



Now New Self-Regulatory Organization of Canada, a consolidation of IIROC and the MFDA

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES¹**

and

Roxanne Marie Carter

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The New Self-Regulatory Organization of Canada, a consolidation of IIROC and the MFDA (the “Corporation”) will announce that it proposes to hold a hearing (the “Settlement Hearing”) to consider whether, pursuant to section 24.4 of MFDA By-law No. 1, a hearing panel (the “Hearing Panel”) should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of the Corporation (“Staff”) and Roxanne Marie Carter (the “Respondent”).

2. Staff and the Respondent, consent and agree to the terms of this Settlement Agreement.

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

II. CONTRAVENTIONS

4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the MFDA:

- a) Between December 2019 and February 2020, the Respondent altered, and used to process transactions, three account forms in respect of two clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1 (now Mutual Fund Dealer Rule 2.1.1); and
- b) Between January 2016 and March 2019, the Respondent obtained and possessed, and used to process transactions, 35 pre-signed account forms in respect of three clients, contrary to MFDA Rule 2.1.1 (now Mutual Fund Dealer Rule 2.1.1).

III. TERMS OF SETTLEMENT

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

- (a) The Respondent shall pay a fine in the amount of \$10,000 in certified funds, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1(b)) in accordance with the following schedule:
 - i) \$2,500 (fine) on or before the last business day of the first month following the date of acceptance of the Settlement Agreement;
 - ii) \$2,500 (fine) on or before the last business day of the second month following the date of acceptance of the Settlement Agreement;
 - iii) \$2,500 (fine) on or before the last business day of the third month following the date of acceptance of the Settlement Agreement; and
 - iv) \$2,500 (fine) on or before the last business day of the fourth month following the date of acceptance of the Settlement Agreement.

- (b) The Respondent shall pay costs in the amount of \$5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.2);
- (c) if the Respondent fails to make any of the payments of costs and fine described above in subparagraphs (a) and (b) when the payments become due, then any outstanding balance of the fine and costs owed by the Respondent shall become immediately due and payable to the Corporation;
- (d) the Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1); and
- (e) the Respondent shall attend 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. Between approximately July 2004 and October 7, 2022, the Respondent was registered in the securities industry.
- 8. Between June 23, 2015 and October 7, 2022, the Respondent was registered in Ontario as a dealing representative with Quadrus Investment Services Ltd. (the “Dealer Member”) (formerly a Member of the MFDA).
- 9. Effective October 7, 2022, the Respondent resigned from the Dealer Member, and she is not currently registered in the securities industry in any capacity.
- 10. At all material times, the Respondent conducted business in the London, Ontario area.

Altered Account Forms

11. At all material times, the Dealer Member's policies and procedures prohibited Approved Persons from altering or correcting any information on a signed document without having the client initial the document to show that the change was approved.

12. Between December 2019 and February 2020, the Respondent altered, and used to process transactions, three account forms in respect of two clients by altering information on the account forms without having the client initial the alterations.

13. The account forms consisted of:

- a) one Switch Form; and
- b) two Redemption Forms.

14. The alterations made by the Respondent consisted of alterations to: redemption amounts, a client signature field, a fund name and number, and dates.

Pre-Signed Account Forms

15. At all material times, the Dealer Member's policies and procedures prohibited Approved Persons from obtaining or using pre-signed account forms.

16. Between January 2016 and March 2019, the Respondent obtained and possessed, and used to process transactions, 35 pre-signed account forms in respect of three clients.

17. The account forms consisted of:

- a) 19 Switch Forms;
- b) seven Subsequent Investment Forms;
- c) six Electronic Fund Transfer (EFT) Forms; and
- d) three Pre-Authorized Chequing (PAC) Forms.

V. THE DEALER MEMBER'S INVESTIGATION

18. In September 2020, during a branch review, the Dealer Member discovered some of the account forms described above in client files maintained by the Respondent.

19. The Dealer Member commenced an investigation into the Respondent's conduct, and conducted a full review of client files maintained by the Respondent and discovered the remaining account forms described above.

20. The Dealer Member did not identify any additional instances of the Respondent altering account forms or using pre-signed forms based on its review of client files.

21. As part of the Dealer Member's investigation, in October and November 2020, it sent audit letters along with a portfolio summary to clients whose accounts the Respondent serviced in order to determine that the information on the portfolio summary was accurate and the underlying transactions were authorized. No clients contacted the Dealer Member with any concerns.

Additional Factors

22. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described above.

