



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
THE *SECURITIES ACT*,
R.S.O. 1990, AS AMENDED**

- and -

**IN THE MATTER OF
AN APPLICATION FOR REGISTRATION BY
CHRISTOPHER AQUI**

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. This settlement agreement (the “**Settlement Agreement**”) relates to an application (the “**Application**”) for a reactivation of registration as a mutual fund dealing representative under the *Securities Act* (Ontario) (the “**Act**”) by Christopher AQUI (“**Aqui**”) with Banwell Financial Group Inc.
2. In reviewing the Application, staff of the Ontario Securities Commission (“**Staff**”) became aware of information which could impugn AQUI’s suitability for registration under the Act, and which could form the basis of a recommendation by Staff to the Director that the Application be refused.
3. In the event that Staff recommended to the Director that the Application be refused, AQUI would be entitled to an opportunity to be heard (an “**OTBH**”) pursuant to section 31 of the Act in respect of Staff’s recommendation.
4. Staff and AQUI have agreed to make a joint recommendation to the Director regarding the Application, as more particularly described in this Settlement Agreement.

II. AGREED STATEMENT OF FACTS

5. The parties agree to the facts as stated below.
 - A. **AQUI’s Registration History**
6. AQUI has been registered under the Act as follows:

- (a) June 7, 1988 to January 1, 1992: Investors Syndicate Limited (salesperson, mutual fund dealer);
 - (b) January 1, 1992 to October 29, 1996: Investors Group Financial Services Inc. (salesperson, mutual fund dealer and limited market dealer);
 - (c) December 9, 1996 to September 10, 1997: McDermid St. Lawrence Securities Ltd. (registered mutual fund sales representative);
 - (d) June 10, 1998 to December 2, 2002: Raymond James Ltd. (registered representative);
 - (e) December 5, 2002 to March 13, 2009: Keybase Investments Inc. (salesperson, mutual fund dealer and limited market dealer);
 - (f) March 17, 2009 to January 19, 2011: IPC Investment Corporation (salesperson, mutual fund dealer and limited market dealer (after September 28, 2009 the category of salesperson, mutual fund dealer became exempt market dealing representative); and
 - (g) January 19, 2011 to March 24, 2016: IPC Investment Corporation (mutual fund dealing representative).
7. Aqui's registration has been subject to regulatory action from time to time, as follows:
- (a) On September 10, 1997, the Investment Dealers Association of Canada (now the Investment Industry Regulatory Organization of Canada) suspended Aqui's registration because he did not complete either the *Canadian Securities Course* or the *Conduct and Practices Handbook Course*, as required by the condition of his registration;
 - (b) Aqui's trading privileges were removed between December 18, 2000 and January 30, 2001 because he did not complete the *Professional Financial Planning Course*, as required by the condition of his registration; and
 - (c) Between November 29, 2006 and August 24, 2007, and again from March 2, 2011 until March 24, 2016, the date Aqui was last registered, terms and conditions requiring close supervision of his trading activity were imposed on his registration because of his personal financial difficulties.
8. Aqui was dismissed for cause by IPC effective March 24, 2016. According to the Form 33-109F1 *Notice of Termination of Registered Individuals and Permitted Individuals* delivered in relation to Aqui's dismissal from IPC, he was dismissed because of material violations of the firm's policy concerning the use of blank signed forms, making false representations on an annual compliance questionnaire regarding the use of blank signed forms, and non-compliance with the firm's policy regarding deferred sales charges ("DSCs").

9. The Application was submitted on April 8, 2016.

B. Pre-Signed and Altered Forms

10. In February 2016, IPC conducted an internal review of Aqui's practice and discovered that he had engaged in a pattern of obtaining and using pre-signed forms, and altering client forms without having the client initial the alteration.

11. Records produced by IPC included 90 pre-signed forms for 15 different clients, and most of these pre-signed forms had been used to process transactions for clients. The records produced by IPC also included 27 forms for 17 clients where Aqui had altered the document without having the client initial the change. Some clients had both pre-signed and altered forms. In total, this conduct affected 28 different clients, and spanned the period 2013 to 2016.

12. The pre-signed forms and altered forms contained in the records produced by IPC are set out in Schedule "A" to this Settlement Agreement.

13. At the time he obtained pre-signed forms, Aqui was aware that they were not permitted by IPC's policies and procedures, or by the Rules of the Mutual Fund Dealers Association of Canada (the "MFDA").

