

Re Zurevinski

IN THE MATTER OF:

The Mutual Fund Dealer Rules

and

Scott Nicolas Zurevinski

2025 CIRO 30

Canadian Investment Regulatory Organization
Hearing Panel (Alberta District)

Heard: May 15, 2025 in Calgary, Alberta, by videoconference

Decision: May 15, 2025

Reasons for Decision: June 23, 2025

Hearing Panel:

Omolara Oladipo, Chair

Richard Sydenham, Industry Representative

Kathleen Jost, Industry Representative

Appearances:

Tyler Beazer, Enforcement Counsel

John M. Picone, for Scott Nicolas Zurevinski

Scott Nicolas Zurevinski (present)

REASONS FOR DECISION ON ACCEPTANCE OF SETTLEMENT

INTRODUCTION

[1] On April 24, 2025, Scott Nicolas Zurevinski (**Mr. Zurevinski** or the **Respondent**), entered into a settlement agreement (the **Settlement Agreement**) with the Canadian Investment Regulatory Organization (**CIRO**). The Settlement Agreement is attached as an Appendix to this decision.

[2] The Settlement Agreement concerns the conduct of Mr. Zurevinski, a member of the securities industry who was alleged to have failed in his obligations regarding the proper execution of client account documents, by signing a client's signature on account forms and submitting them to the Dealer Member for processing.

[3] An electronic hearing was conducted before this Hearing Panel on May 15, 2025, to consider whether, pursuant to Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure (**MFD Rules of Procedure**) and Rule 7.4.4 of the Mutual Fund Dealer Rules, the Hearing Panel should accept the Settlement Agreement in respect of the Respondent's alleged misconduct.

[4] The Hearing Panel was provided with the terms and bases of the Settlement Agreement and heard from Mr. Tyler Beazer, Enforcement Counsel for CIRO as well as those of John M. Picone, counsel for Mr. Zurevinski.

[5] At the onset of the hearing, the Hearing Panel agreed, pursuant to Rules 2.2 and 1.5 of the MFD Rules of Procedure, to the unopposed request by Enforcement Counsel to abridge the requirement set out in Rule 15.2 of the MFD Rules of Procedure that a Settlement Hearing be heard only upon 10 days' notice to the public. Although the Notice of Settlement Hearing had been issued in this matter on April 30, 2025, it was only published on May 7, 2025, some eight days prior to the May 15, 2025 Hearing.

[6] The Hearing Panel was satisfied that this matter is one in which the abridgement ought to be granted,

as no prejudice to the public would occur, and since settlement agreements are not usually open to the public in any event. Our decision was made easier by the recognition that this type of relief was granted in previous cases cited by Enforcement Counsel such as *Re Carter*¹ and *Gowan (Re)*.²

[7] The Hearing Panel also granted the unopposed request of Enforcement Counsel to move the proceedings “in camera” pursuant to Rule 15.2 (2) of the MFD Rules of Procedure so that the Settlement Agreement could be considered in the absence of the public.

[8] After hearing submissions by the parties, the Hearing Panel retired to discuss the appropriateness of the penalties provided under the Settlement Agreement.

[9] After a brief deliberation, the Hearing Panel informed the parties that it would accept the Settlement Agreement, and that the reasons for its acceptance would follow later.

[10] Below are the Panel’s reasons.

AGREED FACTS

[11] Mr. Zurevinski has been registered in the securities industry since approximately July 2018. Between July 31, 2018 and October 4, 2022, he was registered in Alberta as a dealing representative with Investors Group Financial Services Inc. (**Investors Group**), a Dealer Member of CIRO.

[12] At all material times, Mr. Zurevinski conducted business in the Calgary, Alberta area.

[13] However, on October 4, 2022, Investors Group terminated their arrangement with Mr. Zurevinski for reasons of his conduct which form the basis of this hearing.

[14] At the time of the hearing, Mr. Zurevinski was registered in Alberta, British Columbia and Saskatchewan as a dealing representative with Acumen Capital Finance Partners Limited, another Dealer Member of CIRO.

[15] At all material times, Investors Group's policies and procedures prohibited its dealing representatives from signing a client's signature on account forms or any documents. This prohibition applied regardless of the intention for signing a client's signature and whether a client requested that the dealing representative sign the document on their behalf.

[16] Investors Group permitted dealing representatives to use DocuSign, an electronic signature platform which enables parties to securely send and sign electronic documents, to obtain, authenticate and provide electronic audit trails of electronic signatures obtained from clients.