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

24. The Respondent has not previously been the subject of MFDA or Corporation disciplinary proceedings.

25. The Respondent states that she is currently unemployed, does not have any sources of income, and relies on credit and a small amount of savings to cover her expenses. As a result, the Respondent is limited in her ability to contribute additional amounts towards a fine and costs than the amounts agreed to in this Settlement Agreement. Staff has received evidence which corroborates the Respondent's information.

26. By entering into this Settlement Agreement, the Respondent has saved the Corporation the time, resources, and expenses associated with conducting a contested hearing on the allegations.

VI. ADDITIONAL TERMS OF SETTLEMENT

27. This settlement is agreed upon in accordance with section 24.4 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.4) and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure.

28. The Settlement Agreement is subject to acceptance by the Hearing Panel. At or following the conclusion of the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement. MFDA Settlement Hearings are typically held in the absence of the public pursuant to section 20.5 of MFDA By-law No. 1 (now 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.

29. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately, and any suspensions, revocations, prohibitions, conditions or other terms of the Settlement Agreement shall commence, upon the effective date of the Settlement Agreement.

30. 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 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 section 24.1.1 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1 for the purpose of giving notice to the public thereof in accordance with section 24.5 of MFDA By-law No. 1 (now 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.

31. 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.

32. If, for any reason, this Settlement Agreement is not accepted by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to sections 20 and 24 of MFDA By-law No. 1 (now Mutual Fund Dealer Rules 7.3 and 7.4), unaffected by the Settlement Agreement or the settlement negotiations.

33. 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.

34. 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 12th day of May, 2023

“Roxanne Carter”

Roxanne Carter

“RW”

Witness – Signature

RW

Witness – Print name

“Charles Toth”

Staff of the Corporation

Per: Charles Toth

New Self-Regulatory Organization of Canada, Vice-
President, Enforcement (Mutual Fund Dealers

ⁱ 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 temporarily called the New Self-Regulatory Organization of Canada (referred to herein as the “Corporation”) and is recognized under applicable securities legislation. The Corporation 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 the Corporation, contraventions of former MFDA regulatory requirements may be enforced by the Corporation. Pursuant to Mutual Fund Dealer Rule 1A, MFDA By-law No. 1 continues to be applicable to this proceeding.



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**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES**

and

Roxanne Marie Carter

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Hearing pursuant to sections 20 and 24 of MFDA By-law No. 1 (now Mutual Fund Dealer Rules 7.3 and 7.4) in respect of a disciplinary proceeding commenced against Roxanne Marie Carter (the "Respondent");

AND WHEREAS on January 1, 2023, the MFDA and the Investment Industry Regulatory Organization of Canada ("IIROC") consolidated to form the New Self-Regulatory Organization of Canada (the "Corporation");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the Corporation 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 sections 20 and 24.1 of MFDA By-law No. 1 (now Mutual Fund Dealer Rules 7.3 and 7.4.1);

AND WHEREAS on [date], the Corporation 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 the Respondent:

- a) Between December 2019 and February 2020, the Respondent altered, and used to process transactions, three account forms in respect of two clients by altering information on the account forms without having the client initial the alterations, contrary to MFDA Rule 2.1.1 (now Mutual Fund Dealer Rule 2.1.1); and
- b) Between January 2016 and March 2019, the Respondent obtained and possessed, and used to process transactions, 35 pre-signed account forms in respect of three clients, contrary to MFDA Rule 2.1.1 (now Mutual Fund Dealer Rule 2.1.1).

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 \$10,000 in certified funds, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1(b)) in accordance with the following schedule:

- a) \$2,500 (fine) on or before [Date];
- b) \$2,500 (fine) on or before [Date];
- c) \$2,500 (fine) on or before [Date]; and
- d) \$2,500 (fine) on or before [Date];

2. The Respondent shall pay costs in the amount of \$5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.2);

3. If the Respondent fails to make any of the payments of the fine and costs described above in paragraphs (1) and (2) when the payments become due, then any outstanding balance of the fine and costs owed by the Respondent shall become immediately due and payable to the Corporation;

4. The Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1); and

5. 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 (formerly section 23 of MFDA By-law No. 1), requests production of or access to exhibits in this proceeding that contain personal information as defined by the Corporation's Privacy Policy, then the Corporate Secretary's Office, Mutual Fund Dealer Division of the Corporation 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], 2023.

Name,
Chair

Name,
Industry Representative

Name,
Industry Representative

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