14. It is Aqui's position that he obtained pre-signed forms and that he altered forms for the convenience of his clients, that his clients were aware of all transactions that he processed for them, and that with the exception of client BH, he did not use any of the pre-signed or altered forms to engage in discretionary trading.

C. Failure to Disclose Pre-Signed Forms

15. During his employment with IPC, Aqui was required to complete annual compliance attestations. Among other things, these annual compliance attestations required registered dealing representatives to disclose if they had obtained or used pre-signed forms.

16. Aqui completed IPC's annual compliance attestations by indicating that he had not obtained or used pre-signed forms. Aqui acknowledges that these responses were false, and states that his answers were for the sake of expediency.

17. During the course of IPC's internal review of Aqui's practice, IPC personnel interviewed Aqui and specifically asked him whether he had ever obtained pre-signed forms, and Aqui responded that he had not. Aqui acknowledges that this response was false, and states that it was a misguided attempt to salvage his employment at IPC.

D. Discretionary Trading

18. BH was a client of AQUI.
19. In 2014 or 2015, BH began withdrawing money from her investment account with increased frequency. To effect these frequent redemptions, BH provided AQUI with pre-signed Order Entry Forms and she would then call him with a request for funds, and would leave it to him to select which mutual funds to redeem. AQUI would select whichever mutual funds he felt were appropriate, and would process the redemptions without informing BH in advance as to which funds were being redeemed, thereby engaging in discretionary trading.
20. AQUI acknowledges that he engaged in discretionary trading for BH on at least two occasions.
21. On or around January 25, 2016, AQUI prepared a "Letter of Indemnity" for BH to sign, in which she purported to "indemnify" AQUI for "any market losses or excess Deferred Sales Charges" she may incur. At AQUI's request, BH signed the letter.
22. AQUI states that he procured the letter from BH because of the frequent redemptions she was requesting, and that as a result he felt exposed in that he was not giving her proper advice.

E. Improper Conduct with Respect to DSCs

23. From time to time, AQUI would transfer his clients' assets from one mutual fund with a DSC to another mutual fund with a DSC, thereby restarting the DSC schedule applicable to those assets and generating a sales commission for himself. AQUI believes he verbally informed his clients that their DSC schedules would restart, but acknowledges that he did not provide them with any written disclosure to that effect, and that he did not keep notes of such discussions with his clients.
24. AQUI states that he transferred assets between DSC mutual funds on the instruction of his clients as part of a portfolio rebalancing process, and that he would rebate any DSCs the client incurred as a result of this process in accordance with the policies and procedures of IPC. However, on at least one occasion, AQUI processed such a transfer without rebating the resulting DSC to the client.
25. On March 1, 2013, AQUI redeemed \$21,450.44 worth of units of the Fidelity Canadian Asset Allocation Fund Series A for client TI, which resulted in a DSC to the client of \$525.44. This DSC was not rebated. On March 4, 2013, AQUI purchased \$20,925 worth of units of the Fidelity U.S. Dividend Fund Series A for the client. AQUI acknowledges that this transaction should have been processed as a switch without a DSC being paid by the client, and that he failed to identify this error at the time the transaction was being processed.

III. ADMISSIONS BY AQUI

26. AQUI admits that he contravened subsection 2.1(2) of OSC Rule 31-505 *Conditions of Registration* and failed to deal fairly, honestly, and in good faith with his clients by:
- (a) Obtaining and using pre-signed client forms and altering client forms;
 - (b) Obtaining a “Letter of Indemnity” from BH;
 - (c) Failing to ensure that his clients received adequate disclosure that their DSC schedules would restart when he transferred their assets from one DSC mutual fund to another DSC mutual fund; and
 - (d) Failing to ensure that DSCs were rebated to a client when they were incurred as part of a portfolio rebalancing strategy recommended by AQUI.
27. AQUI admits that he contravened rule 2.3 of the MFDA Rules and the adviser registration requirement in subsection 25(3) of the Act by engaging in discretionary trading for a client.
28. AQUI admits that he failed to conduct himself with the integrity required of a registrant by engaging in the acts described in paragraphs 24 and 25 above, and by failing to disclose the existence of his pre-signed forms to IPC when required to do so.