[17] The electronic signature platform required two-factor authentication, whereby a code is sent to the client's own phone number by text message. The client is then required to complete the authentication by entering the code into the electronic signature platform to process requested document(s) and sign it by affixing their electronic signature. Once the client has electronically signed a document, it is returned to the dealing representative who then submits it to Investors Group for processing.

[18] However, between February 2020 and December 2021, Mr. Zurevinski signed the electronic signature of one client on nine account forms and submitted the account forms to Investors Group for processing. To circumvent the two-factor authentication setup and sign the account forms on the client’s behalf, Mr. Zurevinski instead entered his own personal cell phone number to authenticate and affix the client's digital signature on the nine account forms.

[19] Once it discovered the foregoing, Investors Group completed a full review of all transactions processed with digital signatures that were completed by Mr. Zurevinski between June 2019 and June 2022.

[20] Investors Group contacted the affected client to determine whether the client had authorized the transactions or account updates, but the client did not respond with any concerns.

The Contravention

[21] In the Settlement Agreement, Mr. Zurevinski admitted to having contravened Mutual Fund Dealer Rule

¹ 2024 CIRO 16

² 2021 CanLII 143027 (CMFDA)

2.1.1 when between February 2020 and December 2021, he failed in his obligations regarding the proper execution of client account documents, when he signed the electronic signature of one client on nine account forms and submitted the account forms to the Dealer Member for processing.

ANALYSIS

[22] MFD Rule 2.1.1 is a broad rule which requires that Members and Approved Persons deal fairly, honestly, and in good faith with clients; observe high standards of ethics and conduct in the transaction of business; and refrain from engaging in any business conduct or practice which is unbecoming or detrimental to the public interest. The rule is central to CIRO's mandate of enhancing investor protection and strengthening public confidence in the Canadian mutual fund industry.

[23] Enforcement Counsel asked this Hearing Panel to consider the following factors in determining whether a Settlement Agreement should be accepted:

- (a) that the facts admitted to by the Respondent constitute misconduct in contravention of the Mutual Fund Dealer Rules; and
- (b) that the sanction agreed to by Enforcement Counsel and the Respondent in the Settlement Agreement fall within a reasonable range of appropriateness, bearing in mind the nature and extent of the Respondent's admitted misconduct and all of the circumstances.

[24] Enforcement Counsel cited *Kwak (Re)*³ and *Re Che*⁴ for the finding that an Approved Person contravenes Mutual Fund Dealer Rule 2.1.1 when they sign a client's signature on an account form.

[25] We summarize below, Enforcement Counsel's submissions on aggravating factors of the Respondent's contravention which should attract "meaningful penalties":

Nature of the Misconduct

[26] Signing a client's signature on account forms is considered serious misconduct and has been found by hearing panels to be a violation of Mutual Fund Dealer Rule 2.1.1 which is exacerbated by the timing – it occurred after the issuance of MFDA Bulletin #0661-E on October 2, 2015 and Staff Notice MSN- 0066 on October 31, 2007. CIRO has warned Members and Approved Persons that signing a client's signature on account forms is prohibited and both the Staff Notice and Bulletin put the mutual fund industry on notice that Staff would be seeking enhanced penalties at disciplinary proceedings for conduct that occurred after the publication of the Bulletin.

Respondent's Experience in the Securities Industry

[27] Mr. Zurevinski has been registered in the securities industry since approximately July 2018 and knew, or ought to have known, of his regulatory obligations as an Approved Person.

Respondent's Recognition of the Seriousness of the Misconduct

[28] Mr. Zurevinski's misconduct arose from transactions relating to one client. Mr. Zurevinski quite deliberately attempted to circumvent a two-factor authentication process and used his personal cell phone number to initiate the digital signing process and authenticate the client's electronic signature on account forms on nine occasions between June 2019 and June 2022.

[29] Enforcement Counsel asked us to consider the following mitigating factors:

Completion of Courses

[30] Mr. Zurevinski completed the Canadian Securities Institute's Conduct and Practices Handbook course in October 2023 and the Investment Advisors Training Program course in December 2023.

Acceptance of Responsibilities

[31] Further, by entering into the Settlement Agreement, Mr. Zurevinski has acknowledged that his conduct constitutes a serious contravention of the Mutual Fund Dealer Rules, and the high standard of conduct expected

³ 2022 CanLII 50790 (CMFDA)

⁴ 2024 CIRO 08

of registrants in the securities industry. By his acknowledgement, Mr. Zurevinski accepted responsibility for his actions, and saved CIRO the time, resources and expenses associated with conducting a full disciplinary hearing on the merits to resolve the matter.

