



SIPA

SMALL INVESTOR PROTECTION ASSOCIATION

**A Voice for Small Investors
Seeking Truth and Justice**



FORGERY

Falsified Documents An Aid to Deception

May 2017



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FOREWORD

The truth is Canadians are losing billions of dollars of their savings every year due to systemic fraud and wrongdoing by the regulated investment industry. The SIPA Report "*Web of Deception*" outlines some of the many ways that Canadians are deceived.

False documents are commonly fabricated by forging client signatures or making changes to documents without client knowledge.

"I had my IA initial my tolerance levels after I left the office. He made them match the investments he was going to put me in. I have no pension and he put me in high risk Mutual Funds. I went to the Ombudsman of the TD Bank but that was absolutely useless. He said it was just my word against his. I told him I'd go to a hand writing expert. He said they'd get another hand writing expert. My 82 year old stroke victim Mother got sick and I had to drop all this to help my family. I actually had to move to her house for 3 years.

Don't know where the forms are now or the letters to TD. I fought it for over 3 years. Lost \$200,000 of my nest egg.....but he still had his front end load."

This is just one example received from a small investor in May 2017. It is typical of hundreds of messages received from small investors.

There can be absolutely no doubt that falsification of documents is wide spread.

Forgery and falsification of documents is present in most cases where investors have suffered significant loss. It takes only a few minutes searching on Google to get an indication of how prevalent this practice is.

It is not only hapless sales persons striving to make an extra buck by meeting commission grid objectives that create falsified documents, but the practice is accepted by compliance officers and managers who want to present the appearance to regulators that everything is in order. The regulators also are deceived.

Harold Geller is an experienced lawyer skilled in Personal Injury Litigation, Dispute Resolution, Financial Planning, Securities Litigation, and Legal Research. He is also a well known financial industry commentator. He is a continuing education provider for: various insurers, investment and mutual fund dealers, and financial industry licensing organizations. Mr Geller had the following comments to make in a recent telephone interview on May 17th, 2017"

"Document falsification is an attack on the credibility of the relationship and it also goes to the heart and core of what the system is built upon. Almost all cases of negligence have some falsification. Conflicted compensation goes to the heart of many of the issues and problems. These conflicts occur due to the chasing of the dollar over the good of the client. Negligence in gathering facts can lead to inappropriate investments. This can put a client at risk and risk can result in harm.



For an individual client to prove document tampering can be extremely difficult. It is not as difficult for a regulator to investigate, since they have the capability of looking at multiple files. Over the course of looking at a number of files, patterns will emerge. There is never just one cockroach. For the financial industry to function well, each of these three facets play an important role in investor protection: compliance to the rules enforcement of the rules and compensation to the victim when things go wrong. Regulators need to ask 'Why are these problems still occurring?'

Over a decade ago a very senior representative of the Investment Dealers Association explained to a SIPA delegation *"When a forgery is not a forgery"*. Seriously. With leaders like that for the Self-Regulatory Organizations (SROs) how could better behaviour be expected from commission motivated sales persons?

The Mutual Fund Dealers Association (MFDA) has recently re-issued a bulletin to advise members of the many ways that their representatives are falsifying documents. This is indicative that forgery is widespread and that is confirmed by searching regulators websites and the internet. Although forgery is considered a criminal act very few cases end up in criminal court.

Mr. Geller adds the following concerning this matter

"Allegations of fraud can be devastating for a client claim to file, since Errors and Omissions insurance (E&O) can be denied in cases of fraud, thus leaving no good outcome for a client seeking restitution."

This report includes a legal definition of forgery in Part 2 as well as details of the MFDA bulletin detailing various methods of falsification of documents by the industry in Part 3. Appendices show lists of disciplines that included forgeries and falsification of documents. There can be little doubt that the investment industry is running rampant to harvest investor wealth and the regulators apparently have a laissez faire attitude that is costing Canadians dearly.

It is truly shameful that forgery is such a widespread practice that seems to be accepted by the industry regulators. It is even more shameful that our Government allows these practices to continue by failure to hold regulators responsible for protecting Canadian investors. When will it be realized that self-regulation for financial services does not protect Canadians who are continually deceived by industry and their regulators? Refer to the March 29th SIPA Report "Web of Deception" http://www.sipa.ca/library/SIPASubmissions/WEBofDECEPTION_2017.pdf that outlines some of the ways the industry and their regulators deceive the Canadian Public and enables the stealing of Canadians' wealth.

A former senior officer with the MFDA admitted that he was aware of the prevalence of the practice of falsifying documents. What really bothered him was that the industry had developed a phrase for the practice of forging client signatures. They called them *"window signatures"*.



Apparently this term came from the practice of using a light table to trace signatures much like when children hold a piece of paper over an image held to the window to trace the outline.

It is evident from cases examined by regulators, many include falsification of documents. It is not only the forged signature but also changes made to documents without client consent or knowledge.

Examining the discipline cases by the regulators indicates the practice of falsified documents is systemic and the regulators are having difficulty containing it.

Canadians are facing a crisis. The CBC Go Public is exposing the behaviour of the Banks. There can be no doubt about the wrongdoing.

Are the banks regulated? The FCAC, a Government body, claims to regulate the banks and to protect clients by establishing rules and guidelines for the banks to follow. The FCAC then relies upon the banks to self-regulate. The FCAC reviewed the banks performance and gave them a clean bill late last year even though CBC Go Public investigations a few months later revealed established practices that harm clients.

Pandora's Box has been opened and hundreds of victims are coming forward to speak out.

Much needed change is required as the public loses confidence in the banking system and rightfully question the trust they place in the banks. It would be a pity if Canadian society loses faith in the long trusted banking industry, the regulators and the Government itself.

It is essential that the Government of Canada take affirmative action to protect Canadians rather than simply having confidence in the FCAC.



2 - WHAT IS FORGERY?

From: <http://laws-lois.justice.gc.ca/eng/acts/C-46/section-366.html>

What is Forgery?

The Criminal Code of Canada defines Forgery as:

366. (1) Every one commits forgery who makes a false document, knowing it to be false, with intent

(a) that it should in any way be used or acted on as genuine, to the prejudice of any one whether within Canada or not; or

(b) that a person should be induced, by the belief that it is genuine, to do or to refrain from doing anything, whether within Canada or not.

Making false document

(2) Making a false document includes

(a) altering a genuine document in any material part;

(b) making a material addition to a genuine document or adding to it a false date, attestation, seal or other thing that is material; or

(c) making a material alteration in a genuine document by erasure, obliteration, removal or in any other way.

When forgery complete

(3) Forgery is complete as soon as a document is made with the knowledge and intent referred to in subsection (1), notwithstanding that the person who makes it does not intend that any particular person should use or act on it as genuine or be induced, by the belief that it is genuine, to do or refrain from doing anything.

Forgery complete though document incomplete

(4) Forgery is complete notwithstanding that the false document is incomplete or does not purport to be a document that is binding in law, if it is such as to indicate that it was intended to be acted on as genuine.

Exception

(5) No person commits forgery by reason only that the person, in good faith, makes a false document at the request of a police force, the Canadian Forces or a department or agency of the federal government or of a provincial government.

What is the Punishment for Forgery?

367. Every one who commits forgery

(a) is guilty of an indictable offence and liable to imprisonment for a term not exceeding ten years; or

(b) is guilty of an offence punishable on summary conviction (maximum 6 months in jail and/or a \$5,000 fine).



3 - WHAT DO REGULATORS SAY?

The Mutual Fund Dealers Association issued a Notice to members in 2007 about Signature Falsification. It was expanded upon in 2015 and was updated again on January 26th, 2017.

Seemingly then a decade later, the issue is still widespread within the investment industry.

Signature Falsification

MFDA Staff continue to encounter situations where Approved Persons ("AP's") have created, possessed or used documents such as Know-Your-Client forms, trade forms and cheques which have been pre-signed or on which client signatures have been falsified through other means.

This Bulletin is a reminder that Hearing Panels of the MFDA Regional Councils have consistently ruled that falsification of client signatures is not permissible under MFDA Rules.

Members and AP's may only use forms that are properly executed by the client after information on the form has been properly completed.

Examples of signature falsification include, but are not limited to:

- *having a client sign a form which is blank or only partially completed ("pre-signed form");*
- *signing a client's name to a document;*
- *cutting and pasting, photocopying or using correction fluid on a document to "re-use" a previous signature;*
- *altering any information on a signed document, without the client initialling the document to show the change was approved. Further examples are set out at the end of this Bulletin.*

Any falsification is unacceptable whether or not:

- *it is done for the purposes of client convenience;*
- *the client instructs or otherwise consents to the AP falsifying the document; Page 2 of 4*
- *the client complains or there is financial harm to the client;*
- *it was the AP's intention to deceive a client or other person;*
- *the document is used to commit a further breach of the rules.*

The complete bulletin is available at: <http://mfda.ca/notice/msn-0066/>



4 - WHAT DOES THE MEDIA SAY?

MFDA enforcement activity surges on signature falsification - Rudy Mezzetta, April 24, 2017 <http://www.investmentexecutive.com/-/mfda-enforcement-activity-surges-on-signature-falsification>

There has been an increase in notices of hearings and bulk track cases because firms' compliance departments have improved their detection and reporting of non-compliance.

The number of notices of hearings and bulk track cases that the Mutual Fund Dealers Association issued in 2016 increased significantly compared with the previous two years.

The increase was due, in part, from compliance departments at member mutual fund dealer firms improving their detection and reporting of cases of non-compliance, in particular the use of false signatures on documents, says Shaun Devlin, senior vice president of member regulation and enforcement with the MFDA, who spoke at the Association of Canadian Compliance Professionals' annual conference in Toronto on Monday.

Specifically, the MFDA held 52 bulk track case proceedings and a total of 111 notices of hearing in 2016, he notes. This compares to 36 bulk track cases and 69 notices of hearing in 2015, and 10 bulk track cases and 48 notices of hearing in 2014.

A bulk track proceeding allows for the bulk processing of similar case types before one hearing panel at a single sitting and allows for the efficient processing of cases.

In 2016, there were 47 signature falsification cases commenced.

"Members have gotten better at detecting these practices," says Devlin, who also reminded conference attendants that penalties for signature falsification have increased recently because the practice is "never excusable."

Several news articles are included in Appendix V. There can be no doubt that falsification of documents is an established practice in the investment industry regardless of what industry and its regulators may proclaim.

The fact that the FCAC regulates by allowing the banks to self-regulate and proclaims that all is well even though the CBC Go Public investigation reveals there is much that is wrong and the Prime Minister proclaims he has confidence in the FCAC so there is no need for an inquiry is troubling. Hopefully there are enough elected representatives that seek the truth and believe in protecting Canadian citizens that a public inquiry will proceed and will hear citizens' voices.



5. CAN CANADIANS TRUST THE INVESTMENT INDUSTRY?

The short answer is NO!

This report focuses on falsification of documents and provides facts from the regulators that leave no room for doubt. This abusive practice is widespread and systemic.

SIPA's recent report "WEB OF DECEPTION" provides detail on several ways the industry and regulators deceive Canadians. Previous SIPA reports provided facts to substantiate the reports.

Portfolio Managers are registered to operate client accounts on a discretionary basis and have a fiduciary obligation to put clients' interest first. However this is not a guarantee against malfeasance.

The firms are unable or unwilling to ensure their representatives follow the rules. They have Compliance Officers and technical capability to monitor the activities of each of their representatives. But the profit motive is strong and the industry tends to ignore rules and regulations knowing there is low probability of being discovered and even less of suffering consequences.

