing, the Hearing Panel takes into account the settlement process itself and the fact that the parties have agreed to the penalties set out in the Settlement Agreement.…[A] Hearing Panel should not interfere lightly in a negotiated settlement and should not reject a Settlement Agreement unless it views the penalty as clearly falling outside a reasonable range of appropriateness."

7. This principle has been followed in a number of cases. This Hearing Panel agrees with the principle stated and has followed it in this case. Furthermore, as stated in submissions of Staff, this principle assists the MFDA to fulfill its regulatory objective of protecting the public (citing British Columbia Securities Commission v. Seifert, 2007 BCCA 484).

8. Given the standard of "reasonableness", it is the responsibility of this Hearing Panel to determine whether the penalties set forth in the Settlement Agreement strike a reasonable balance between fairness to the Respondent in the circumstances and the need to protect the investing public, the industry membership, the integrity of the discipline process, the integrity of the securities markets and prevention of a repetition of the offence.

9. Staff's submissions set forth a number of factors commonly considered by hearing panels in determining whether a settlement should be accepted:

a) whether the acceptance of the settlement agreement would be in the public interest and whether the penalty imposed will protect investors;
b) whether the settlement agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the settlement agreement;

c) whether the settlement agreement addresses the issues of both specific and general deterrence;
d) whether the proposed settlement will prevent the type of conduct described in the settlement agreement from occurring again in the future;
e) whether the settlement agreement will foster confidence in the integrity of the Canadian capital markets;
f) whether the settlement agreement will foster confidence in the integrity of the MFDA; and
g) whether the settlement agreement will foster confidence in the regulatory process itself.

10. Staff submissions cited Zenon Smiechowski (Re) (Superintendant of Brokers), [2010] MFDA File No. 201007 as authority for the foregoing. These factors were accepted and applied by this Panel.

11. Staff submissions then asserted that the primary goal of securities regulation is the protection of the investor, citing the well known case of Pezim v. British Columbia (Superintendant of Brokers, [1994] 2 S.C.R. 557. This Panel agrees. Additional factors regarding the appropriateness of the penalty, citing Headley Re, [2006] MFDA File No. 200509 are:

a) the seriousness of the allegations proved against the Respondent;
b) the Respondent's past conduct, including prior sanctions;
c) the Respondent's experience and level of activity in the capital markets;
d) whether the Respondent recognizes the seriousness of the improper activity;
e) the harm suffered by investors as a result of the Respondent's activities;
f) the benefits received by the Respondent as a result of the improper activity;
g) the risk to investors and the capital markets in the jurisdiction, were the Respondent to continue to operate in capital markets in the jurisdiction;
h) the damage caused to the integrity of the capital markets in the jurisdiction by the Respondent's improper activities;

i) 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;
j) the need to alert others to the consequences of inappropriate activities to those who are permitted to participate in the capital markets; and
k) previous decisions made in similar circumstances.

12. Staff reviewed with the Panel the MFDA Penalty Guidelines regarding the misconduct of the type in this case. Staff submissions, with which Respondent's counsel agreed, set out the factors which were applied in this case, as follows.

Seriousness of the Activity

13. The actions of the Respondent involving borrowing money from a client without disclosing the transaction to Desjardins, and then failing to report to Desjardins when the client complained about the Respondent's failure to repay the loan are, as admitted by the Respondent, breaches of MFDA Rules and Policies as set out above. The Panel views these actions as serious misconduct by the Respondent, firstly, because they involve potential or actual conflict between the interests of the client and the interests of the Respondent. It is the Respondent's obligation to make the client's interest his primary focus and to avoid conflicts between his interests and those of the client. The Respondent's actions were not trivial nor were they inadvertent; they were intentional, designed to help the Respondent with his financial issues and put the client's assets at serious risk. Furthermore, by failing to advise Desjardins of the loan prior to entering into it and then failing to report the client's complaint to Desjardins, Desjardins could not exercise its oversight obligations to avoid harm to the particular client and to investigate whether other clients of the Respondent may have been affected. The fact that the Respondent and the client DH were friends does not make the conduct permissible. On the other hand, as mitigating factors, the incidents in this case were isolated and no other clients were involved in any misconduct by the Respondent.

Respondent's Experience and Past Conduct

14. The Respondent has been registered in Ontario as a mutual fund salesperson with Desjardins since 2005. He cannot claim lack of experience or knowledge. As a mitigating factor, the Respondent has not been the subject of any previous disciplinary proceedings.

Client Harm/Respondent Benefit

15. As a result of the Respondent's misconduct, client DH was deprived of the use of his funds for a period of 1.5 years and incurred the additional expenses of retaining legal counsel to recoup his funds. After sale of the property and repaying the mortgages thereon, the Respondent realized a gain of approximately $18,250.