IV. JOINT RECOMMENDATION TO THE DIRECTOR

29. In order to resolve the matter of the Application, and on the basis of the Agreed Statement of Facts and the Admissions by AQUI set out in this Settlement Agreement, Staff and AQUI make the following joint recommendation to the Director:
- (a) AQUI will withdraw the Application and will not reapply for registration for a period of at least fifteen months from April 8, 2016, the date of the Application;
 - (b) Before reapplying for registration, AQUI will successfully complete the *Conduct and Practices Handbook Course*;
 - (c) If AQUI complies with paragraphs 29(a) and (b) above, then upon AQUI reapplying for registration in the future with a registered mutual fund dealer, Staff will not recommend to the Director that his application be refused unless Staff becomes aware after the date of this Settlement Agreement of conduct impugning AQUI’s suitability for registration or rendering his registration otherwise objectionable, provided AQUI meets all other applicable criteria for registration at the time he applies for registration; and
 - (d) In the event AQUI’s registration is reactivated, it shall be subject to the terms and conditions set out in Schedule “B” to this Settlement Agreement for a period of

not less than one year, after which time Aqui may apply to the Director to have the terms and conditions modified or removed.

- (e) This Settlement Agreement will be published on the website of the Ontario Securities Commission and in the OSC Bulletin.

30. The parties submit that their joint recommendation is reasonable, having regard to the following factors:

- (a) Aqui has recognized and acknowledged his misconduct;
- (b) The joint recommendation requires Aqui to obtain additional education about his professional responsibilities as a registrant;
- (c) The period of time Aqui is to be refused registration under the Settlement Agreement is commensurate with the gravity of his misconduct;
- (d) The terms and conditions proposed by the Settlement Agreement provide a means to detect and prevent the future use of pre-signed forms by Aqui; and
- (e) By agreeing to this Settlement Agreement, Aqui has saved Staff and the Director the time and resources that would have been required for an OTBH.

31. The parties acknowledge that if the Director does not accept this joint recommendation:

- (a) This joint recommendation and all discussions and negotiations between Staff and Aqui in relation to this matter shall be without prejudice to the parties; and
- (b) Aqui will be entitled to an OTBH in accordance with section 31 of the Act in respect of a recommendation that may be made by Staff regarding his registration status.

“Marrianne Bridge”

Marrianne Bridge
Deputy Director
Compliance and Registrant Regulation

“Christopher Aqui”

Christopher Aqui

March 28, 2017

Date

March 24, 2017

Date

SCHEDULE "A"

Pre-Signed Forms

Client Name	Document
LA	Blank signed Order Entry Form, undated
	Blank signed Order Entry Form, undated
	Blank signed Order Entry Form, undated
	Blank signed Order Entry Form, undated
	Blank signed Order Entry Form, undated
	Blank signed Order Entry Form, undated
	Blank signed Order Entry Form, undated
	Blank signed Free Units Processing Instruction Form, undated
	Blank signed Matured Units Processing Instruction Form, undated
	Partially-completed signed NAAF/KYC, undated
MM	Used pre-signed Order Entry Form, August 28, 2015
BN	Used pre-signed Order Entry Form, February 8, 2013
	Used pre-signed Order Entry Form, March 12, 2013
	Used pre-signed Order Entry Form, April 9, 2013
	Used pre-signed Order Entry Form, May 10, 2013
	Used pre-signed Order Entry Form, June 7, 2013
	Used pre-signed Order Entry Form, July 9, 2013
	Used pre-signed Order Entry Form, December 11, 2013
	Used pre-signed Deregistration/Withdrawal Request, December 11, 2013
	Used pre-signed Order Entry Form, January 9, 2014
	Used pre-signed Deregistration/Withdrawal Request, January 9, 2014
	Used pre-signed Order Entry Form, March 5, 2014
	Used pre-signed Order Entry Form, April 9, 2014
	Used pre-signed Order Entry Form, May 5, 2014
	Used pre-signed Deregistration/Withdrawal Request, May 5, 2015
	Used pre-signed Order Entry Form, June 6, 2014
	Used Deregistration/Withdrawal Request, June 6, 2014
	Used pre-signed Order Entry Form, July 7, 2014
	Used pre-signed Deregistration/withdrawal Request, July 7, 2014
	Used pre-signed Order Entry Form, August 7, 2014
	Used pre-signed Deregistration/Withdrawal Request, August 7, 2014
	Used pre-signed Order Entry Form, September 8, 2014
	Used pre-signed Deregistration/Withdrawal Request, September 8, 2014
	Used pre-signed Order Entry Form, October 6, 2014
	Used pre-signed Deregistration/Withdrawal Request, October 6, 2014