Their hapless representatives may not realize they are the ones at risk and they will be thrown to the wolves and branded as rogues to maintain the false perception that the industry is well regulated and investors can trust their Advisor.

CARP's Wanda Morris says it best when she declares:

"Your Financial Advisor is not your friend."

Although Canadians may be led to believe that a Portfolio Manager managing a "Discretionary Account" is a safe way to invest with the regulated investment industry, that unfortunately is not always true. It appears that placing your trust in the investment industry means your savings are at risk.

A recent example of the risk that investors encounter is provided in an IIROC Statement of Allegations against a Portfolio Manager which details his activity between approximately May, 2010 and October, 2014. Management and compliance failed to take corrective action and certainly failed in their supervisory role expected with self-regulation.

The Clients who placed their trust and their savings with this registered portfolio manager operating discretionary accounts suffered losses of 32% to 58%. This is a devastating loss for small investors.

Yet our regulators are unable to provide any investor protection. Granted these are allegations but we have no reason to not believe the facts provided by IIROC. The facts are provided in



IIROC's Statement of Allegations. It is troubling that these activities occurred over a four and a half year period and are only coming to light over seven years after the events began.

From the Statement of Allegations:

Overview

- 1. The Respondent, Darryl Joseph Yasinowski, ("Yasinowski") was a Registered Representative ("RR") and Portfolio Manager in Regina, Saskatchewan responsible for the accounts of five clients ("Clients").*
- 2. The Clients' accounts were all managed, fee based accounts over which Yasinowski was authorized to exercise discretionary authority.*
- 3. Yasinowski failed to know the Clients, who all had limited investment knowledge and varying degrees of vulnerability. 2*
- 4. He failed to use due diligence to ensure that his investment recommendations were suitable for the Clients when he pursued an aggressive investment strategy which involved many high risk, speculative securities such as options (covered and uncovered) and leveraged and inverse ETFs. In addition, he employed extensive use of margin in some of the Clients' accounts.*
- 5. The Clients sustained losses of between 32% and 58% of their portfolios.***

The facts are available in the Statement of Allegations on the IIROC website:

http://www.iiroc.ca/Documents/2017/4ffcf9fa-1d60-4751-9e3c-7fe62df1f2ca_en.pdf

There can be no doubt that self-regulation does not protect investors. Self-regulation allows the investment industry to prey on investors.

There are many ways small investors are deceived and the falsification of documents is just one of the facets of the overall deception.

MFDA search "signature falsification" yields 81 pages of results.

<http://mfda.ca/?s=Signature+Falsification+&cat2=1&cat9=1&cat6=1&cat3=1&cat4=1&cat8=1&cat7=1&cat5=1&cat1=1>

MFDA search for forgery yields 6 pages of results

<http://mfda.ca/?s=forgery&cat2=1&cat9=1&cat6=1&cat3=1&cat4=1&cat8=1&cat7=1&cat5=1&cat1=1>

Former financial adviser sentenced to 7 years for defrauding clients

'The man is a snake in a suit, a predator. He stole the future of so many people'



By Steve Fischer, CBC News Posted: Mar 02, 2017 2:21 PM ET

"He forged her signature on documents. How do you bounce back when you are 83, 84 [years old]? You know you are frail, you believe in people, you trust people and he charmed people, he really did"

'The hardest thing was not just the money, but the betrayal.'

- Richard Meehan, fraud victim

<http://www.cbc.ca/news/canada/ottawa/scribnock-financial-advisor-fraud-ottawa-courthouse-1.4006823>

A financial adviser and his associate who switched banks amid a regulatory probe into allegations that they forged documents for more than a decade are attempting to settle the claims against them.

The pair, who managed more than 2,000 client accounts at RBC Dominion Securities with assets valued at about \$500-million, were terminated for cause by RBC in April of last year, according to a regulatory filing in connection with the case.

They began working at Scotia Capital Inc. the following month, albeit with "terms and conditions" imposed on their regulatory registration, including strict supervision and controls on client signatures. They are still there, a spokesperson for Scotia Capital, the broker-dealer arm of Bank of Nova Scotia, confirmed Tuesday.

In October of 2011, IIROC filed allegations that the pair had forged client signatures for over a decade on documents including trading authorizations, private placement subscription forms, U.S tax certifications, fee schedules and risk disclosure. The investment industry's self-regulatory agency accused them of "conduct unbecoming".

<http://business.financialpost.com/news/fp-street/settlement-looms-in-forgery-case>

Improper Forms

(a) Overview

[38] Mr. Reaney admits to having acted improperly with respect to a number of different forms (collectively, the Improper Forms). The improprieties were not limited to just one type of misconduct. They fell into three different categories:

a. Mr. Reaney signed his client's name on 25 forms (see paragraphs [51] to [62] below);

b. in Mr. Reaney's presence, a client signed the name of the client's spouse, who was also a client (four forms; see paragraphs [63] to [66] below); and 7



c. Mr. Reaney had his client sign a form before the required information (e.g., trading instructions) had been inserted onto the form (thirteen forms; see paragraphs [67] to [81] below).

http://www.osc.gov.on.ca/documents/en/Proceedings-RAD/rad_20150713_reaneyc.pdf

The evidence is overwhelming. It is clear that the investment industry is out of control. The systemic issues are indicative of wilful intent to defraud investors.

It appears that the regulators are influenced by the industry and as a result they are either unable or unwilling to take appropriate action to afford investor protection.

By the actions and inactions of the regulators they facilitate the industry harvesting the wealth of Canadian investors. The result is that a great many Canadians have their lives forever altered by the unfair loss of their savings when they place their trust in the industry.

6. CONCLUSION

If Governments fail to act to protect Canadians they will bear the shame of impoverishing many of the citizens who have contributed to building Canada.

The Prime Minister should be ashamed for suggesting that confidence be placed in the FCAC when they admit that they simply provide guidelines and allow the banks to self-regulate.

The CBC Go Public revelation of the Bank's behaviour leaves no doubt about their behaviour.

It is essential that Government holds a public inquiry into how the Banking and Investment Industry are deceiving investors and causing them life-altering loss. They must listen to what people are saying to learn the truth. The inquiry must review the findings of the regulators' disciplinary actions and the findings of court cases involving the fraud and wrongdoing of the investment industry.

Government should not rely upon the testimony of the industry and its regulators. Those who conduct the inquiry should be aware of the deceptions used by industry some of which have been detailed in reports by the Small investor Protection Association and other organizations concerned with consumer protection.

It is time for Government to act responsibly and take action to protect Canadians' savings.



Appendix I – From the Internet - IIROC disciplines for FORGERY

[Bulletin No. 3358 - Discipline - Discipline Penalties Imposed ... - IIROC](#)

www.iiroc.ca/RuleBook/Bulletins/2004/B3358_en.pdf

Dec 2, 2004 - **Discipline** Penalties Imposed on Warren Neil Gee - Violation ... 25, 2003, he **forged** the signature of a client on a document, without the ...

[\[PDF\]In the Matter of Nelson Turcotte – Initial Appearance to set a ... - IIROC](#)

www.iiroc.ca/Documents/2017/ef5f9a8f-3a19-40b1-8656-76873ffe563a_en.pdf

Apr 3, 2017 - The **discipline** hearing concerns an allegation that Mr. Turcotte **forged** a client's ... The date of the **discipline** hearing will be made available at ...

[\[PDF\]IN THE MATTER OF Darlene Catherine Ryan --- Discipline ... - IIROC](#)

www.iiroc.ca/Documents/2012/12144023-ea76-4fc2-b58f-79516e3eab42_en.pdf

Mar 14, 2012 - IN THE MATTER OF Darlene Catherine Ryan --- **Discipline** Hearing ... and deceptive practices which included the **forgery** of client signatures.

[\[PDF\]Decision - Douglas Michael Warkentin IIROC 40](#)

www.iiroc.ca/Documents/2012/36fe06a4-d171-4fa7-86dc-7c374ed01d6c_en.pdf

Jul 5, 2012 - Canada (the "Association") has imposed **discipline** penalties on ... In and during December 2010 the Respondent **forged** the statement for his ...

[\[PDF\]IIROC announces discipline and penalty against Ian Douglas Sauder](#)

www.iiroc.ca/Documents/.../BD818CF1-974B-4B4C-AB99-618C613B7EBD_en.pdf

May 25, 2010 - **IIROC** announces **discipline** and penalty against Ian Douglas Sauder ... documents, **forgery** and unauthorized trading in client accounts.

[\[PDF\]Bulletin No. 3186 - Discipline - Discipline Penalties Imposed ... - IIROC](#)

www.iiroc.ca/RuleBook/Bulletins/2003/B3186_en.pdf

Aug 7, 2003 - **Discipline. Discipline** Penalties Imposed on James Kelly Betnar ... to the **forgery** of the RRSP withdrawal form and the cheque stub, the panel ...

[\[PDF\]IN THE MATTER OF A DISCIPLINE HEARING PURSUANT TO ... - IIROC](#)

www.iiroc.ca/Documents/2016/eeb10b7d-1840-4489-8ad3-bc2313c2299e_en.pdf

Jul 21, 2016 - THE MISREPRESENTATIONS AND **FORGERY**. 7. On November 9, 2012, CIBC dismissed the Respondent;. 8. As per the applicable ...

[IROC disciplines Dirk Christian Lohrisch and sets penalty hearing date](#)

www.newswire.ca/.../iroc-disciplines-dirk-christian-lohrisch-and-sets-penalty-hearing...

Apr 20, 2010 - May 05,2010- **IIROC disciplines** Dirk Christian Lohrisch and sets penalty ... **forged** documents and the frustration or obstruction of an **IIROC** ...[SROs hand down fines, ban | Advisor.ca](#) www.advisor.ca/news/industry-news/sros-hand-down-fines-ban-19347

Aug 19, 2010 - **IIROC** announces **discipline** against Dirk Christian Lohrisch ... his credentials, **forgery** and attempting to obstruct an **IIROC** investigation.

[Advisor facing forgery charges from IIROC - Wealth Professional](#)

www.wealthprofessional.ca/.../advisor-facing-forgery-charges-from-iroc-190571.asp...



Apr 23, 2015 - An **IIROC** penalty panel must now consider what punishment an advisor faces for **forging** a client's signature – despite getting approval at a ...

[\[PDF\]2012 bcseecom 237 - BC Securities Commission](#)
www.bcsc.bc.ca/Enforcement/Decisions/PDF/2012_BCSECCOM_237_pdf/

Jun 19, 2012 - in April 2009 submitted to **IIROC** a transcript that he had **forged** to show he ... which possess the power to admit and **discipline** members and.

[1 IN THE MATTER OF DISCIPLINE PROCEEDINGS PURSUANT TO ...](#)
investorvoice.ca/IDA/Alberta_Crime/Quimper_Dec.pdf

Oct 15, 2004 - This is a **discipline** hearing brought before the District Council ... (5) acts of **forgery** by signing client signatures on client investment account.

[\[PDF\]Amendments to IIROC Rule 19, 37 and 2500 - Ontario Securities ...](#)
www.osc.gov.on.ca/.../Marketplaces_srr-iiroc_20091218_nca-amd-compliant-handling...

Dec 18, 2009 - timely complaint resolution, record retention, and internal **discipline**. ... misappropriation or misuse of funds or securities, **forgery**, unsuitable ...

[Independent Financial Brokers of Canada - Submission](#)
www.fin.gov.on.ca/en/consultations/fpfa/rfp-submissions/independent-brokers.html

Apr 5, 2016 - “A **disciplined**, multi-step process of assessing an individual's current financial Most provincial life insurance regulators, **IIROC** and a number of other ... from **fraud**, and how to check that their financial advisor is licensed.