Risk to Investors and Capital Markets

16. The Respondent does not appear to have engaged in any misconduct with any of his clients other than DH. Furthermore, the Respondent has cooperated with the MFDA investigation, admitted his misconduct and agreed to the penalties in the Settlement Agreement. These actions demonstrated the Respondent's recognition of the seriousness of his misconduct and eliminated the need for MFDA to conduct a contested hearing. Therefore, there appears to be little or no risk to investors or the capital markets if the Respondent continues to operate.

General and Specific Deterrence

17. This Hearing Panel agrees with the submissions of Staff that general and specific deterrence are important considerations in making orders that are both protective and preventative, that sanctions must protect the public interest and prevent future conduct detrimental to the integrity of the capital markets. The parties have agreed that the penalties agreed to in the Settlement Agreement will act as both a general deterrent and a deterrent specific to the Respondent engaging in misconduct in the future, and the Panel has accepted the Settlement Agreement. However, the Hearing Panel members wish to express concern that the

issue of general deterrence needs to be emphasized through the imposition of substantial penalties. If this case had not been a settlement hearing, the Hearing Panel would have imposed more severe sanctions in order to address general deterrence and send a strong message to the industry that misconduct of the type involved in this case is serious and will not be tolerated.

Case Law

18. The Hearing Panel was referred to cases set out in the submissions of Staff. Although each case turns on its own facts, these cases were general guidance to this Panel in determining the reasonableness of the penalties proposed in the Settlement Agreement.

Acceptance of Settlement Agreement

Given the nature of the misconduct, the need for specific and general deterrence, the mitigating and aggravating factors and the cases to which the Panel was referred, the Panel agreed that the terms of the Settlement Agreement were reasonable. Accordingly the Settlement Agreement was accepted by the Panel who signed the order accordingly.

DATED this 13th day of November, 2014.

"Frederick H. Webber"

Frederick H. Webber
Chair

"Janet Himmeroder"

Janet Himmeroder
Industry Representative

"David W. Kerr"

David W. Kerr
Industry Representative

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: Blair Addison

SETTLEMENT AGREEMENT

I. INTRODUCTION

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

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff conducted an investigation of the Respondent's activities. The investigation disclosed that the Respondent had engaged in activity for which the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to s. 24.1 of By-law No. 1.

3. Staff and the Respondent recommend settlement of the matters disclosed by the investigation in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule "A".

4. Staff and the Respondent agree that the terms of this 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.

III. ACKNOWLEDGEMENT

5. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the MFDA (subject to Part XI) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

IV. AGREED FACTS

6. The Respondent has been registered in Ontario as a mutual fund salesperson with Desjardins Financial Security Investments Inc. ("Desjardins") since May 26, 2005. At the material time, the Respondent carried on business in Brampton, Ontario.

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

Personal Financial Dealings with Client DH

8. In 2008, DH became a client of Desjardins. The Respondent was the mutual fund salesperson responsible for servicing client DH's account. Prior to client DH becoming a

Desjardins client, client DH and the Respondent had been friends for approximately 20 years.

9. In or about September 2009, the Respondent approached client DH about investing $120,000 in a rental property owned by the Respondent in Toronto, Ontario by way of a second mortgage secured against the rental property.

10. The investment was for a term of one year with a maturity date of September 24, 2010 and interest payable at the rate of 7.8% per annum due on the 24th day of each month, commencing on October 24, 2009 and concluding on September 24, 2010. The Respondent assured client DH that there would be no issues with repayment since the investment was only for a short period of time and he (the Respondent) had sufficient capital and resources to repay the second mortgage in full at maturity. Client DH agreed to proceed with the investment.

11. At all material times, Desjardins' Policies and Procedures Manual ("PPM"), dated October 2007, addressed, among other things, conflicts and potential conflicts of interest between Approved Persons and clients. The PPM provided that any transaction giving rise to a conflict or potential conflict of interest between an Approved Person and a client must be immediately reported to the Member prior to the transaction in question taking place.

12. The Respondent did not disclose the second mortgage arrangement with client DH to Desjardins prior to entering into the transaction or at any time thereafter. As a consequence, Desjardins was unable to take appropriate supervisory action, including prohibiting the Respondent from proceeding with the second mortgage.

13. Prior to client DH advancing the mortgage proceeds to the Respondent, Desjardins would not permit a client to hold a second mortgage in an RSP account. Accordingly, the Respondent directed client DH to open a B2B Trust Self-Directed RSP account set up in client DH's name.

14. On August 27, 2009, client DH transferred $131,495.36 from the Desjardins RSP account to the B2B RSP account.

15. On September 23, 2009, client DH invested $120,000 of the monies in the B2B RSP account by advancing $120,000 to the Respondent secured by a second mortgage on the Respondent's rental property.

