

Re Zmetana

IN THE MATTER OF:

The Mutual Fund Dealer Rules

and

Susan Louise Zmetana

2025 CIRO 24

Canadian Investment Regulatory Organization
Hearing Panel (Saskatchewan District)

Heard: April 15, 2025, in Regina, Saskatchewan (via video conference)

Decision: April 15, 2025

Reasons for Decision: May 2, 2025

Hearing Panel:

Richard L. Yaffe, K.C., Chair

Annette Stephens, Industry Representative

Greg Wiebe, Industry Representative

Appearances:

Tyler Beazer, Enforcement Counsel

Anna Markiewicz, Counsel for Susan Louise Zmetana

Susan Louise Zmetana, Respondent (present)

REASONS FOR DECISION ON ACCEPTANCE OF SETTLEMENT

INTRODUCTION

[1] Susan Louise Zmetana (the **Respondent**) admits to violating the Mutual Fund Dealer Rules by:

- obtaining, possessing and using to process transactions, 10 pre-signed account forms in respect of seven clients; and
- altering and using to process transactions, 29 account forms in respect of 30 clients, by altering information on the account forms without having the clients initial the alterations to show that the alterations were authorized, or by submitting for processing account forms containing information that had been altered without the clients' initials;

contrary to Mutual Fund Dealer Rule 2.1.1.

[2] The purpose of this Hearing was to determine whether a hearing panel (the **Hearing Panel**) of the Canadian Investment Regulatory Organization (**CIRO**) should accept the settlement agreement (the **Settlement Agreement**) entered into between CIRO Enforcement Counsel (**Staff**) and the Respondent pursuant to Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the Mutual Fund Dealer *Rules of Procedure*.

[3] Staff and the Respondent consented and agreed to the terms of the Settlement Agreement and jointly recommended that the Hearing Panel accept the Settlement Agreement.

[4] The Hearing Panel approved the Settlement Agreement.

Abridgement of Notice

[5] This matter was commenced by issuance of a Notice of Settlement Hearing dated March 31, 2025. A corresponding News Release announcing the date of the settlement hearing was published on April 9, 2025.

[6] Staff and the Respondent requested that the Hearing Panel exercise its discretion, pursuant to Rules 2.2 and 1.5 of the Mutual Fund Dealer *Rules of Procedure*, to abridge the ordinary requirement set out in Rule 15.2 of the *Rules of Procedure* that a hearing panel shall not consider a settlement agreement unless at least 10 days' notice of the settlement hearing has been given to the public by CIRO.

[7] In its oral submissions, Staff presented compelling reasons why it would not be prejudicial to grant the request for an abridged notice period, including the fact that all CIRO settlement hearings, such as the case at hand, are held *in camera* and that members of the public are excluded from the proceeding unless and until the hearing panel accepts the settlement agreement. The Respondent's counsel supported the request for the abridged notice period.

[8] This type of relief has been granted in previous disciplinary proceedings by hearing panels in appropriate cases.¹

[9] After considering the matter, the Hearing Panel granted the request for an abridgement of the notice period.

ANALYSIS

1. FACTS

[10] The facts are as follows:

[11] The Respondent has been registered in the securities industry since approximately January 1993.

[12] Between July 1, 2021 and December 30, 2023, the Respondent was registered in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario as a dealing representative with Investia Financial Services Inc. (**Investia**), a Dealer Member of CIRO (formerly a Member of the Mutual Fund Dealers Association of Canada (the **MFDA**)).

[13] On December 30, 2023, the Respondent resigned from Investia.

[14] Since January 25, 2024, the Respondent has been registered in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario as a dealing representative with Designed Securities Ltd., a Dealer Member of CIRO.

[15] At all material times, the Respondent conducted business in the Regina, Saskatchewan area.

[16] At all material times, Investia's policies and procedures prohibited its dealing representatives from obtaining, possessing or using blank or incomplete pre-signed account forms.