[Ian Morrison - 49th North Wealth Advisory - Calgary, Alberta ...](#)
www.raymondjames.ca/49thnorthwealthadvisory/ian-morrison.aspx

Having spent 13 years at a bank-owned brokerage, he has **forged** an advisory **discipline** in wealth planning strategies that provides unique solutions to the ...

[Former branch manager at Wellington West Capital fined \\$30K by ...](#)
www.cbc.ca/news/canada/manitoba/wellington-west-manager-fined-1.3903563

Dec 22, 2016 - ... years and asked to pay an additional \$10,000 in costs in connection with the **discipline**. ... Phillips was fined \$100,000 by **IIROC** in 2015 for recommending ...

The **IIROC** settlement said Silicz "knew Phillips and felt he had no reason ... 4 sent to hospital; Night hunting confession **forged**, alleges Métis group ...

[Enforcement Notice Hearing - IN THE MATTER OF Nelson Turcotte ...](#)
markets.businessinsider.com › Stocks › Alltel-Quote › News for Alltel Alltel

Apr 3, 2017 - The **discipline** hearing concerns an allegation that Mr. Turcotte **forged** a ... Documents related to ongoing **IIROC** enforcement proceedings ...

[\[PDF\]CSA Enforcement Report - 2016 Enforcement Report](#)
www.csasanctions.ca/CSA_AnnualReport2016_English_Final.pdf



crimes (such as **fraud**) that could also capture some securities-related ... (**IIROC**), the Chambre de la sécurité financière (CSF) and the Mutual Fund Dealers · Association of Canada (MFDA). SROs can **discipline** member dealers or their.

[Enforcement Notice Hearing - IN THE MATTER OF ... - KOTV.com](#)

www.newson6.com/.../enforcement-notice-hearing-in-the-matter-of-nelson-turcotte-initi...

Apr 3, 2017 - The **discipline** hearing concerns an allegation that Mr. Turcotte **forged** a ... date of the **discipline** hearing will be made available at www.iiroc.ca .



Appendix II – From IIROC website – Disciplines for FORGERY



[IIROC announces discipline against Dirk Christian Lohrisch](#)

which include misrepresenting his credentials, **forgery** and attempting to obstruct an IIROC ... "The **forgery** perpetrated by the Respondent in this case is egregious and again indicates ...

www.iiroc.ca/.../2010/FB9A15C4-B65C-4D46-938F-E0755C284CF1_en.pdf



[IN THE MATTER OF Dustin Rene John Lamontagne – Discipline](#)

July 17, 2008 (Vancouver, B.C.) - Notice is hereby given that a hearing will be held ... November 2006, engaged in the conduct of **forgery** of thirteen (13) client signatures to the ...

www.iiroc.ca/.../2008/DE27BAEF-65BE-4B01-BA7D-48C1CE41693C_en.pdf



[Hugh Cairns Bell](#)

IN THE MATTER OF **DISCIPLINE** PROCEEDINGS PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ... he was doing for MSGC, but he failed to do so. **Forgery** of Three (3) Client Signatures 12 ...

www.iiroc.ca/.../2005/38553A2E-9D47-4359-B190-D6929EDCA6E8_en.pdf



[Michael Robert De Long Re: Acceptance of Settlement...](#)

IN THE MATTER OF **DISCIPLINE** PROCEEDINGS PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ... At the conclusion of the settlement hearing the Hearing Panel rejected the Settlement ...

www.iiroc.ca/.../2005/B5071F75-2EE6-4444-8A81-CBE93670F003_en.pdf



[Dianne Lena Quimper](#)

1 IN THE MATTER OF **DISCIPLINE** PROCEEDINGS PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ... engaged in five (5) acts of **forgery** by signing client signatures on client investment ...

www.iiroc.ca/.../2004/E35C34EA-1BC8-4003-BD7B-DE5D3867FF1B_en.pdf



[Michael Robert De Long](#)

IN THE MATTER OF **DISCIPLINE** PROCEEDINGS PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ... legal authority he engaged in the act of **forgery** of a signature to a client transfer form ...

www.iiroc.ca/.../2005/091BBC4D-A052-477C-8097-906D97103628_en.pdf



[14-0172 Decision - Benjamin Huw Davies \(English\)](#)

IN THE MATTER OF: The Dealer Member Rules of the Investment Industry Regulatory Organization of Canada ("IIROC ... and Benjamin Huw Davies (the "Respondent") 2014 IIROC 41 ...

www.iiroc.ca/.../2014/c9d3e6d2-4669-4992-bba5-104c753adcd5_en.pdf



[Notice Of Hearing Re: Vance Elder](#)

Nesbitt Burns, engaged in the conduct of **forgery** of client signatures to client account ... the Respondent also engaged in the **forgery** of client signatures during the approximate ...

www.iiroc.ca/.../2005/C6E5A3F9-E5A5-4B61-A2D8-6753ACB3463E_en.pdf



[Catherina Dawn Blaker](#)

the Respondent engaged in the conduct of **forgery** of the signature of V.E., at all material ... respect of the Respondent's conduct in the **forgery** of client signatures to client account ...

www.iiroc.ca/.../2007/2771C20A-A2C3-4098-B559-94CFFCDBC061_en.pdf





[Re: Catherina Dawn Blaker](#)

INVESTMENT DEALERS ASSOCIATION IN THE MATTER OF: THE BY-LAWS OF THE INVESTMENT DEALERS ... was issued, presented with or asked to take a **discipline** letter as a reprimand in respect ...
www.iiroc.ca/.../2007/9E35E82B-C59F-48B5-8566-9FF165A4105E_en.pdf

[12-0231 Attachment - Decision - Douglas Michael Warkentin...](#)

Canada (the "Association") has imposed **discipline** penalties on Douglas Michael Warkentin ... did initially not admit to the **forgery** when confronted by his compliance officer ...
www.iiroc.ca/.../2012/36fe06a4-d171-4fa7-86dc-7c374ed01d6c_en.pdf



[Pamela Ann Breyer permanently banned from approval](#)

Panel also considered aggravating factors that **forgery** is always serious; there was more than one act of **forgery**; the misconduct continued over a significant period ...
www.iiroc.ca/.../2007/FAFC2BB4-DE52-4CC2-A700-6A3DF10E5EF8_en.pdf



[Notice Of Hearing Re: Roger Ancil Rambhajan](#)

IN THE MATTER OF A **DISCIPLINE** HEARING PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ... Third **forgery**: 9. In March 1998, G.K. instructed the Respondent to execute 2 purchases of ...
www.iiroc.ca/.../2002/30B121BA-8D3C-4F11-B111-9E69B5A18C1C_en.pdf



[Esther Inglis](#)

stages of the matters leading up to **discipline** hearing, he advised that he would not be ... Ms. Inglis was charged with the ... **Forgery** involving client WC: 4. WC was a client of Inglis ...
www.iiroc.ca/.../2005/77B990BA-F9B1-4007-AE78-E4494B3FE99C_en.pdf



[In the matter of Dustin Rene Lamontagne – Discipline](#)

August 2006, engaged in the conduct of **forgery** of thirteen (13) client signatures to the IIROC Notice 09-0140 Enforcement – Decision – Dustin Rene Lamontagne - **Discipline** ...
www.iiroc.ca/.../2009/F3C0000F-6074-4983-BC74-7A77C7B6EAE6_en.pdf



[IN THE MATTER OF Dustin Rene Lamontagne – Discipline](#)

THE MATTER OF Dustin Rene Lamontagne – **Discipline** SUMMARY NOTICE is hereby given that a ... The Respondent engaged in the conduct of **forgery** of thirteen (13) client signatures to the ...
www.iiroc.ca/.../2008/60907746-F40E-46D0-B64E-FCF245E6D2AE_en.pdf



[IN THE MATTER OF Dustin Rene John Lamontagne – Discipline](#)

Notice 08-0038 – Enforcement Notice – Hearing – Dustin Rene John Lamontagne – **Discipline** ... 2 engaged in the conduct of **forgery** of thirteen (13) client signatures to the Respondent's ...
www.iiroc.ca/.../2008/191542F5-9F64-445C-8106-06EFB0AFE313_en.pdf



[IN THE MATTER OF Dustin Rene Lamontagne – Discipline](#)

OF Dustin Rene Lamontagne – **Discipline** October 16, 2008 (Calgary, Alberta) – Notice is ... The Respondent engaged in the conduct of **forgery** of thirteen (13) client signatures to the ...
www.iiroc.ca/.../2008/87AB0B26-65D9-4F5F-AF7A-DDD386AB822C_en.pdf



[Trevor Albert Holowatiuk](#)

1 IN THE MATTER OF **DISCIPLINE** PROCEEDINGS PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ... the District Council") may penalize the Respondent by imposing **discipline** penalties ...
www.iiroc.ca/.../2004/07348449-90E4-4783-B3B6-D28C6EA28488_en.pdf



[In the matter of Dustin Rene Lamontagne – Discipline](#)

MATTER OF Dustin Rene Lamontagne – **Discipline** May 12, 2009 (Calgary, Alta) – Following a ... August 2006, engaged in the conduct of **forgery** of thirteen (13) client signatures to the ...



http://www.iiroc.ca/Documents/2009/EEDC5331-EF11-4E4E-8EBB-4082823E7D9C_en.pdf

[Vance Elder Re: Decision on Merits](#)

Nesbitt Burns, engaged in the conduct of **forgery** of client signatures to client account ... by his Administrative Assistant, C.B., of **forgery** of the Respondent's signature to client ...
www.iiroc.ca/.../2007/C8649525-3831-42DD-A3FA-126C199BC389_en.pdf



[Discipline Penalties Imposed on Éric Gaudreault](#)

Counsel (514) 878-2854 or spoirier@ida.ca **Discipline** Penalties Imposed on Éric Gaudreault ... six (6) offences related to signatures **forgery**, falsification of documents and fraudulent ...
www.iiroc.ca/.../2001/18C35160-B38D-4C73-A812-D43EE71CB007_en.pdf



[15-0181 Attachment - Decision - Amandeep Gill IIROC 39...](#)

IN THE MATTER OF: The Rules of the Investment Industry Regulatory Organization of Canada (IIROC) and ... Allison Narod, Chair, Brian Field and Barbara Fraser ...
www.iiroc.ca/.../2015/db0e080f-766f-4bde-90d4-cc94427b63c1_en.pdf



[Notice Of Hearing Re: Dianne Lena Quimper](#)

\NOHAPs\Quimper NOHAP.doc IN THE MATTER OF **DISCIPLINE** PROCEEDINGS PURSUANT TO BY-LAW 20 OF ... engaged in five (5) acts of **forgery** by signing client signatures on client investment ...
www.iiroc.ca/.../2004/2514CF83-74AE-41EC-B030-AA27B9BA7EE3_en.pdf



[In the Matter of Patrick David O'Neill – Discipline](#)

at their request, a letter allegedly signed by client C, which proved to be a **forgery** ... Enforcement Notice – Decision – In the Matter of Patrick David O'Neill - **Discipline** ...
www.iiroc.ca/.../2010/7f5a4dd5-cd8c-4d64-8de8-0dd03b811240_en.pdf



[In the Matter of Patrick David O'Neill – Discipline](#)

A **discipline** hearing has been scheduled before a Hearing Panel of the Investment Industry ... their request, a letter allegedly signed by that same client, which proved to be a **forgery** ...
www.iiroc.ca/.../2010/9AC96F97-1FA8-4383-B103-84ABD6A8EE25_en.pdf