	Used pre-signed Order Entry Form, November 7, 2014
	Used pre-signed Deregistration/Withdrawal Request, November 10, 2014
	Used pre-signed Order Entry Form, December 4, 2014
	Used pre-signed Deregistration/Withdrawal Request, December 4, 2014
	Used pre-signed Order Entry Form, February 6, 2015
	Used pre-signed Withdrawal Request, February 6, 2015
	Used pre-signed Order Entry Form, March 6, 2015
	Used pre-signed Withdrawal Request, March 6, 2015
	Used pre-signed Order Entry Form, April 7, 2015
	Used Withdrawal Request, April 7, 2015
	Used pre-signed Order Entry Form, May 6, 2015
	Used pre-signed Withdrawal Request, May 6, 2015
	Used pre-signed Order Entry Form, September 4, 2015
	Used pre-signed Withdrawal Request, September 4, 2015
	Used pre-signed Order Entry Form, October 6, 2015
	Used pre-signed Withdrawal Request, October 6, 2015
	Used pre-signed Order Entry Form, November 6, 2015
	Used pre-signed Withdrawal Request, November 6, 2015
	Used pre-signed Order Entry Form, December 7, 2015
	Used pre-signed Withdrawal Request, December 7, 2015
	Used pre-signed Order Entry Form, January 6, 2016
	Used pre-signed Withdrawal Request, January 6, 2016
LA	Used pre-signed NAAF, February 11, 2013
AA	Used pre-signed Order Entry Form, December 2, 2013
KM	Used pre-signed NAAF/KYC form, December 3, 2013
SG	Used pre-signed Order Entry form, May 12, 2014
GH	Used pre-signed KYC Update, June 7, 2014
	Used pre-signed Order Entry Form, December 3, 2014
JB	Used pre-signed Order Entry Form, March 7, 2014
CM	Partially completed pre-signed KYC Update, July 28, 2014
	Used pre-signed KYC Update, July 28, 2014
	KYC update with alterations not initialed by client, March 17, 2015
NS	Order Entry Form with alterations not initialed by client, July 1, 2014
	Order Entry Form with alterations not initialed by client, August 11, 2014
BH	Used pre-signed Order Entry Form, July 31, 2014
	Used pre-signed Order Entry Form, January 18, 2014
	Used pre-signed Order Entry Form, September 19, 2014
	Used pre-signed Order Entry Form, October 8, 2014
	Used pre-signed Order Entry Form, December 10, 2014
	Used pre-signed Order Entry Form, March 27, 2015
	Used pre-signed Order Entry Form, April 14, 2015

	Used pre-signed Order Entry Form, May 8, 2015
	Used pre-signed Order Entry Form, June 11, 2015
	Used pre-signed Order Entry Form, July 6, 2015
	Used pre-signed Withdrawal Request, July 6, 2015
	Used pre-signed Withdrawal Request, July 21, 2015
	Used pre-signed Order Entry Form, October 12, 2015
	Used pre-signed Order Entry Form, December 15, 2015
CT	KYC Update with alterations not initialed by client, October 6, 2014
AV	Used pre-signed Order Entry Form, November 11, 2014
	Used pre-signed Order Entry Form, December 3, 2014
ER	Used pre-signed Order Entry Form, March 24, 2015
	Used pre-signed Order Entry Form, March 24, 2015
	Used pre-signed Order Entry Form, August 18, 2015
	Used pre-signed Order Entry Form, August 18, 2015

Forms Altered Without Client Initial

Client	Document
MM	NAAF net worth changed without client initial, October 11, 2012
	NAAF investment objectives changed without client initial, October 11, 2012
HK	Order Entry Form with alterations not initialed by client, June 17, 2013
	Order Entry Form with alterations not initialed by client, January 17, 2014
MC	Order Entry Form with alterations not initialed by client, July 23, 2013
	Order Entry Form with alterations not initialed by client, July 23, 2013
BM	KYC Update with alterations not initialed by client, August 12, 2013
SV	Order Entry Form with alterations not initialed by client, November 20, 2013
	Order Entry Form with alterations not initialed by client, November 11, 2013
	Order Entry Form with alterations not initialed by client, January 27, 2014
AA	Order Entry Form with alterations not initialed by client, November 21, 2013
	Order Entry Form with alterations not initialed by client, November 22, 2013
	Order Entry Form with alterations not initialed by client, July 1, 2014
	Order Entry Form with alterations not initialed by client, August 11, 2014