16. The Respondent made the monthly interest payments owing under the terms of the second mortgage but at the end of the one-year term, in September 2010, the Respondent did not repay the principal amount owing. Client DH requested repayment of the principal according to the terms of the mortgage but the Respondent was either unable or unwilling to do so as the Respondent had not yet refinanced or sold the property.

17. On October 7, 2010, the Respondent asked client DH for a 12 month extension to repay the principal owing under the second mortgage. Client DH declined to grant a twelve month extension but, as set out in the October 7, 2010 agreement, did agree to provide the Respondent two additional months (to November 24, 2010) in which to attempt to secure additional financing to pay out client DH's second mortgage (the "Interim Agreement").

18. The Interim Agreement entered into between the Respondent and client DH stipulated, among other things, that should the full amount owing under the second mortgage not be repaid within the two month period, then at least $75,000 of the principal amount would be repaid by November 24, 2010, with the remaining $45,000 to be paid in two payments of $20,000 and $25,000 due on March 24, 2011 and April 24, 2011 respectively.

19. The Respondent failed to find additional financing to replace the second mortgage and did not personally qualify for additional mortgage funds. Client DH refused to take a third mortgage position and the Respondent missed each of the extended repayment deadlines provided for in the Interim Agreement.

20. On March 30, 2011, client DH, through his legal counsel, sent a letter to the Respondent demanding repayment of the second mortgage. The letter requested that the Respondent contact client DH to arrange for repayment within 14 days of the date of the letter. The letter further advised the Respondent that if full payment was not received within 14 days, then client DH

would commence legal action to recover all amounts owing under the second mortgage without further notice to the Respondent, including accrued interest, legal fees and court costs.

21. The Respondent did not report receipt of client DH's demand letter to Desjardins.

22. On July 4, 2011, client DH sent a letter to the Respondent's Branch Manager at Desjardins advising him of the Respondent's failure to repay the amounts secured by the second mortgage and client DH's subsequent attempts to resolve the matter with the Respondent. Client DH also requested that Desjardins reassign his account to another mutual fund salesperson.

23. On July 11, 2011, Desjardins filed a report in respect of the Respondent's personal financial dealings with client DH through the MFDA's electronic Member Event Tracking System ("METS"), in accordance with MFDA Policy No. 6.

24. On July 19, 2011, the Respondent wrote to client DH requesting that he take no further action to collect his monies if he (the Respondent) was able to repay the outstanding amount on or before August 24, 2011. The Respondent further advised client DH that he would obtain the monies for repayment through the sale of the property. Client DH agreed to allow the Respondent until August 24, 2011 to repay the amount owing under the second mortgage.

25. On August 24, 2011, the Respondent failed to repay amount owing under the second mortgage.

26. On December 15, 2011, the Respondent and client DH agreed to a further extension to April 24, 2012 for the Respondent to repay the amount owing under the second mortgage.

27. On or about February 21, 2012, the Respondent sold his rental property for $566,000.

28. On March 28, 2012, the Respondent paid client DH $120,000, plus outstanding fees on account of the second mortgage and client DH signed a statement of discharge in respect of the second mortgage.

29. On March 29, 2012, client DH and the Respondent signed a document acknowledging the repayment in full of the second mortgage and all interest, costs and other obligations between them in the total amount of $124,510.25.

30. On March 29, 2012, the Respondent also paid out the first mortgage and all associated fees on the rental property in the total amount of $423,209.75. After paying out both mortgages, the Respondent realized a gain of approximately $18,250.00 on the sale of the property.

31. During the course of MFDA Staff's investigation, the Respondent acknowledged that it had been necessary for him to sell the rental property in order to repay client DH, that he had realized a gain from the sale of the property and that he was aware that his activities created a conflict or potential conflict of interest between himself and client DH.

Information Reporting Requirements

32. MFDA Rule 1.2.2(b) and subsections 4.1(a) and (b)(v) of MFDA Policy No. 6 provide that an Approved Person must report to the Member, within two business days, when the Approved Person is, among other things, the subject of a client complaint in writing and when the Approved Person is aware of any complaint (in any form) against him or her involving allegations of, among other things, personal financial dealings with clients.

33. The Respondent failed to notify Desjardins at any time of his personal financial dealings with client DH, of client DH's demands for repayment of the principal amount owing under the second mortgage and, in particular, failed to report his receipt of the March 30, 2011 demand letter from counsel for client DH.

34. Desjardins was not made aware of the existence of the personal financial dealings between the Respondent and client DH until client DH wrote directly to the Respondent's Branch Manager by way of letter dated July 4, 2011.