[In the Matter of Darlene Catherine Ryan - Discipline Hearing](#)

fraudulent and deceptive practices which included the **forgery** of client signatures ... Notice/News Release – In the Matter of Darlene Catherine Ryan – **Discipline** Hearing ...
www.iiroc.ca/.../2012/06c73590-7a73-466b-871b-3ac6f560d4fc_en.pdf



[13-0260 Decision - Graeme Dickson \(English\)](#)

membership, the integrity of the **discipline** process, the integrity of the securities ... not as egregious as other examples of **forgery**; (b) The documents were not misleading and ...
www.iiroc.ca/.../2013/d2ca42ac-1a33-41ab-84a9-837c66ad9862_en.pdf



[IDA fines Michael Robert De Long \\$10,000](#)

pursuant to By-law 20, has imposed **discipline** penalties on Michael Robert De Long, at all ... The act of **forgery** here was committed out of frustration with the intent of assisting the ...
www.iiroc.ca/.../2005/08B57E81-D9A8-4007-AC95-F2CC51E789CD_en.pdf



[Tiffany Yen Siam Mu](#)

IN THE MATTER OF THE INVESTMENT DEALERS ASSOCIATION AND TIFFANY YEN SIAM MU DECISION OF THE ... that you had been subject to internal **discipline** and terminated by RBC for failure to ...
www.iiroc.ca/.../2006/6AFC9197-54C6-4163-BCD6-0C3A62D5393A_en.pdf



[Vance Elder Re: Decision on Merits](#)

Nesbitt Burns, engaged in the conduct of **forgery** of client signatures to client account ... by his Administrative Assistant, C.B., of **forgery** of the Respondent's signature to client ...

www.iiroc.ca/.../2007/C8649525-3831-42DD-A3FA-126C199BC389_en.pdf



[Discipline Penalties Imposed on Éric Gaudreault](#)

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www.iiroc.ca/.../2001/18C35160-B38D-4C73-A812-D43EE71CB007_en.pdf



[15-0181 Attachment - Decision - Amandeep Gill IIROC 39..](#)

IN THE MATTER OF: The Rules of the Investment Industry Regulatory Organization of Canada (IIROC) and ... Allison Narod, Chair, Brian Field and Barbara Fraser ...

www.iiroc.ca/.../2015/db0e080f-766f-4bde-90d4-cc94427b63c1_en.pdf



[Notice Of Hearing Re: Dianne Lena Quimper](#)

\NOHAPs\Quimper NOHAP.doc IN THE MATTER OF **DISCIPLINE** PROCEEDINGS PURSUANT TO BY-LAW 20 OF ... engaged in five (5) acts of **forgery** by signing client signatures on client investment ...

www.iiroc.ca/.../2004/2514CF83-74AE-41EC-B030-AA27B9BA7EE3_en.pdf



[In the Matter of Patrick David O'Neill – Discipline](#)

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www.iiroc.ca/.../2010/7f5a4dd5-cd8c-4d64-8de8-0dd03b811240_en.pdf



[In the Matter of Patrick David O'Neill – Discipline](#)

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www.iiroc.ca/.../2010/9AC96F97-1FA8-4383-B103-84ABD6A8EE25_en.pdf



[In the Matter of Darlene Catherine Ryan - Discipline Hearing](#)

fraudulent and deceptive practices which included the **forgery** of client signatures ... Notice/News Release – In the Matter of Darlene Catherine Ryan – **Discipline** Hearing ...

www.iiroc.ca/.../2012/06c73590-7a73-466b-871b-3ac6f560d4fc_en.pdf



[13-0260 Decision - Graeme Dickson \(English\)](#)

membership, the integrity of the **discipline** process, the integrity of the securities ... not as egregious as other examples of **forgery**; (b) The documents were not misleading and ...

www.iiroc.ca/.../2013/d2ca42ac-1a33-41ab-84a9-837c66ad9862_en.pdf



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www.iiroc.ca/.../2005/08B57E81-D9A8-4007-AC95-F2CC51E789CD_en.pdf



[Tiffany Yen Siam Mu](#)

IN THE MATTER OF THE INVESTMENT DEALERS ASSOCIATION AND TIFFANY YEN SIAM MU DECISION OF THE ... that you had been subject to internal **discipline** and terminated by RBC for failure to ...

www.iiroc.ca/.../2006/6AFC9197-54C6-4163-BCD6-0C3A62D5393A_en.pdf

[13-0063 Decision - Steven Conville \(English\)](#)

The Dealer Member Rules of the ... Investment Industry Regulatory Organization of Canada (IIROC ... and Steven George Conville 2013 IIROC 05 ... HISTORY OF PROCEEDINGS ¶ 1 On December 5, 2011 ...

www.iiroc.ca/.../2013/929acfc5-9822-43b0-91b7-84ed8bdadacc_en.pdf



[2015 Enforcement Report](#)

IIROC is one part of the Canadian securities regulatory framework, that consists of 10 provincial and three territorial securities regulators (collectively the Canadian Securities ...

www.iiroc.ca/.../2016/6d7889a0-ea28-438f-98c8-e455a223cf3c_en.pdf



[AlbertaOversightAuditReview2006_en](#)

Investment Dealers Association of Canada Response to the 2006 Alberta Securities ... the power to compel documents and testimony from third parties at IDA **discipline** hearings ...

www.iiroc.ca/about/.../AlbertaOversightAuditReview2006_en.pdf



[Member Regulation, Enforcement Annual Report 2005](#)

Member Regulation Enforcement Annual Report 2005The Investment Dealers Association of ... Association anticipates a hearing or imposes **discipline** on a Member firm or a registrant ...

www.iiroc.ca/.../2005/39EF6563-5415-4714-B0D2-9361D7DD7333_en.pdf



[Re: Robert Dale Grundy](#)

BULLETIN NO. 2978 IN THE MATTER OF **DISCIPLINE** PURSUANT TO BY-LAW 20 OF THE INVESTMENT ... journalling securities out of clients' accounts without authorization, and **forgery** ...

www.iiroc.ca/.../2002/CF7CF49F-26EB-4A33-9123-439E3A952221_en.pdf



[Re: Dosithe Charles Richard](#)

IN THE MATTER OF **DISCIPLINE** PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ASSOCIATION OF ... the District Council") may penalize the Respondent by imposing **discipline** penalties ...

www.iiroc.ca/.../2004/E5FF289E-C07A-448A-A571-656FD5413098_en.pdf



[Re: Kwok Lai Orson Chan](#)

bl THE MATTER OF **DISCIPLINE** I?URSUA~"T' TO BY-LAW 20 OF THE ~NESTMENT DEALERS ASSOCIATION ... The Investigation discloses matters for which the District Council of the Association (the ...

www.iiroc.ca/.../2001/C136C716-A127-4744-A92F-463286A3D915_en.pdf



[Dealer Member Rule 2500B - Client Complaint Handling](#)

process including timely complaint resolution, record retention, and internal **discipline** ... of funds or securities, **forgery**, unsuitable investments, misrepresentation, unauthorized ...

www.iiroc.ca/Rulebook/MemberRules/Rule02500B_en.pdf



[Notice Of Hearing Re: Esther Inglis](#)

IN THE MATTER OF A **DISCIPLINE** HEARING PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ... NOTICE is further given that the ... **Forgery** involving client WC: 4. WC was a client of Inglis ...

www.iiroc.ca/.../2004/1B8E0393-226C-4AF7-B525-3C3F5518F85E_en.pdf



[Member Regulation, Enforcement Annual Report 2002](#)

The Association's mission is to protect investors and enhance the efficiency and ... Communications Process Whenever the Association imposes **discipline** on a Member firm or a ...

www.iiroc.ca/.../2002/AD45014C-2D2C-478C-8417-C52B0AC90B1A_en.pdf



[IDA Fines John James Illidge \\$425,000 in fines and costs ...](#)

Association of Canada (IDA) has imposed **discipline** penalties on John James Illidge, at all ... appeared, on their face, to be **forgeries**, all of which constitute conduct unbecoming or ...

www.iiroc.ca/.../2003/8D31FE11-DE64-4F02-9BA4-CED7F2C1DE45_en.pdf





[Client Complaint Handling Rule and Guidance Note; and...](#)

Please distribute internally to: Legal and Compliance ... This Rules Notice is comprised of two ... of funds or securities, **forgery**, unsuitable investments, misrepresentation, unauthorized ...
www.iiroc.ca/.../2009/F8816CA9-ED93-4C8F-947C-A142A574A420_en.pdf



[Notice Of Hearing Re: James Donald Bruce](#)

IN THE MATTER OF A **DISCIPLINE** HEARING PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ... revealed numerous irregularities including **forgery** and misappropriation of funds from ...
www.iiroc.ca/.../2002/A5F93708-DAC1-4EA9-84E6-A37CB770A83C_en.pdf



[Member Regulation, Enforcement Annual Report 2006](#)

The IDA's mission is to protect investors, foster market integrity and enhance the efficiency ... the IDA anticipates a hearing or imposes **discipline** on a Member firm or a registrant ...
www.iiroc.ca/.../2006/28125430-3B4C-4B8F-A524-557C04875259_en.pdf



[Regarding Consumer Issues Arising in the Financial Servic...](#)

Investigations 7 V. Prosecutions 9 VI. Hearings 11 VII ... We reflect the diversity that is ... comply with Policy 8 4 Falsification/**forgery** of documentation 15 Files with No Violation ...
www.iiroc.ca/.../2005/683373C9-2149-4298-AC1E-D1DD3A9A98AA_en.pdf



[VSE Decision - Robert Jacob Van Santen December 5, 1996](#)

EXCHANGE (THE "EXCHANGE") BY-LAW 5 - **DISCIPLINE** AND ROBERT JACOB VAN SANTEN, RESPONDENT ... He became an active stock broker in 1986 when he joined Burns Fry in Vancouver ...
www.iiroc.ca/.../1996/086FBA94-7C9C-41D4-8E9E-D2F874A07F2E_en.pdf



[2013 Enforcement Report](#)

Enforcement 2013 Protecting Investors and Fostering Fair, Efficient and Competitive Capital Markets across Canada
REPORT 2013 ENFORCEMENT REPORT 2 Table of Contents About IIROC 3 ...
www.iiroc.ca/.../2014/1cf5236e-e90e-417e-9007-6dd40e271231_en.pdf



[Amendments to complaint handling requirements - client...](#)

Request for Comments Dealer Member Rules ... Please distribute internally to: Legal and Compliance ... Summary of nature and purpose of proposed Rule ... The proposed amendments to the complaint ...
www.iiroc.ca/.../2009/D1EA7B06-D850-4661-99AE-094444160970_en.pdf



[Re: John James Illidge](#)

IN THE MATTER OF **DISCIPLINE** PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ASSOCIATION OF ... JOINT SETTLEMENT RECOMMENDATION 3. Staff and Illidge consent and agree to the settlement ...
www.iiroc.ca/.../2003/9CB847AA-9C91-470D-BB65-6F89872BA441_en.pdf



[Notice Of Hearing Re: Harry Migirdic](#)

IN THE MATTER OF A **DISCIPLINE** HEARING PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ... NOTICE is further given that the staff of the Association alleges the following violations of ...
www.iiroc.ca/.../2004/A5988A45-A522-4D68-8F73-251885BE1301_en.pdf



Appendix III – MFDA Bulletin on FALSIFICATION OF DOCUMENTS

Signature Falsification

MFDA Staff Notices are intended to assist Members and their Approved Persons in the interpretation, application of and compliance with requirements under MFDA By-laws and Rules. Notices make reference to these requirements and set out MFDA staff's interpretation of how to comply with these requirements. Notices may also include best practices or guidance.

