



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Laurier Capital Planning Inc.

SETTLEMENT AGREEMENT

I. INTRODUCTION

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

II. JOINT SETTLEMENT RECOMMENDATION

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

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

4. Staff and the Respondent agree that the terms of this Settlement Agreement, including the attached Schedule “A”, will be released to the public only if and when the Settlement Agreement is accepted by the Hearing Panel.

III. ACKNOWLEDGEMENT

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

IV. AGREED FACTS

Respondent’s Registration History

6. The Respondent became a Member of the MFDA on January 24, 2008.

7. The Respondent’s head office was located in Calgary, Alberta, with a branch in Quesnel, British Columbia, and a sub-branch in Calgary.

8. On October 10, 2008, the MFDA issued a Bulletin advising of the Respondent’s intention to resign from membership in the MFDA.

9. The MFDA approved, and the Respondent completed, a bulk transfer of its client

accounts to another MFDA Member on October 31, 2008.

10. The Respondent's rights and privileges were suspended by Order of an MFDA Hearing Panel on November 14, 2008, following which the Respondent's resignation from Membership was accepted on March 2, 2009.

11. Commencing January 24, 2008, the Respondent was registered as a mutual fund dealer in Alberta, British Columbia, and Saskatchewan; its registration was subsequently terminated in each of these jurisdictions as follows:

- British Columbia – October 31, 2008;
- Alberta – January 23, 2009; and
- Saskatchewan – March 3, 2009.

MFDA Compliance Examination 2008

12. Commencing May 26, 2008, MFDA Compliance Staff attended at the Respondent's head office and completed a compliance examination covering the period January 24, 2008 to May 15, 2008 ("the material time").

13. The results of the 2008 compliance examination were summarized and delivered to the Respondent in a report dated September 29, 2008, which identified a number of deficiencies, including those related to tier-one supervision, tier-two supervision, and the lack of a fully operational back office system sufficient to permit the Respondent to comply with its obligations under the MFDA's By-laws, Rules and Policies.

Back Office System

14. During the material time, the Respondent employed various back office systems to conduct its business, none of which were sufficiently functional to permit the Respondent to meet its regulatory obligations.

15. In May 2008, when MFDA Compliance Staff attended at the Respondent's head office, the back office system in place was not sufficiently functional to permit the Respondent to meet its regulatory obligations.

16. The Respondent's KYC and NAAF forms required clients to state their risk tolerance using a percentage basis only.¹ However, the Respondent relied solely on hard copies of KYCs and NAAFs in client files when conducting trade reviews and, due to the failings of its back office system, was unable to review the actual investments in a client's account at the time of a trade to assess the suitability of the trade against the client's percentage risk allocations as stated on the client's KYC and/or NAAF.

17. Additionally, due to the deficiencies its back office system, the Respondent was unable to, among other things, conduct trade reconciliations, or generate (and review) trend reports, error reports, and trade volume reports and therefore was unable to conduct reviews for, among other things, excessive trading and off-book trading activity.

Tier-One Supervision

18. During the material time, the Respondent failed to establish, implement, and maintain adequate tier-one supervision.

19. In addition to, or due to, the failures associated with not having a functional back office system, tier-one supervision was inadequate in that the Compliance Officer responsible for tier-one supervision at the Respondent did not conduct suitability reviews of trades; rather, the Compliance Officer reviewed trade documents solely for completeness of information.

20. During the material time, the Respondent was aware that it was not adequately conducting tier-one supervision but failed to take steps to correct the problems.

¹ For example, a client might indicate that they wished 25% of their account to be in high risk investments, 25% in medium risk investments, and the remaining 50% in low risk investments.