[17] Between June 27, 2017 and February 9, 2021, the Respondent obtained, possessed and used to process transactions, 10 pre-signed account forms in respect of seven clients.

[18] The pre-signed account forms included:

- a) one redemption form;
- b) three systemic instruction forms;

¹ Re Carter, 2024 CIRO 16 at paras 7-11 and Gowan (Re), 2021 CanLII 143027 (CMFDA) at paras 6-9

- c) two withdrawal forms;
- d) two transfer forms; and
- e) two application forms.

[19] At all material times, Investia's policies and procedures prohibited its dealing representatives from altering or correcting any information on account forms without having the client initial the alteration and show that the alteration was authorized by the client.

[20] Between January 30, 2017 and December 2, 2021, the Respondent altered and used to process transactions, 29 account forms in respect of 30 clients, by altering information on the account forms without having the clients initial the alterations to show that the alterations were authorized.

[21] The altered account forms included:

- a) seven order entry forms;
- b) four order instruction forms;
- c) seven trade tickets;
- d) two systematic instruction forms;
- e) one redemption form;
- f) three withdrawal forms;
- g) two transfer forms; and
- h) three application forms.

[22] The alterations made to the account forms included changes to fund selection, investment amounts, redemption amounts, investment instructions, fund names, numbers, descriptions and codes, account numbers and types, and dates.

[23] At all material times, the Respondent, along with three other Approved Persons who were registered as dealing representatives with Investia, shared joint representative codes to collectively service Investia clients' accounts.

[24] Investia had a policy that required all of the Approved Persons who shared a joint representative code to sign certain account documents that were processed pursuant to the joint representative code. The effect of this policy was that regardless of which Approved Person met with the client and completed the account form, the other Approved Persons who shared the joint representative code also had to sign the forms as an advisor of record.

[25] As a result of Investia's joint representative code policy, in addition to the Respondent's conduct described above regarding pre-signed and altered account forms, there are 26 account forms (pre-signed by clients or with information altered on the form without obtaining the client's signature) that were obtained, possessed and used to process transactions which were signed by the Respondent and one or more of the other Approved Persons.

Investia's Investigation

[26] In October 2022, during a branch review, Investia discovered some of the pre-signed and altered account forms described above. As a result, Investia conducted a full review of the client files maintained by the Respondent and discovered the remaining pre-signed and altered account forms.

[27] As part of its investigation into the Respondent's conduct, Investia sent out audit letters to the affected clients, along with copies of their transaction history and KYC information, to determine the accuracy of the information and whether the transactions were authorized. No clients responded to Investia with any concerns or complaints.

[28] On November 21, 2022, Investia placed the Respondent under strict supervision until January 31, 2023. Investia reported that no concerns or further issues were identified while the Respondent was under strict supervision.

[29] On May 5, 2023, Investia issued the Respondent a warning letter in respect of the conduct in the Settlement Agreement.

2. LEGAL CONSIDERATIONS AND PAST CASES

[30] Hearing panels have considered the following when determining whether a proposed settlement should be accepted.² Hearing panels agree that these factors remain relevant as guidelines in determining whether or not to accept a proposed settlement agreement:

- a) whether acceptance of the settlement agreement would be in the public interest and whether the penalty imposed will protect investors;
- b) whether the settlement agreement is reasonable and proportionate, having regard to the conduct of the respondent as set out in the settlement agreement;
- c) whether the settlement agreement satisfactorily addresses the issues of both specific and general deterrence with respect to the respondent and the industry, respectively;
- d) whether the proposed settlement will prevent the type of conduct described in the settlement agreement from occurring in the future;
- e) whether the settlement agreement will foster confidence in the integrity of the Canadian capital markets;
- f) whether the settlement agreement will foster confidence in the integrity of CIRO; and
- g) whether the settlement agreement will foster confidence in the regulatory process itself.