I. Identifying and Preventing Signature Falsification

MFDA staff continues to encounter situations where Approved Persons (“APs”) have created, possessed or used documents such as Know-Your-Client (“KYC”) forms, trade forms and cheques which have been pre-signed or on which client signatures have been falsified through other means. Members and APs may only use forms that are executed by the client after information on the form has been properly completed. Under MFDA Rule 2.1.1 (Standard of Conduct), Members and APs are obligated to deal fairly, honestly and in good faith with their clients and observe high standards of ethics and conduct in the transaction of business.

This MFDA Staff Notice reviews background information on signature falsification, and outlines actions that should be taken by APs and Members to prevent it.

II. Background Information on Signature Falsification

Hearing Panels of the MFDA Regional Councils have consistently ruled that signature falsification is not permissible under MFDA Rule 2.1.1.

Examples of signature falsification identified in Hearing Panel decisions include, but are not limited to:

- having a client sign a form which is blank or only partially completed (a “Pre-Signed Form”);
- having a client sign multiple forms for use in future trading;
- signing a client’s name to a document;
- cutting and pasting, photocopying or using liquid paper on a document to “re-use” a previous signature;
- altering or correcting any information on a signed document, without the client initialling the document to show the change was approved;



- reproducing client initials beside changes made to a document where the client forgot to initial;
- using liquid paper to white out old instructions and write in new instructions on a signed client form;
- receiving client instructions over the phone or by e-mail and signing the client's signature on an account form to carry out the instructions; and
- photocopying a previously-submitted account form and altering the trade details in order to process a new trade.

Signature falsification can violate Rule 2.1.1 whether or not:

- it is done for the purposes of client convenience;
- the client instructs or otherwise consents to the AP falsifying the document;
- the client complains or there is financial harm to the client; \it is the AP's intention to deceive a client or another person; or
- the document is used to commit a further breach of requirements under MFDA By-laws, Rules and Policies and applicable securities regulation.

Signature falsification can:

- adversely affect the integrity and reliability of documents;
- destroy the audit trail;
- impact the ability of APs to produce valid documentation to support transactions that come into question;
- prejudice a client by making it appear that they executed a particular document when they did not;
- mislead Member supervisory personnel;
- negatively affect the credibility of the AP;
- negatively affect Member complaint handling; and
- facilitate other misconduct such as unauthorized trading, fraud and misappropriation of funds.

III. AP Actions to Detect and Address Signature Falsification

1. Compliance with Member Policies

Under MFDA Rule 2.10 (Policies and Procedures Manual), every Member shall establish and maintain written policies and procedures (that have been approved by senior management of the Member) for dealing with clients and ensuring compliance with the Rules, By-laws and Policies of the MFDA and applicable securities legislation. MFDA Hearing Panels have found that under Rule 2.1.1, APs must follow Member policies and procedures designed to detect and prevent signature falsification and APs must respond truthfully to Member inquiries about signature falsification.



2. Limited Trading Authorizations

The purpose of a Limited Trading Authorization ("LTA") under MFDA Rule 2.3.2 (Limited Trading Authorization) is to facilitate a trade where the assets are held at the mutual fund company in the name of the client. When clients sign an LTA, they authorize the Member to execute a trade without the need to provide signed written instructions. Use of an LTA can assist APs in minimizing the number of trading-related forms where a client signature is required. Proper use of an LTA eliminates the "convenience to the client" rationale many APs use to justify their inappropriate use of trading forms.

APs should record and maintain evidence of client instructions for all trades in accordance with MFDA Rule 5.1(b) (Requirement for Records). Where trades are placed pursuant to an LTA, records of client trade instructions should include notes as to how the instructions were given, for instance by telephone, in person or by facsimile. When using an LTA, it is not appropriate to sign a client's signature on a trading form.

3. Signature Falsification by Other Persons

APs must not instruct or permit others to engage in signature falsification. APs should in their supervision of support persons, pro-actively address the issue of signature falsification and take steps to ensure it does not occur.

IV. Member Actions to Detect and Address Signature Falsification

1. Supervision

Pursuant to MFDA Policy No. 2 *Minimum Standards for Account Supervision*, supervisory staff has a duty to ensure compliance with Member policies and procedures and MFDA regulatory requirements. Member supervisory staff, compliance officers and staff who process documents should be alert to signature falsification occurring when reviewing documentation that is required to be signed or authorized by a client. This type of documentation may include trade orders, KYC forms and New Account Application Forms. Supervisory staff, compliance officers and staff who process documents should receive training in how to detect signature falsification. Branch managers can play a particularly important role in the detection of signature falsification during the course of their tier one reviews.

Copies of Documents

Client documents used in tier one or tier two reviews or other supervisory activity should be originals, colour copies or colour scans, to ensure that a reasonable supervisory review for possible signature falsification can take place.

Questionnaires



As part of their general supervisory duties under MFDA Rule 2.5 (Minimum Standards of Supervision), Members may wish to have APs complete a questionnaire on at least an annual basis, in regard to their conduct and practices. This questionnaire should include questions to determine whether APs have engaged in signature falsification.

2. Branch Reviews

Pursuant to MFDA Policy No. 5 *Branch Review Requirements*, each Member must establish a Branch Review Program to assess and monitor compliance with regulatory requirements at all branch locations. MFDA staff views branch reviews as a highly useful tool that Members can use to detect and discourage signature falsification.

Reviews of Client Files

MFDA Policy No. 5 provides that during branch reviews, client files should be examined to verify that proper evidence of client instructions and any relevant trading authorizations have been maintained on file. Members should use this review in part to detect any evidence of signature falsification.

Branch Interviews

MFDA Policy No. 5 provides that the purpose of branch interviews is to confirm that branch managers and APs are aware of requirements under MFDA By-laws, Rules and Policies and applicable securities regulation. Members should use branch interviews to ask whether branch managers and APs have observed or participated in any instances of signature falsification.

3. Training

Members should address signature falsification in their training of new APs under MFDA Policy No. 1 *New Registrant Training and Supervision* and in training for existing APs.

4. Reporting

Pursuant to MFDA Policy No. 6 *Information Reporting Requirements*, Members shall report to the MFDA whenever they are aware that any current or former AP has contravened any law or regulatory requirement relating to misrepresentation. It is the view of MFDA staff that signature falsification is a form of misrepresentation which Members are required to report to the MFDA within five days of detection, pursuant to section 6.1(b) of Policy No. 6. This includes a single instance of signature falsification, such as a Pre-Signed Form in a client's file.

5. Reasonable Supervisory Investigation

Pursuant to MFDA Policy No. 3 *Complaint Handling, Supervisory Investigations and Internal Discipline*, Members have a duty to conduct a detailed investigation in all situations where conduct of the type listed in Part I, Section 3 of that Policy may have occurred. This list of conduct includes misrepresentation. MFDA staff is of the view that signature falsification is a form of misrepresentation and therefore Members are required to conduct a detailed investigation where signature falsification may have taken place.



An investigation may be more or less comprehensive depending on the situation. When determining how comprehensive an investigation should be, Members should interview the AP involved and re-view the files of that AP, and then perform an assessment. The assessment should consider whether any of the following factors exist which would warrant a more comprehensive investigation:

- evidence of unauthorized or discretionary trading in the accounts of affected clients;
- falsified KYC forms;
- a high volume of forms;
- the conduct took place over an extended period of time; or
- the conduct involved other individuals at the branch.

Where a more comprehensive investigation is warranted, some or all of the following additional steps may be required:

- an interview of supervisory personnel;
- an interview of other branch staff that may be involved;
- contact with the affected client;
- interview of the affected client;
- a review at the branch level; or
- recompletion of affected forms.

In all circumstances, Members should ensure that all affected forms are removed from the AP's files.

6. Supervision After Detection

When a Member has detected that an AP has engaged in signature falsification, the AP should be instructed to cease and desist the conduct. The Member should also consider imposition of close supervision or other supervisory measures, such as requesting document samples or performing more frequent branch reviews.

Internal Discipline

MFDA Policy No. 3 provides that each Member must establish procedures to ensure that breaches of MFDA By-laws, Rules and Policies are subjected to appropriate internal disciplinary measures. Signature falsification has been identified by securities regulatory authorities as being serious conduct. The level of internal discipline should be sufficient to address the seriousness of the conduct in the circumstances, including whether any of the following factors are present:

- client harm;
- high frequency of signature falsification;
- AP has been cautioned or disciplined about signature falsification in the past;
- AP misled the Member during its investigation;
- AP has previously been told to destroy instances of signature falsification and failed to do so;
- AP made a false representation on annual Member attestation that he or she has never engaged in signature falsification;
- conduct occurred in response to a supervisory inquiry (whether or not the AP explicitly represented to supervisory staff that the document was signed by the client in question following the inquiry); or



- conduct occurred after release of MFDA Bulletin #0661-E (Signature Falsification) on October 2, 2015.

Note that in MFDA disciplinary hearings, MFDA staff will seek enhanced penalties for conduct that occurs after the release of MFDA Bulletin #0661-E.

Conduct by Branch Manager or Other Individual Acting in a Supervisory Capacity

When a Member has determined that a branch manager or other individual acting in a supervisory capacity has engaged in signature falsification, the Member should consider whether the individual should continue acting in that capacity. The Member should also conduct a review of the APs supervised by the individual to determine if they have been involved in signature falsification.

V. Additional Resources

APs and Members should consult the following additional resources not referenced above, for information related to signature falsification:

- MSN-0042 *Limited Trading Authorizations and Intermediary Accounts*
- MSN-0038 *Revised Limited Trading Authorization Form and Guidelines for Individual and Joint Accounts*
- MSN-0035 *Recording and Maintaining Evidence of Client Trade Instructions*
- MSN-0016 *Electronic Signatures*
- MSN-0014 *Supervision Requirements for Licensed Assistants at Branch Offices*
- MFDA Bulletin #0661- E *Signature Falsification*



Appendix IV – From MFDA website – Disciplines for FORGERY

From the MFDA website.

<http://mfda.ca/?s=forgery&cat2=1&cat9=1&cat6=1&cat3=1&cat4=1&cat8=1&cat7=1&cat5=1&cat1=1>

Search Results for: forgery

1. [Reason for Decision 201129 - RE: Smilestone, Hugh](#)

“..to

prohibit a large range of misconduct including misappropriation, forgery, falsification of clients’ signatures, preferring Approved Persons’ own interests when engaging in business dealings with clients, the..” [... More](#)

2. [Reason for Decision 201212 - RE: Peer, Ian](#)

“..

fact that this particular activity involves a matter of forgery.

9.

In the decision of Lamontagne (Re), [2009] IIROC No. 6, Alberta District Council, Panel Page..” [... More](#)

3. [Reason for Decision 201213 - RE: Wise, Jacqueline](#)

“..fact that this particular activity involves a matter of forgery.

8.

In the decision of Lamontagne (Re), [2009] IIROC No. 6, Alberta District Council, Panel Decision..” [... More](#)

4. [Reason for Decision 200940 - RE: Nivet, Christopher](#)

“..fact that this particular activity involves a matter of forgery.

11.