V. THE RESPONDENT'S POSITION

35. The Respondent states that he and client DH were friends and over the course of their friendship they had a number of discussions about investing in real estate.

36. In September 2009, the Respondent paid for client DH to obtain independent legal advice for the purposes of completing the mortgage transaction with the Respondent. At the suggestion of legal counsel, the parties agreed on a higher interest rate of 7.8% than the 5% initially proposed by the Respondent.

37. On or about March 30, 2011, after receiving the demand letter from client DH's legal counsel requesting immediate payment of the outstanding $120,000, the Respondent states that he contacted client DH and advised client DH that he would continue to take steps to find financing to pay client DH's second mortgage out in full. On this basis, the Respondent states that client DH told him that he could ignore the demand letter.

38. The Respondent states he failed to pay out client DH's second mortgage by August 24, 2011, as agreed, because he was unable to sell the property. After relisting the property on or about December 2011, the Respondent was able to sell the property on February 21, 2012.

VI. CONTRAVENTIONS

39. Between August 2009 and March 2012, the Respondent engaged in personal financial dealings with client DH by recommending and facilitating an investment by client DH in the amount of $120,000 in a rental property owned by the Respondent by way of a second mortgage secured against the property, thereby creating a conflict or potential conflict of interest between the interests of the Respondent and the interests of client DH which the Respondent failed to ensure was addressed by the exercise of responsible business judgment influenced only by the best interests of the client, contrary to MFDA Rules 2.1.4 and 2.1.1.

40. Between at least March 30, 2011 and July 4, 2011, the Respondent failed to comply with

his reporting obligations to the Member in respect of complaints made by client DH concerning his investment in the Respondent's rental property, contrary to MFDA Rule 1.2.2 and subsections 4.1(a) and (b)(v) of MFDA Policy No. 6.

VII. TERMS OF SETTLEMENT

41. The Respondent agrees to the following terms of settlement:

(a) a fine in the amount of $20,000;

(b) costs of $5,000;

(c) the Respondent shall in the future comply with all applicable MFDA By-laws, Rules and Policies, and all applicable securities legislation and regulations that the Respondent has agreed he breached in relation to this Settlement Agreement; and

(d) the Respondent will attend in person, on the date set for the Settlement Hearing.

VIII. STAFF COMMITMENT

42. If this Settlement Agreement is accepted by the Hearing Panel, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the contraventions described in Part VI of this Settlement Agreement, subject to the provisions of Part XI below. 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 Part IV of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the facts and contraventions set out in Part IV, 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.

IX. PROCEDURE FOR APPROVAL OF SETTLEMENT

43. Acceptance of this Settlement Agreement shall be sought at a hearing of the Central Regional Council of the MFDA on a date agreed to by counsel for Staff and the Respondent.

44. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the settlement hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive its his rights to a full hearing, a review hearing 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.

45. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, then 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.

46. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, 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 him.

X. FAILURE TO HONOUR SETTLEMENT AGREEMENT

47. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under section 24.3 of the By-laws of the MFDA against the Respondent based on, but not limited to, the facts set out in Part IV of the 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.

XI. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

48. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule "A" is not made 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 this Settlement Agreement or the settlement negotiations.

49. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

XII. DISCLOSURE OF AGREEMENT

50. 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.

51. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel.

XIII. EXECUTION OF SETTLEMENT AGREEMENT

52. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

53. A facsimile copy of any signature shall be effective as an original signature.

DATED this 27th day of February, 2014.

"Dawn Addison"	"Blair Addison"
Witness – Signature	Blair Addison
Dawn Addison	
Witness – Print name	
	"Shaun Devlin"
	Staff of the MFDA Per: Shaun Devlin Senior Vice-President, Member Regulation – Enforcement

Schedule "A"

Order

File No. 201338

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: Blair Addison

ORDER

WHEREAS on August 20, 2013 the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of Blair Addison (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated February 27th, 2014 (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 By-law No. 1;

AND WHEREAS the Hearing Panel is of the opinion that the Respondent engaged in personal financial dealings with a client, thereby creating a conflict or potential conflict of interest between the interests of the Respondent and the interests of the client which the Respondent failed to ensure was addressed by the exercise of responsible business judgment

influenced only by the best interests of the client and that the Respondent failed to comply with his reporting obligations to the Member in respect of client complaints;

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

1. the Respondent shall pay a fine in the amount of $20,000;

2. the Respondent shall pay costs of $5,000.

3. the Respondent shall in the future comply with all applicable MFDA By-laws, Rules and Policies, and all applicable securities legislation and regulations that the Respondent has agreed he breached in relation to this Settlement Agreement; and

4. If at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, then the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents to the non-party without first redacting from them any and all intimate financial or 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]