[31] CIRO considers the protection of investors to be the primary goal of securities regulation. The goals of securities regulation also include fostering public confidence in the capital markets and the securities industry.³

[32] The penalties that are imposed must be sufficient to affirm public confidence in the regulation of the mutual fund industry, and to ensure deterrence.

[33] The Hearing Panel may accept or reject the recommended Settlement Agreement (Mutual Fund Dealer Rule 7.4.4.3). It is accepted practice that hearing panels should not interfere lightly in a negotiated settlement.

[34] The Hearing Panel considered the factors listed above. The Hearing Panel also considered the precedent cases with similar fact situations and the penalties imposed in those cases, as presented in the submission of Staff, as well as CIRO's Sanction Guidelines that came into effect on February 1, 2024.

3. AGGRAVATING AND MITIGATING FACTORS

[35] In considering whether to accept or reject the proposed settlement, the Hearing Panel took note of the following aggravating factors.

[36] Obtaining, possessing and using pre-signed account forms, and altering account forms without obtaining client initials, are both considered serious misconduct.

[37] The Respondent engaged in the misconduct after the issuance of MFDA Bulletin #0661-E on October 2, 2015 and Staff Notice MSN-0066 on October 31, 2007. All of the pre-signed and altered account forms at issue in this case were obtained post-Bulletin and Member Staff Notice.

² *Sterling Mutuals Inc. (Re)*, Hearing Panel of the Central Regional Council, File No. 200820, Decision and Reasons dated August 21, 2008

³ *Pezim v British Columbia (Superintendent of Brokers)*, [1994] 2 S.C.R. 557

[38] The Respondent has been registered in the securities industry since approximately January 1993. She was experienced in the industry and knew, or ought to have known of her regulatory obligations as an Approved Person.

[39] In considering whether it should accept or reject the proposed settlement, the Hearing Panel took note of the following mitigating factors.

[40] The Respondent's registration, while registered at her current Dealer Member, Designed Securities Ltd., is subject to terms and conditions. The Respondent is subject to close supervision and Designed Securities Ltd. prepares monthly supervision reports on her sales activities and dealings with clients.

[41] The Respondent has not previously been the subject of disciplinary proceedings commenced by the MFDA or CIRO.

[42] There is no evidence that the Respondent received any financial benefit from her conduct beyond the commissions or fees the Respondent would have been entitled to receive had the transactions been carried out in the proper manner.

[43] There is no evidence of client financial loss or lack of authorization for the underlying transactions, and no clients have complained to CIRO, Investia or the current Dealer Member, Designed Securities Ltd.

[44] By entering into the Settlement Agreement, the Respondent has saved CIRO the time, resources and expenses associated with conducting a contested hearing on the allegations.

[45] The Respondent was present at the Hearing.

CONCLUSION

[46] The Respondent admits that the facts as set out in the Settlement Agreement constitute misconduct in contravention of Mutual Fund Dealer Rule 2.1.1.

[47] At the conclusion of the Hearing, the Hearing Panel was satisfied that the penalty agreed upon is reasonable and that the public's interest would be served by the Settlement Agreement, and agreed unanimously that the Settlement Agreement, which provides as follows, should be accepted:

- a) the Respondent shall pay a fine in the amount of \$20,000 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);
- b) the Respondent shall pay costs in the amount of \$3,000 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.2;
- c) the Respondent shall in future comply with Mutual Fund Dealer Rule 2.1.1.; and
- d) if at any time a non-party to this proceeding, with the exception of the bodies set out in Mutual Fund Dealer Rule 6.3, requests production of or access to exhibits in this proceeding that contain personal information as defined by CIRO's Privacy Policy, then the Hearings Office of CIRO shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all personal information, pursuant to Rules 1.8(2) and (5) of the Mutual Fund Dealer *Rules of Procedure*.

Dated at Regina, Saskatchewan this 2nd day of May 2025.