In the decision of Lamontagne (Re), [2009] IIROC No. 6, Alberta District Council, Panel Decision..” [... More](#)

5. [Decision and Reasons 201570 - RE: Huang, Henry](#)

“..documentation in the mutual fund industry as follows:



Forgery is always a serious regulatory matter because it shows that the Respondent lacks the honesty required of..” [... More](#)

6. [Reason for Decision 201325 - RE: Barnai, Brent L.](#)

“.. stated in Bell
(Re):

“Forgery is always serious. It is unequivocally condemned because ..” [... More](#)

7. [Reason for Decision 200916 - RE: Griffiths, Cory E.](#)

“..Simon referred the Panel to a case type entitled
“Forgery/Fraud/Theft/Misappropriation/Misapplication”. The penalty types and ranges suggested
for such a case are a fine of a minimum of..” [... More](#)

8. [Case Summary 200940 - RE: Nivet, Christopher](#)

“..this nature, notwithstanding the fact that the conduct involved forgery. Citing the decision of
Lamontagne (Re), [2009] IIROC No. 6, the Hearing Panel, noted that while..” [... More](#)

9. [Bulletin #0123-M - Reporting of Enforcement Related Issues; Complaints Reporting under MFDA Policy 3; Other Required Reports](#)

“..is the subject of a client complaint involving allegations of forgery theft or misappropriation of funds
or securities.To comply with both the spirit and the letter of the..” [... More](#)

10. [Bulletin #0417-P - Amendments to MFDA Policy No. 3 Complaint Handling, Supervisory Investigations and Internal Discipline](#)

“..or leveraging (except for non-clients); • theft fraud misappropriation forgery misrepresentation un-
authorized trading; • engaging in securities related business outside of the Member; • engaging in
an..” [... More](#)

1. [Bulletin #0615-P - Approval of Amendments to MFDA By-law No.1 to Transition to the Canada Not-for-profit Corporations Act \(Amendments Now in Effect\)](#)

“..relating to theft fraud misappropriation of funds or securities forgery money laundering market ma-
nipulation insider trading misrepresentation or unauthorized trading and the Hearing Panel determines
that such..” [... More](#)

2. [Decision and Reasons 201217 - RE: Comeau, Jack](#)

“..were outlined in the decision. With
respect to the forgery, the Panel said the forgery did not result in any harm to the person whose
signature was..” [... More](#)

3. [Reason for Decision 201602 - RE: Martin, Jeremy](#)

“..Investment Dealers Association (now IIROC) in
Bell (Re):

“Forgery is always serious. It is unequivocally condemned because it is fundamentally dishonest and
dangerous. Any..” [... More](#)

4. [Reason for Decision 201556 - RE: Husain, Mohammed](#)



“..is no question then that this qualifies as a forgery and is a breach of MFDA Rule 2.1.1.

9.

In his defence, his written submission reads..” [... More](#)

5. [Reason for Decision 201138 - RE: Mason, Jade](#)

“..that such acts of signing another person’s name constitutes forgery, a very serious offence, with potentially harmful consequences to oneself, to clients, to the Member firm and..” [... More](#)

6. [Reason for Decision 201120 - RE: Peters, Chad](#)

“..OF THE VIOLATION

13.

It is clear that forgery is, and always must be considered to be, serious. The hearing panel in Bell (Re), [2005] I.D.A.C.D...” [... More](#)

7. [Decision and Reasons 201247 - RE: Maynes, William](#)

“..later that month.

8.

The validity of the forgery charges were investigated by Investia and the MFDA. The Respondent participated in a lengthy interview with the..” [... More](#)

8. [Bulletin #0266-P - MFDA Policy 6 \(Information Reporting Requirements\) and amendments to MFDA Policy 3, MFDA Rule 1.2.5 and MFDA Rule 1.2.6](#)

“..of: (i) theft fraud misappropriation of funds or securities forgery money laundering market manipulation insider trading misrepresentation or unauthorized trading; or (ii) engaging in securities related business..” [... More](#)

9. [Reason for Decision 201534 - Dong Hwan \(Jack\) Lee](#)

“..to prohibit a large range of misconduct including misappropriation, forgery, falsification of client’s signatures, preferring Approved Persons own interests when engaging in business dealings with clients, the..” [... More](#)

10. [Reason for Decision 201537 - RE: Lynn, Heather](#)

“..the act of altering a form, using the term "forgery" instead of "alteration" or "falsification" to describe similar conduct. However, I would not use the..” [... More](#)

1. [Decision and Reasons 201531 - RE: Aksomitis, Carla-Marie](#)

“.. It was premeditated, planned and deliberate understanding that forgery was necessary to complete the theft yet she acted accordingly to attain her aim. Such a..” [... More](#)

2. [MFDA Rules](#)



“..while in transit or in the mail;

Clause (D) – Forgery or Alterations – Any loss through forgery or alteration of any cheques, drafts, promissory notes or other..” [... More](#)

3. [Bulletin #0318-P - Amendments to MFDA By-law No. 1 - Section 24.3 \(Suspensions in Certain Circumstances\)](#)

“..relating to theft fraud misappropriation of funds or securities forgery money laundering market manipulation insider trading misrepresentation or unauthorized trading and the Hearing Panel determines that such..” [... More](#)

4. [Bulletin #0348-C - New Process for Year-End Audit Engagements](#)

“..for example selective testing and the possibility that collusion or forgery may preclude the detection of material error fraud and illegal acts. Accordingly there is some risk that a..” [... More](#)

5. [Bulletin #0653-P - Request for Comment – Consultation Document \(Proficiency Standard for Approved Persons Selling Exchange-Traded Funds \(ETFs\)\) and Draft MFDA Staff Notice – Outside Activity](#)

“..of theft or misappropriation of funds or securities or of forgery must be promptly reported to the MFDA.9. Positions of Influence Examples of positions of influence may include depending..” [... More](#)

6. [Bulletin #0683-P - Approval of Amendments to Rule 1.2 \(Individual Qualifications\)](#)

“..theft or misappropriation of funds or securities or of forgery must be promptly reported to the MFDA.9. Positions of Influence Examples of positions of influence may include depending on..” [... More](#)

7. [Policy No. 6 - Information Reporting Requirements](#)

“..Approved Person, involving allegations of:

theft, fraud, misappropriation, forgery, money laundering, market manipulation, insider trading, misrepresentation, or unauthorized trading;
a breach of client confidentiality;
engaging in securities related..” [... More](#)

8. [Reason for Decision 201564 - RE: Chan, Nathaniel Ming Shan](#)

“..circumstances.

Considerations of the Panel

A. Forgery and Falsified Forms are a serious breach of the MFDA Rule 2.1.1. That has been decided..” [... More](#)

9. [Reason for Decision 201616 - RE: Lisborg, Einar](#)

“..Procedures. Simply stated, falsification of a signature is forgery that, in another context, is a criminal offence. The falsification in this instance is considerably more..” [... More](#)

10. [Reason for Decision 201430 - RE: Vatanchi, Rouzbeh](#)

“..signing the document and claims his signature was a forgery). The promissory note did not specify a monthly interest rate but stated it was for a..” [... More](#)



1. [Reason for Decision 201354 - RE: Pattenden, Brodie](#)
“..large range of including misappropriation, forgery, falsification of client signatures, preferring an Approved Person’s own..” [... More](#)
2. [Reason for Decision 201314 - RE: Man, Barbara](#)
“..to prohibit a large range of misconduct, including misappropriation, forgery, preferring their own interests when engaging in business dealings ..” [... More](#)
3. [Reason for Decision 201216 - RE: Khodorkovski, Alex](#)
“..that such acts of signing another person’s name constitutes forgery, a very serious offence, with potentially
Page 5 of 9
harmful consequences to oneself, to..” [... More](#)
4. [Reason for Decision 201208 - RE: McIntosh, Leslie](#)
“..of the following penalties fraud/or an Approved Person:
• Forgery/Fraud/Theft/Misappropriation/Misapplication contraventions:
fine – minimum of \$25,000; permanent prohibition in almost all cases; Fine should include the..” [... More](#)
5. [Reason for Decision 201209 - RE: McPherson, Corey](#)
“..Guidelines are of less utility, as the definition of “forgery” in the Guidelines requires ‘deprivation of property rights’, which is not present in this case.
13...” [... More](#)
6. [Reason for Decision 201121 - RE: Wellings, Douglas](#)
“..fines of \$10,000 for personal financial dealings, \$25,000 for forgery/fraud/theft/misappropriation/misapplication and \$50,000 for failure to cooperate. The MFDA suggested a fine of \$100,000 for all three allegations...” [... More](#)
7. [Reason for Decision 200826 - RE: Larson, Wayne](#)
“..
OVERVIEW
The Respondent committed misconduct involving unauthorized transactions, forgery, directing or permitting clients to direct redemptions through accounts held..” [... More](#)
8. [Notice of Hearing 201210 - RE: Hayat, Omar](#)
“.. Examples of Conflict of Interest Situations
Forgery
You must not sign another person’s name to any document even if requested to do so..” [... More](#)
9. [Notice of Hearing 201024 - RE: Gizzo, Sergio](#)



“..

The letter from S. Peters to GG was a forgery. Strong Tower Construction had never heard of an S. Peters.

(d)

On April 28, 2008, Strong Tower..” [... More](#)

10. [Notice of Hearing 200830 - RE: Dy, Purisima](#)

“..false statements

or omissions, wrongful taking of property, bribery, forgery, counterfeiting or extortion?

Page 4 of 8

12.

Thereafter, the Respondent failed to correct the..” [... More](#)

1. [Decision and Reasons 200814 - RE: Price, Gary Alan](#)

“..to prohibit a large range of misconduct, including misappropriation, forgery, preferring their own interests when engaging in business dealings with clients, failing to invest money received from..” [... More](#)

2. [Decision and Reasons 200824 - RE: Scharfenberg, Kerry](#)

“.. Scharfenberg of behaviour that constitutes forgery, misappropriation of client funds, fraud, deceit and concealment, all of which is clearly in violation of any..” [... More](#)

3. [Decision and Reasons 200508 - RE: Andersen, Robin](#)

“.. misconduct involving misappropriation, fraud, forgery and unauthorized trading in the investment accounts of clients...” [... More](#)

4. [Case Summary 201120 - RE: Peters, Chad](#)

“..the Hearing Panel stated that “[i]t is clear that forgery is, and always must be considered to be, serious.” (para. 13)

The Hearing Panel determined that..” [... More](#)

5. [Case Summary 201137 - RE: Hsueh, Bill](#)

“..

a. theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation,

Page 3 of 5

insider trading, misrepresentation, or unauthorized trading; or ..” [... More](#)

6. [Case Summary 200941 - RE: Ruemper, Douglas Bryan](#)

“..

(i) theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation, or unauthorized trading; or

(ii) engaging in securities related..” [... More](#)



7. [Case Summary 200917 - RE: Henry, Paul A.](#)

“..name=”3”>(i) theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation, or unauthorized trading.

Penalty

The Hearing Panel imposed the..” [... More](#)

8. [Case Summary 200824 - RE: Scharfenberg, Kerry](#)

“..in a deliberate, cunning campaign of deceit, fraud and forgery designed to misappropriate funds from the accounts of six clients for his personal use and benefit. ..” [... More](#)

9. [Bulletin #0082-M - Notice of Material Changes to Membership Information](#)

10. [Section 24](#)

“..relating to theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation or unauthorized trading and the Hearing Panel determines that such..” [... More](#)

1. [Penalty Guidelines](#)

“..class=”sec”>Churning and Excessive Trading
Forgery/Fraud/Theft/Misappropriation/Misapplication
Financial Requirements
Outside Business Activity
Policies and Procedures
..” [... More](#)

2. [Policy No. 3 - Complaint Handling, Supervisory Investigations and Internal Discipline](#)

“..confidentiality;
unsuitable investments or leveraging (except for non-clients);
theft, fraud, misappropriation, forgery, misrepresentation, unauthorized trading;
engaging in securities related business outside of the Member;
engaging in an undeclared occupation outside the..” [... More](#)

3. [Reason for Decision 201621 - Jonathan Robert MacPherson](#)

“..trading activity in his or her account.

