



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: Adeolu Akinbola Durotoye

Heard: April 16, 2014, in Toronto, Ontario
Reasons for Decision: May 20, 2014

REASONS FOR DECISION

Hearing Panel of the Central Regional Council:

The Hon. Edward Saunders, Q.C.	Chair
Robert Guilday	Industry Representative
David W. Kerr	Industry Representative

Appearances:

Lyla Simon)	Enforcement Counsel, Mutual Fund Dealers
)	Association of Canada
)	
Adeolu Akinbola Durotoye)	Respondent, in attendance by teleconference
)	
)	

1. This is a hearing to determine whether a settlement agreement (the “Settlement Agreement”) dated February 14, 2014 between Adeolu Akinbola Durotoye (the “Respondent”) and the Mutual Fund Dealers Association of Canada (“MFDA”) should be accepted pursuant to Section 24.4 of By-law No. 1 of the MFDA.

2. In paragraph 17 of the Settlement Agreement the Respondent admits that:

- a) from April 2008 to March 2011, he obtained and used 5 partially completed or whited-out pre-signed forms to complete 3 transactions for 3 clients, contrary to MFDA Rule 2.1.1; and
- b) from July 2009 to June 2011, in his capacity as Branch Manager, he reviewed and approved 30 blank or partially completed pre-signed account forms and account forms altered with white-out, contrary to MFDA Rules 2.5.5(d) (now Rule 2.5.5(f) and Rule 2.1.1.

3. The use of blank, partially completed or whited-out pre-signed forms to process transactions is a serious breach of the MFDA Rules. The circumstances here are similar to those in Sowunmi (MFDA File 201328-1) with one important distinction. Here the Respondent was a Branch Manager who would be expected to know better. A Branch Manager should set an example. As counsel for the MFDA put it, he should be a “standard bearer” for compliance.

4. The Respondent has been in the industry for over 6 years and was a Branch Manager for nearly 2 of those years. He has no previous disciplinary history. There is no evidence of misappropriation, unauthorized trading, client harm or client complaint. The Respondent received no financial benefit from engaging in the misconduct. The Respondent has co-operated with the investigation and has accepted responsibility for his actions. He has lost his position as Branch Manager but remains an Approved person engaged by the Member.

5. In the Settlement Agreement, the Respondent agreed to the following terms:

- a) the Respondent shall be prohibited from acting as a Branch Manager for a period of

six months commencing from the date of the final Order herein, pursuant to Section 24.1.1(e) of By-law No. 1;

- b) the Respondent shall pay a fine in the amount of \$2,500 pursuant to Section 24.1.1(b) of By-law No. 1;
- c) the Respondent shall pay costs in the amount of \$2,500 pursuant to Section 24.2 of By-law No. 1;
- d) the Respondent shall pay the \$5,000 total (attributable to the fine amount and costs amount) as follows:
 - i. \$500 payable upon approval of the settlement herein;
 - ii. \$500 per month thereafter, on or before the 30th day of each month following the date of the Order accepting the Settlement Agreement;
- e) if the respondent fails to comply with paragraph 5(d), then without further notice to the Respondent, the Respondent shall summarily be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member, pursuant to Section 24.1.1(e) of By-law No. 1;
- f) the Respondent shall in future comply with MFDA Rules 1.1.2, 2.5.1, 2.5.5(f) and Rule 2.1.1; and
- g) the Respondent shall attend at the Settlement Hearing by teleconference or in person.

6. The Panel was advised that the sum of \$500 has already been paid and is held in escrow pending acceptance of the Settlement Agreement

7. Again, as in the case of Sowunmi, we find the Settlement Agreement acceptable. The penalty is more onerous than in the case of Sowunmi to reflect the fact that the Respondent was a

Branch Manager. In our view, it is a reasonable and proportionate settlement having regard to the conduct of the Respondent.

DATED this 20th day of May, 2014.

“Edward Sanders”

The Hon. Edward Sanders, Q.C.
Chair

“Robert Guilday”

Robert Guilday
Industry Representative

“David W. Kerr”

David W. Kerr
Industry Representative

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