Tier-Two Supervision

21. During the material time, the Respondent failed to establish, implement, and maintain adequate tier-two supervision.

22. In addition to, or due to, the failures associated with not having a functional back office system, the Respondent's tier-two supervision was inadequate in that:

- The Respondent did not review trade blotters or conduct trade reconciliations;
- The Respondent failed to adequately review the suitability of trade recommendations in client accounts;
- The Respondent allowed Approved Persons to submit their trading instructions directly to the mutual fund companies, such that all trading activity was effectively 'off-book' and the Respondent was unable to detect unauthorized off-book trading; and
- The Respondent was unable to conduct reviews for excessive trading activity.

23. During the material time, the Respondent was aware that it was not adequately conducting tier-two supervision but failed to take steps to correct the problems.

V. CONTRAVENTIONS

24. The Respondent admits that from January 24, 2008 to May 15, 2008 it failed to ensure that:

- i. tier-one supervision was adequately established, implemented, and maintained; and
- ii. tier-two supervision was adequately established, implemented, and maintained,

contrary to MFDA Rules 2.2.1, 2.5, MFDA Policy No. 2, and MFDA Rule 2.1.1.

VI. TERMS OF SETTLEMENT

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

- i. The Respondent shall pay a fine in the amount of \$7,500, pursuant to section 24.1.2(b) of MFDA By-law No. 1;
- ii. The Respondent shall pay costs in the amount of \$2,500, pursuant to section 24.2 of MFDA By-law No. 1; and
- iii. A representative of the Respondent shall attend in person at the Settlement Hearing.

VII. STAFF COMMITMENT

26. If this Settlement Agreement is accepted by the Hearing Panel, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent herein in respect of the contraventions set out in Part V of this Settlement Agreement, subject to the provisions of Part IX below. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any contraventions that are not set out in Part V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the contraventions set out in Part V, whether known or unknown at the time of settlement.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

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

28. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the settlement hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive its rights to a full hearing, a review hearing before the Board of Directors of the MFDA or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction.

29. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, the Respondent shall be deemed to have been penalized by the Hearing Panel

pursuant to section 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with section 24.5 of By-law No. 1.

30. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against it.

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

31. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under section 24.3 of the By-laws of the MFDA against the Respondent or any of its officers or directors based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceedings may be heard and determined by a hearing panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

32. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule “A” is not made by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to sections 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

33. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that it will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness,

or any other remedy or challenge that may otherwise be available.

XI. DISCLOSURE OF AGREEMENT

34. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated: January 7, 2011.

“Carole Foley”

Witness - Signature

Carole Foley

Witness - Print name

“Denis Albinati”

Laurier Capital Planning Inc.
Per: Denis Marcel Albinati
“I have authority to bind the Corporation”

“Shaun Devlin”

Staff of the MFDA
Per: Shaun Devlin
Vice-President, Enforcement

Schedule "A"

Order

File No. 201027



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**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Laurier Capital Planning Inc.

ORDER

WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated January 7, 2011 ("Settlement Agreement"), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to sections 20 and 24.1 of By-law No. 1;

AND WHEREAS on [DATE], 2011, the Mutual Fund Dealers Association of Canada ("MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of MFDA By-law No. 1 ("By-law No. 1") in respect of Laurier Capital Planning Inc. ("Respondent");

AND WHEREAS the Hearing Panel is of the opinion that the Respondent, from January 24, 2008 to May 15, 2008 failed to ensure that:

- i) tier-one supervision was adequately established, implemented, and maintained; and
- ii) tier-two supervision was adequately established, implemented, and maintained,

contrary to MFDA Rules 2.2.1, 2.5, MFDA Policy No. 2, and MFDA Rule 2.1.1;

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

1. The Respondent shall pay a fine in the amount of \$7,500, pursuant to section 24.1.2(b) of MFDA By-law No. 1;
2. The Respondent shall pay costs in the amount of \$2,500, pursuant to section 24.2 of MFDA By-law No. 1; and
3. If at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, then the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents to the non-party without first redacting from them any and all intimate financial or personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this ____ day of _____, 2011.

Per: _____
[Name of Public Representative], Chair

Per: _____
[Name of Industry Representative]

Per: _____
[Name of Industry Representative]