Falsification or forgery of documents is well summarized in the Barnai decision (MFDA para 17 above), quoting with approval from..” [... More](#)

4. [Reason for Decision 201726 - Phillip Pattison](#)

“..(now IIROC) stated in Bell (Re):

“Forgery is always serious. It is unequivocally condemned because it is fundamentally dishonest and dangerous. Any act of..” [... More](#)

5. [Notice 0060 - Penalty Guidelines](#)

“..of Interest

Personal Financial Dealings

Churning and Excessive Trading



Forgery/Fraud/Theft/Misappropriation/Misapplication

Financial Requirements

Outside Business Activity

Policies and Procedures

Provincial Securities Requirements (Legislation, Orders, Terms and Conditions of..” [... More](#)

6. [Reason for Decision - Kathryn Dee Nokony](#)

“..are simply intended to assist.

Considerations of the Panel

Forgery and Falsified Forms are a serious breach of the MFDA Rule 2.1.1. That has been decided in..” [... More](#)

7. [Notice 0082 - Branch Supervision](#)

“..or regulatory requirement relating to:

theft, fraud, misappropriation, forgery, money laundering, market manipulation, insider trading, misrepresentation, or unauthorized trading;

a breach of client confidentiality;

engaging in securities related..” [... More](#)

8. [Notice 0073 - Complaint Handling – MFDA Policy No. 3](#)

“..to Member business;

theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation, or unauthorized trading;

engaging in securities related business outside of the..” [... More](#)

9. [Notice 0040 - Outside Activity](#)

“..theft or misappropriation of funds or securities or of forgery must be promptly reported to the MFDA.

9. Positions of Influence

Examples of positions of influence may include,..” [... More](#)



Appendix V – News articles on FORGERY practices

There are a great many media articles detailing the Lying, Cheating and Stealing of the investment industry that results in investors losing their savings yet the Government of Canada fails to act to protect Canadians from these acts that seem to be criminal in nature.

This two year old article by Claire Brownell is typical of accredited journalists speaking out yet Government fails to act.

It is reprehensible that the Prime Minister of Canada can stand in Parliament and respond to an NDP request for an inquiry into the financial rape of the Canadian people that is being revealed on CBC TV national news by saying he had confidence in the FCAC.

This is the FCAC that claims to protect Canadians by preparing guidelines for Canadian Banks and allows them to self-regulate.

Does anyone believe that self-regulation will protect investors?

FP STREET *Follow the Money*

TRENDING [Home Capital](#) | [NAFTA](#) | [Taxes](#) | [Bombardier](#) | [Canadian dollar](#) | [Family Finance](#)

How mutual fund salespeople in Canada who lie, cheat and steal from clients are escaping justice

CLAIRE BROWNELL | April 13, 2015 2:21 PM ET

[More from Claire Brownell](#)

Canada's court system is hardly known for bringing criminals, especially the white-collar variety, to swift justice. Yet somehow Mark Lindsay — a mutual fund salesman who had lied to and sto-



len from a long list of his close friends and family — found himself on the other end of a criminal fraud sentence, before his own industry figured out how it wanted to deal with him.

[No end in sight to deal frenzy as cheap money, confidence propel M&A](#)

Year-to-date, deal making has more than doubled, according to Bloomberg data. In Canada, pending mergers and acquisitions transactions are up 115% so far this year. Globally, pending deals are up 117%.

While not quite back to pre-crisis highs, the value of deal making so far this year has reached the highest level since 2007

[Read more](#)

In October of 2010, the Southern Ontario-based Investors Group mutual fund salesman stood in a courtroom pleading guilty to a charge of fraud over \$5,000. It would be several months later that the Mutual Fund Dealers Association would conclude that the charge covered just a small portion of the crimes it said he committed over a 14-month period ending in December 2008.

When the MFDA issued its ruling in June of 2011, it found Lindsay processed loans for clients without their knowledge, lied to clients about where their money was coming from and what he was doing with it, and forged their signatures to redeem investments early and pocket the cash. “He is a thief, forger, and liar who stole over \$300,000 from his clients,” the hearing panel wrote. Those clients included Lindsay’s own grandmother. The MFDA’s file of evidence even included a confession: An email from Lindsay reading “i am guilty of all the actions noted...i agree to all allegations.”

By the time the panel ruled, an Ontario judge had already sentenced Lindsay to restitution and two years of probation (Investors Group, which was also deceived, made \$400,000 in payouts to Lindsay’s clients; contacted for an interview the company responded with an emailed statement outlining its fraud-prevention policies).

But what’s notable about the case is not that the criminal justice system dealt with Lindsay faster than the industry’s regulators; it’s that the salesman ended up seeing the inside of a courtroom at all. Although the MFDA has fired and banned dozens of mutual fund sellers over the last two years — many accused of committing similar kinds of drastic deceptions that Lindsay was — a *Financial Post* investigation finds that only in a very small minority of cases are their cases pursued by police and prosecutors.

The MFDA maintains that it refers cases to authorities routinely. But there are those who believe that something isn’t working: That either the MFDA is not being diligent enough about collaborating with authorities to spur criminal charges, or that the MFDA’s own rules make it difficult to do so.



I'm always concerned when somebody, especially people dealing with such huge amounts of dollars, are getting away with it

In an analysis of almost 100 MFDA enforcement records over 2013 and 2014, the Post examined what happens to mutual fund salespeople who are found by the MFDA to have stolen money from clients, bullied and threatened clients into loaning them money, and forged documents to open up risky investment loans.

The analysis found 20 records where, if the MFDA's findings were accurate, representatives engaged in behaviour sufficiently troubling as to raise the question of whether the criminal justice system should review the cases.

Only three of these cases, or 15 per cent, appear to have resulted in criminal charges being laid. Because Canada lacks a publicly accessible national database of criminal records, the analysis relied on phone calls to local police departments and inquiries with the courts, in addition to searches through online data.

The MFDA does use its regulatory power to impose fines on dealers it finds to have acted improperly. They look hefty on paper, but once it expels a member, the association lacks any real power to force payment. The regulator noted in its 2014 annual report that it was able to collect just 1.4 per cent of the \$3.6 million in fines it levied that year against people who have since left the industry.

Shaun Devlin, head of enforcement for the MFDA, said the regulator always notifies police when it uncovers suspected criminal activity. "We are always looking for ways to make sure this information is brought to the attention of law enforcement officials so that can be considered and they can make a decision about what to do with those cases," he said.

Related

- [Former Investors Group advisor fined \\$6-million by mutual fund association](#)
- [Mutual funds are as Canadian as hockey, doughnuts and snow. The big question is why](#)
- [How Canada's mutual funds trumped the rest of the world for the last 15 years](#)
- [Mutual fund fee reform coming — maybe sooner than you think](#)

But conversations with police departments across the country indicate this is not consistently the case. The MFDA does participate in quarterly Toronto-area information-sharing meetings with members of Ontario police departments. But in Calgary, Colin Harper, acting staff sergeant of the Calgary Police Service economic crimes unit, said he has never heard of the MFDA bringing a single case to his department's attention.



That includes the second-largest case the MFDA closed during the two-year period analyzed by the *Post*: a case involving an alleged \$1.6 million Calgary-based fraud, adjudicated by the association in 2013. Harper confirmed the MFDA never contacted Calgary police despite the large dollar amount and considerable evidence collected by the MFDA in the course of its investigation. The MFDA says it does not comment on specific cases.

“I’m always concerned when somebody, especially people dealing with such huge amounts of dollars, are getting away with it. You get walked out of the office and that’s the only consequence,” he said. “My concern would be that they move on to another company in the same industry and perhaps do the same thing.”

Indeed, in addition to the three out of 100 that are confirmed to have been charged for significant crimes, this investigation uncovered two more disciplined MFDA members who were not charged for their behaviour with mutual funds — but after being sanctioned went on to get in further trouble that resulted in them being charged criminally.

In the period 2013–14, the amount the MFDA claims was stolen by salespeople ranged from \$3,500 to \$11.6 million. The representative in the latter case, Toronto’s Paul Yoannou, was one of the three who were criminally charged. Yoannou was sentenced to six years in prison last year after pleading guilty.

(The *Post*’s investigation restricted its scope to cases that appeared to constitute crimes, as defined by the Criminal Code, and where it appeared that the representative should have reasonably known the behaviour would harm victims or amount to improper personal gain. Not included, for instance, were cases where mutual fund salespeople were found to have forged client signatures for the sake of convenience; but the investigation included several cases where the MFDA found representatives falsified information to get around limits on highly leveraged — and handsomely commissioned — investments.)

One of the victims of Mark Lindsay, who spoke on condition of anonymity because he didn’t want to open old family wounds, said he has discovered the low rate of criminal charges to be shocking. In that case, victims made the difficult decision to go to the police and the MFDA themselves.

“You’re talking how many millions of dollars? Why isn’t there police involvement?” he said. “But someone down the street is ripping off a senior citizen’s purse and they go chase after him? That doesn’t make sense.”

* * * * *



The Canadian Securities Administrators established the MFDA in 1998, in response to the skyrocketing popularity of mutual funds. Today, the MFDA's 81,000 representatives handle a vast amount of the country's wealth. As of February, Canadians had \$1.2 trillion invested in mutual funds, almost one-third of their total financial wealth, according to the Investment Funds Institute of Canada.

Because mutual funds allow small investors to pool capital in professionally managed portfolios, salespeople market heavily to average, middle-class Canadians with limited investment knowledge. Investors are to trust that their mutual fund representative is an expert with their best interests at heart.

One of the goals of the MFDA's enforcement system is to impose meaningful penalties when their representatives breach that trust.

In one case, the MFDA sanctioned Markham, Ont. representative Enzo DeVuono for what they claim was an overstatement of the income and investment knowledge of two married clients, who he then helped qualify for a leveraged investment — effectively a loan to buy more funds. One of those clients was a retired bus driver with a Grade 7 education, while the other was mentally handicapped. But Harold Geller, an Ottawa-based lawyer with McBride Bond Christian LLP who has represented both mutual fund salespeople and their clients, said even cases that appear to be examples of misrepresentation are probably beatable in a criminal court, because of the MFDA's unclear rules and procedures.

He believes there is too much grey area in the association's rules around what a salesperson can use to qualify a client within a certain risk category, or how to definitely qualify a client's income and financial security — critical concepts when managing a client's risk tolerance level. In a court of law, he said, a prosecutor would have a hard time proving a representative deliberately deceived clients to enrich him or herself, as opposed to just misunderstanding or making a mistake.

"How can you prosecute on a criminal level when the rules are so obscure?" Geller said. "The MFDA rules need a complete overhaul."

Between 2013 and 2014 there were an additional 12 cases where mutual fund salespeople "misappropriated" client funds, as the MFDA calls it. A common method the salespeople used was to incorporate a company with a misleading name and get clients to make cheques out to it, thinking the money would be used to purchase securities.



In one case, Barrie, Ont. representative Reginald Roskaft was found to have incorporated a company called Corporate Receivables Agency and cashed client cheques made out to CRA — payments the clients thought were going to the Canada Revenue Agency for taxes. Roskaft was sanctioned by the MFDA in April 2014. Criminal charges were not laid. However, after the MFDA dealt with him, in November 2014 Roskaft went on to get into legal trouble: he was charged by police with running a Ponzi scheme. He has not been convicted and the case is ongoing.