"Richard L. Yaffe"

Richard L. Yaffe, K.C., Chair

"Annette Stephens"

Annette Stephens, Industry Representative

"Greg Wiebe"

Greg Wiebe, Industry Representative



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

AND

SUSAN LOUISE ZMETANA

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization (“CIRO”)ⁱ will issue a Notice of Settlement Hearing to announce a settlement hearing pursuant to Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure (“Rules of Procedure”) to consider whether a Hearing Panel should accept this Settlement Agreement between Enforcement Staff and Susan Louise Zmetana (the “Respondent”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Enforcement Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

Registration History

4. The Respondent has been registered in the securities industry since approximately January 1993.
5. Between July 1, 2021 and December 30, 2023, the Respondent was registered in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario as a dealing representative with Investia Financial Services Inc. (“Investia”), a Dealer Member of CIRO (formerly a Member of the MFDA).

6. On December 30, 2023, the Respondent resigned from Investia.
7. Since January 25, 2024, the Respondent has been registered in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario as a dealing representative with Designed Securities Ltd. (“Designed Securities”), a Dealer Member of CIRO.
8. At all material times, the Respondent conducted business in the Regina, Saskatchewan area.

Pre-Signed Account Forms

9. At all material times, Investia’s policies and procedures prohibited its dealing representatives from obtaining, possessing or using blank or incomplete pre-signed account forms.
10. Between June 27, 2017 and February 9, 2021, the Respondent obtained, possessed and used to process transactions, 10 pre-signed account forms in respect of seven clients.
11. The pre-signed account forms included:
 - (i) one redemption form;
 - (ii) three systematic instruction forms;
 - (iii) two withdrawal forms;
 - (iv) two transfer forms; and
 - (v) two application forms.

Altered Account Forms

12. At all material times, Investia’s policies and procedures prohibited its dealing representatives from altering or correcting any information on account forms without having the client initial the alteration to show that the alteration was authorized by the client.
13. Between January 30, 2017 and December 2, 2021, the Respondent altered and used to process transactions, 29 account forms in respect of 30 clients, by altering information on

the account forms without having the clients initial the alterations to show that the alterations were authorized.

14. The altered account forms included:

- (i) seven order entry forms;
- (ii) four order instruction forms;
- (iii) seven trade tickets;
- (iv) two systematic instruction forms;
- (v) one redemption form;
- (vi) three withdrawal forms;
- (vii) two transfer forms; and
- (viii) three application forms.

15. The alterations made to the account forms included changes to: fund selection; investment amounts; redemption amounts; investment instructions; fund names, numbers, descriptions and codes; account numbers and types; and dates.

Account Forms Processed Under Joint Representative Codes

16. At all material times, the Respondent, along with three other Approved Persons who were registered as dealing representatives with Investia, shared joint representative codes to collectively service Investia clients' accounts.

17. Investia had a policy that required all of the Approved Persons who shared a joint representative code to sign certain account documents that were processed pursuant to the joint representative code. The effect of this policy was that regardless of which Approved Person met with the client and completed the account form, the other Approved Persons who shared the joint representative code also had to sign the forms as an advisor of record.

18. As a result of Investia's joint representative code policy, in addition to the Respondent's conduct described above regarding pre-signed and altered account forms, there are 26

account forms (pre-signed by clients or with information altered on the form without obtaining the client's signature) that were obtained, possessed and used to process transactions which were signed by the Respondent and one or more of the other Approved Persons.

Investia's Investigation

19. In October 2022, during a branch review, Investia discovered some of the pre-signed and altered account forms described above. As a result, Investia conducted a full review of the client files maintained by the Respondent and discovered the remaining pre-signed and altered account forms.
20. As part of its investigation into the Respondent's conduct, Investia sent audit letters to the affected clients, along with copies of their transaction history and KYC information, to determine the accuracy of the information and whether the transactions were authorized. No clients responded to Investia with any concerns or complaints.
21. On November 21, 2022, Investia placed the Respondent under strict supervision until January 31, 2023. Investia reported that no concerns or further issues were identified while the Respondent was under strict supervision.
22. On May 5, 2023, Investia issued the Respondent a warning letter in respect of the conduct described in the Settlement Agreement.