MB	Order Entry Form with alterations not initialed by client, November 22, 2013
GE	KYC Update Form with alterations not initialed by client, January 10, 2014
SG	Re-used Order Entry Form with alterations not initialed by client, February 1, 2014
	Re-used Order Entry Form with alterations not initialed by client, March 3, 1, 2014
SK	Order Entry Form with alterations not initialed by client, February 2, 2014
	Order Entry Form with alterations not initialed by client, February 4, 2015
GH	Order Entry Form with alterations not initialed by client, March 25, 2014
JA	Order Entry Form with alterations not initialed by client, May 9, 2014
MC	Order Entry Form with alterations not initialed by client, December 2, 2014
DB	NAAF/KYC Form with alterations not initialed by client, March 3, 2015
MM	Order Entry Form with alterations not initialed by client, April 24, 2015
FB	Order Entry Form with alterations not initialed by client, July 23, 2015
RC	Order Entry Form with alterations not initialed by client, January 12, 2015

SCHEDULE “B”

Terms and Conditions

The registration of Christopher Aqui (the “**Registrant**”) under the *Securities Act* (Ontario) (the “**Act**”) is subject to the following terms and conditions, which were imposed by the Director pursuant to section 27 of the Act:

Strict Supervision

1. The registration of the Registrant shall be subject to strict supervision by his sponsoring firm.
2. The Registrant’s sponsoring firm is to submit written monthly supervision reports in the form specified in Appendix A to the Ontario Securities Commission (the “**OSC**”), Attention: Deputy Director, Registrant Conduct Team, Compliance and Registrant Regulation Branch, and also to the Mutual Fund Dealers Association (“**MFDA**”), Attention: Manager, Compliance, or such other form of written monthly supervision report as may be required by the OSC from time to time. These reports will be submitted within 15 calendar days after the end of each month.
3. The Registrant must immediately report to the OSC’s Deputy Director, Registrant Conduct Team, Compliance and Registrant Regulation Branch if he is under investigation by the MFDA or is reprimanded in any way by the MFDA.

Delivery of Documents

4. The Registrant may not process any transactions for a client without the client’s written authorization, which must be delivered to the Registrant’s sponsoring firm at the time the Registrant processes the transaction.
5. If the Registrant processes a transaction for a client using a document that is signed or initialed by a client and that is not the original version of the document (a “**Copied Document**”), the Registrant must deliver the original document to his sponsoring firm within one week of the transaction to permit the firm to verify the authenticity of the Copied Document, including whether the Copied Document was created using a pre-signed form.

Appendix "A"

Strict Supervision Report

I hereby certify that supervision has been conducted for the month ending _____, 201_ of the trading activities of Christopher Aqui (the "**Registrant**") by the undersigned. I further certify the following:

1. All orders, both buy and sell, and sales contracts have been reviewed by a supervising officer of Banwell Financial Group Inc. prior to the trade occurring.
2. All client accounts have been reviewed for leveraging, suitability of investments, overconcentration of investments, excess trading or switching, and any amendments to know your client information.
3. A review of trading activity on a daily basis has been conducted of the dealing representative's client accounts.
4. No transactions have been made in any client account until the full and correct documentation is in place.
5. The Registrant has not been granted any power of attorney over any client accounts.
6. All payments for the purchase of the investments were made payable to the dealer. There were no cash payments accepted.
7. No client complaints have been received during the preceding month. If there have been complaints, an outline of the nature of the complaint and follow-up action initiated by the company is attached.*
8. There has been no handling of clients' funds or securities or issuance of cheques to clients without management approval.
9. Any transfer of funds or securities between clients' accounts has been authorized in writing and reviewed by the supervising officer.
10. Spot audits relative to the Registrant's client accounts have been conducted during the preceding month to ensure compliance with these procedures and no violations of these procedures were discovered.

* In the event of client complaints or violations of securities legislation and/or the dealer's internal policies and procedures, the Ontario Securities Commission must be notified immediately.

Date

Signature of Supervising Officer

Name of Supervising Officer