In another case, the MFDA also disciplined Halifax mutual fund salesman Geoffrey Gaunt who it found had pressured a client to loan him money, allegedly using his control over her portfolio as leverage. Gaunt generally co-operated with the MFDA investigation, and in a letter to the association said he would “let stand the evidence” the association had compiled and, according to the MFDA, Gaunt did “not deny the Allegations brought against him.” No charges have been laid.

* * * * *

Because MFDA decisions are not backed by the same enforcement authority as a court of law, of the \$12,372,500 in fines and costs levied against the 20 mutual fund salespeople disciplined in the cases between 2013 and 2014, only \$20,000 has so far been repaid.

Devlin, the MFDA’s head of enforcement, said the regulator has asked provincial securities commissions for the power to enforce fine payment by non-members — or, more to the point, ex-members — but so far, it has been to no avail. He said the regulator’s most important enforcement role is suspending people who have made serious ethical breaches from the profession, with 75 per cent of the cases the MFDA completed last year resulting in a suspension or a permanent ban.

“The primary job of a regulatory agency, is to protect the public by taking them out of the regime,” Devlin said. “I think that process works very well.”

There are some practical reasons why not every criminal act described in an MFDA disciplinary hearing will result in a criminal charge. Harper, the acting staff sergeant with the Calgary Police economic crimes unit, said even with a client willing to press charges, it can be difficult to make a charge stick.

These corporate entities don’t want their dirty laundry aired in the media. Investor confidence, or client confidence, is everything

He believes that the more effective way of prosecuting salespeople found to be committing possibly illegal acts is for their financial institutions — the banks or investment groups that operate



the funds — to bring the matter to police, instead of the MFDA. The bank or investment firm is, after all, another victim in a fraud case, but one with the ability to hand over valuable internal documentation.

However, Harper said he has rarely seen that happen in his nine years of experience with the financial crimes unit. Generally, these institutions opt to repay victimized clients and put the matter to rest more quickly.

“These corporate entities don’t want their dirty laundry aired in the media. Investor confidence, or client confidence, is everything,” Harper said. “If you lose that, you lose potentially millions of dollars in business.”

Neil Gross, executive director of the Canadian Foundation for the Advancement of Investor Rights (FAIR), pointed out the MFDA can proceed with enforcement hearings in situations where police can’t, such as when the accused cannot be found. Additionally, the MFDA makes findings based on a balance of probabilities — a lower standard than finding guilt beyond a reasonable doubt as criminal courts must do.

However, Gross said we should still be making every effort to bring people to justice.

“We certainly don’t want to be attracting a criminal element in Canada. We want there to be a sense this is a good place to set up shop,” he said. “There are good, sound policy reasons to make every effort to enforce criminal law.”

After Mark Lindsay’s victim and relative lost his money, he said people wondered how he could have allowed himself to be deceived. He now says he thinks he may have trusted too much in the system to protect investors at the time; today he doesn’t trust it at all.

“I’m not saying all agents are like this. There are bad apples in every pile,” Lindsay’s victim said. “But how do I know the guy sitting in front of me isn’t going to be one of them?”

Illustration by Mike Faille, National Post



Ex NBF broker transferred funds without clients' consent and forged client signatures

By IE Staff | August 28, 2015 17:45

A hearing panel of the Investment Industry Regulatory Organization of Canada (IIROC) has accepted a settlement agreement, with sanctions, with a former broker who admitted that he made improper use of client funds and forged copies of client documents and signatures.

In the settlement, Brian Kumar admitted that between February 2013 and April 2014, while he was a registered representative with the Oakville, Ont. branch of National Bank Financial Ltd., he made improper use of \$1,450,980 in client funds by transferring these funds from the brokerage accounts of four clients into his own personal brokerage account without the clients' consent or authorization.

In addition Kumar admitted that he forged copies of cheques and client signatures to facilitate the unauthorized transfer of client funds into his personal account.

The panel found that Kumar transferred the clients' funds using forged cheques and falsified letters of authorization. He then used the funds to invest in a trading strategy involving the use of options, exchange traded funds and foreign currency contracts. In at least one instance, he created a falsified portfolio statement which he provided to one of his clients.

Prior to the commencement of any investigation of his misconduct in September 2014, Kumar began repaying his clients for the monies taken. By May 2015, he had repaid a total of \$1,608,902 to the four clients. These repayments represented the full amount of the funds transferred from the client accounts along with returns ranging from 2% to 35%, the settlement notes, which Kumar advises were generated by trading in his personal brokerage account.

Kumar agreed to a permanent prohibition on registration with IIROC and a \$50,000 fine. He also agreed to pay costs of \$5,000.

Kumar is no longer a registrant with an IIROC-regulated firm.



MAN CHARGED WITH FRAUD AND FORGERY OFFENCES, SAYS OSC

Advisor.ca Staff / September 23, 2016



The Ontario Securities Commission (OSC) has **announced** that Ronald Haller of Mississauga, Ontario has been charged with alleged breaches of the Criminal Code following an investigation by the OSC's Joint Serious Offences Team.

OSC says Haller has been charged with one count of fraud over \$5,000, contrary to section 380(1) (a) of the Criminal Code. It adds he has also been charged with forging a document by falsely endorsing a share certificate with the intention that it be acted upon as genuine, contrary to section 367 of the Criminal Code, and one count of trafficking a forged share certificate with the intention that it be acted upon as if it were genuine, contrary to section 368(1)(b) of the Criminal Code.

The OSC alleges that Haller committed these crimes between the dates of September 17, 2012 and November 18, 2015.

Haller is scheduled to appear in court on this matter on October 25, 2016, at 11:00 am in Courtroom #111, Old City Hall, 60 Queen Street West, Toronto, Ontario.

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TD BANK REVIEW OF SALES PRACTICES MAY NOT APPEASE INVESTORS

Advisor.ca Staff, with files from The Canadian Press / March 30, 2017

TD Bank says it is reviewing concerns about its sales practices in light of reports that some employees allegedly broke the law in order to meet sales targets and keep their jobs.

Read: [Banks under FCAC microscope after allegations of upselling](#)

CEO Bharat Masrani says the bank received “a few hundred complaints” last year regarding its sales practices that were escalated.

Read: [Investor complaints up 17% in 2016: OBSI](#)

Masrani says fewer than 100 of those complaints affecting customers had compliance concerns, and all of them were investigated and addressed.

Read: [Tellers are not advisors, big banks clarify](#)

He made his comments during the bank’s annual shareholder meeting, several weeks after the CBC reported that unnamed bank employees alleged they used aggressive, and in some cases illegal, sales practices.

But internal escalation isn’t enough for some, like the Small Investor Protection Association (SIPA). In a release, the organization calls on the federal government to hold a public inquiry calling private individuals for their testimony, instead of using reports by industry or regulators that rely on guidance and self-regulation.

Read: [Investors want a best interest standard](#)

Further, SIPA says it will soon publish a report on its website revealing “irrefutable facts to substantiate that [deception] is widespread across the financial industry and must be dealt with by our elected officials.”

After the bank’s shareholder meeting, Masrani told reporters that the bank has enlisted the help of an outside company to review its business in light of the reports, but he declined to name the firm.

The Financial Consumer Agency of Canada is investigating business practices in the federally regulated financial sector following the CBC reports.



Big banks to face questions about banking practices Finance committee hearings follow revelations by CBC's Go Public

By Elizabeth Thompson, CBC News Posted: May 19, 2017 5:00 AM ET Last Updated: May 19, 2017 9:31 AM ET



Employees from all of Canada's major five banks say sales pressures are forcing them into what they call unethical practices towards customers. (Dillon Hodgkin/CBC)



Elizabeth Thompson, Senior Reporter

Award-winning reporter Elizabeth Thompson covers Parliament Hill. A veteran of the Montreal Gazette, Sun Media and iPolitics, she currently works with the CBC's Ottawa bureau, specializing in investigative reporting and data journalism. She can be reached at: elizabeth.thompson@cbc.ca.

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Canada's big banks will be in the hot seat next month, facing questions about questionable banking practices revealed by CBC's Go Public.

Parliament's finance committee has decided to hold hearing into reports that bank employees are being pressured to meet sales targets. Over the course of three meetings, the committee is expected to hear from Canada's banks as well as government agencies that oversee banks.

- [Credit union employees say high-pressure sales targets turn 'members' into 'marks'](#)

The hearings will likely be held in June, sometime before Parliament rises for the summer.

Wayne Easter, chairman of the finance committee, said if the committee finds problems that need to be addressed, it can propose changes.

"We can make recommendations to the superintendent of financial institutions or to some of the other regulators of the banks if we find there are undue problems here and as a committee make recommendations to the authorities that have the responsibility in those areas."

Thousands contact Go Public

The committee's decision earlier this month to hold hearings into banking practices comes in the wake of revelations by Go Public that employees in a number of banks were being pressured to sell customers products and services they may not need. In some cases employees told CBC News they had increased lines of credit or overdraft protection to hit their sales revenue targets without informing the customer.

To date, thousands of bank employees have contacted Go Public, describing stress-inducing pressure to increase sales.



Wayne Easter, chairman of the House of Commons finance committee says the committee has the power to recommend changes. (CBC)

Easter said the reports sparked calls to members of the finance committee and questions from constituents.

"The question from constituents is along the lines of 'Are the banks overextending the authority they have under the Bank Act to push you as a customer to buy a certain product, and is there undue pressure being applied to an employee of the bank to push that product?'"

'Well-served by their banks'

Robin Walsh, spokesperson for the Canadian Bankers Association, said the banks will participate in the hearings.

"The CBA and member banks regularly participate in Parliamentary committee hearings and we will be pleased to participate in these House of Commons Finance Committee hearings," he wrote.

"Canadians are well-served by their banks, which is reflected in the very high level of satisfaction they have with their own bank – over 90 per cent of Canadians having favorable impressions of their bank."

The proposal to hold hearings into bank practices initially came from New Democrat MP Pierre-Luc Dusseault.



Pierre-Luc Dusseault, NDP MP for Sherbrooke, initially proposed hearings into the practices of Canada's big banks. (Adrian Wyld/Canadian Press)

"It was after the revelations of CBC/Radio Canada that a very high number of employees of banks have flagged some concerns about commercial practices of banks. I felt that this Parliament needed to do something about that."

Dusseault would like to hear from employees

Dusseault said he would like to hear experts on the Bank Act as well as from the banks and the superintendent of financial institutions.

"To make sure that the Bank Act is followed and is enforced because it was clear from this testimony that some employees felt the Bank Act was not respected in some cases."

- **[TD bank employees admit to breaking the law for fear of being fired](#)**

If any bank employees are willing to testify, Dusseault said he would like the committee to hear from them as well.



Conservative 'very keen' on hearings

Dan Albas, a Conservative member of the committee, said he has received reports from people who shared their experiences of the kind of practices outlined by the reports.



Conservative MP Dan Albas says he has received reports from people who have shared their experience with bank practices. (Adrian Wyld/Canadian Press)

"That's why I am very keen to hear from both the regulators – institutions that actually have oversight of this and also to ask the minister of finance directly what his overall perspective is in this case."

Albas said he also wants to make sure that the concerns about bank practices are being taken seriously.

"We would like to know a little bit more about the nature of these complaints. Obviously, these complaints were made anonymously by people who have said that they work in the banks versus consumers themselves. So we need to ask ourselves: Is there a process for those concerns to go forward?"

Elizabeth Thompson can be reached at elizabeth.thompson@cbc.ca