Additional Factors

23. The Respondent's registration, while registered at her current Dealer Member, Designed Securities, is subject to terms and conditions. The Respondent is subject to close supervision and Designed Securities prepares monthly supervision reports on her sales activities and dealings with clients.
24. The Respondent has not previously been the subject of disciplinary proceedings commenced by the MFDA or CIRO.
25. No clients have complained to CIRO or Investia regarding the Respondent's conduct.

26. There is no evidence of client financial loss or lack of authorization for the underlying transactions.
27. By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources and expenses associated with conducting a contested hearing on the allegations.

PART IV – CONTRAVENTIONS

28. By engaging in the conduct described above, the Respondent committed the following contravention of CIRO requirements:
 - (i) Between January 30, 2017 and December 2, 2021, the Respondent failed in her obligations regarding the proper execution of client account documents, resulting in the collection, possession and use of pre-signed and altered client account forms, contrary to Mutual Fund Dealer Rule 2.1.1.

PART V – TERMS OF SETTLEMENT

29. The Respondent agrees to the following sanctions and costs:
 - (i) the Respondent shall pay a fine in the amount of \$20,000 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);
 - (ii) the Respondent shall pay costs in the amount of \$3,000 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.2;
 - (iii) the Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1; and
 - (iv) the Respondent shall attend on the date set for the Settlement Hearing.
30. If this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees to pay the amounts referred to above immediately upon such acceptance, unless otherwise agreed between Enforcement Staff and the Respondent.

PART VI – STAFF COMMITMENT

31. If the Hearing Panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the

contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.

32. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Mutual Fund Dealer Rule 7 against the Respondent. These proceedings may be based on, but not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

33. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
34. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with Mutual Fund Dealer Rule 7.4.4, and Rules of Procedure 14 and 15, in addition to any other procedures that may be agreed upon between the parties.
35. Enforcement Staff and the Respondent agree that this Settlement Agreement will form all the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the Hearing Panel.
36. If the Hearing Panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules and By-law No. 1 of CIRO, and any applicable legislation to any further hearing, appeal, and review.
37. If the Hearing Panel rejects this Settlement Agreement, Enforcement Staff and the Respondent may enter into another settlement agreement or Enforcement Staff may proceed to a disciplinary hearing based on the same or related allegations.
38. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.
39. This Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and CIRO will post a copy of this Settlement Agreement on the CIRO website.

CIRO will publish a notice and news release of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement and the Hearing Panel’s written reasons for its decision to accept this Settlement Agreement.

- 40. If this Settlement Agreement is accepted, the Respondent agrees that neither they nor anyone on their behalf, will make a public statement inconsistent with this Settlement Agreement.
- 41. This Settlement Agreement is effective and binding upon the Respondent and Enforcement Staff as of the date of its acceptance by the Hearing Panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

- 42. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
- 43. An electronic copy of any signature will be treated as an original signature.

DATED this 31st day of March, 2025.

“Witness”
Witness

“Respondent”
Respondent

“Tyler Beazer”
Tyler Beazer
Enforcement Counsel on behalf of
Enforcement Staff of the
Canadian Investment Regulatory
Organization

The Settlement Agreement is hereby accepted this 15th day of April, 2025 by the following Hearing Panel:

Per: “Richard Yaffe”
Chair

Per: “Annette Stephens”
Industry Member

Per: “Greg Wiebe”
Industry Member

ⁱ Where the rules, by-laws, and policies of the Mutual Fund Dealers Association of Canada (the “MFDA”) that were in force immediately prior to amalgamation of the Investment Industry Regulatory Organization of Canada and the MFDA have been incorporated into the Mutual Fund Dealer Rules, Enforcement Staff have referenced the relevant section of the Mutual Fund Dealer Rules.