Respondent's Past Conduct Including Prior Sanctions

[32] Mr. Zurevinski has not previously been the subject of disciplinary proceedings commenced by CIRO or its predecessors.

Harm Suffered by Investors

[33] There is no evidence of any lack of authorization or financial loss to the client resulting from the Respondent's conduct and no clients have complained to the Dealer Member or CIRO.

Deterrence

[34] Enforcement Counsel submitted that the proposed penalty would serve as a deterrent to Mr. Zurevinski and others registered in the mutual fund industry.

[35] Counsel for the Respondent, for his part, concurred with Enforcement Counsel's submissions and stressed that his client had no disciplinary history.

[36] The parties agreed to the following penalties:

- (a) a fine in the amount of \$10,000 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);
- (b) costs in the amount of \$2,500 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.2.; and
- (c) Mr. Zurevinski's future compliance with Mutual Fund Dealer Rule 2.1.1.

Previous Decisions Made in Similar Circumstances

[37] Enforcement Counsel summarized for the benefit of the Hearing Panel some of the cited decisions and precedents in support of the conclusions sought in this matter. The summary of cases appended to Enforcement Counsel's submissions contained numerous precedents which provided a useful guide to the Hearing Panel in its deliberations and decision. While Enforcement Counsel cited a compendium of cases, the following specifically addressed contraventions similar to the subject Respondent's contravention:

- *Re Che*⁵
- *Re Mollons*⁶
- *Re Fulton*⁷
- *Re Rizovska-Spasik*⁸
- *Re Roberts*⁹

[38] Enforcement Counsel also cited *Re Carter*¹⁰ which provided an exegesis of MFD Rule 2.1.1 as well as the Supreme Court of Canada's decision in re: *Cartaway Resources Corp.*¹¹ in stressing the importance of general deterrence when imposing "a penalty that is designed to keep an occurrence from happening" by discouraging wrongdoing in other people.

The Acceptance of the Settlement Agreement

[39] The Hearing Panel may accept or reject the Settlement Agreement. It is generally agreed that a hearing panel should accept a settlement agreement as long as the penalties that it provides fall within "a reasonable range of appropriateness". See for example, *Re Milewski*.¹²

[40] In the oft cited *Re Milewski* which was one of the numerous precedents submitted to the Hearing Panel,

⁵ *Supra* note 4

⁶ 2024 CIRO 14

⁷ 2023 CanLII 81955 (CMFDA)

⁸ 2022 CanLII 115350 (CMFDA)

⁹ 2022 CanLII 128971 (CMFDA)

¹⁰ 2024 CIRO 16

¹¹ 2004 1 S.C.R. 672

¹² [1999] I.D.A.C.D. No. 17

a District Council succinctly sets out the role of the hearing Panel at a settlement hearing which role should be differentiated from its role at a contested hearing. The hearing panel said:

We also note that while in a contested hearing the Panel attempts to determine the correct penalty, in a settlement hearing the Panel “will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness.”

[41] Milewski considered the test to be applied to determine whether a hearing panel should accept a settlement agreement:

Although a settlement agreement must be accepted by a District Council before it can become effective, the standards for acceptance are not identical to those applied by a District Council when making a penalty determination after a contested hearing. In a contested hearing, the District Council attempts to determine the correct penalty. A District Council considering a settlement agreement will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness. Put another way, the District Council will reflect the public interest benefits of the settlement process in its consideration of specific settlements.

This understanding is reflected in paragraph 20.26 of the By-laws, which authorizes the District Council to “accept”, rather than “approve”, a settlement agreement. In each case, a District Council must determine appropriateness, but the standards applicable to its doing so on a settlement hearing differ from those in a contested hearing. [Our emphasis]

[42] This Hearing Panel wishes to underscore the importance that it has attributed to the principle stated in *Re Milewski*, to the effect that a hearing panel may not reject a settlement unless it considers that a penalty clearly falls outside the reasonable range of appropriateness. The penalties agreed to in the Settlement Agreement under consideration falls within the “range of appropriateness”.

[43] We return to the original request from Enforcement Counsel and agree with the premises for the penalties that:

- (a) the facts admitted to by Mr. Zurevinski constitute misconduct in contravention of the Mutual Fund Dealer Rules; and
- (b) the sanctions agreed to by Enforcement Counsel and Mr. Zurevinski in the Settlement Agreement fall within a reasonable range of appropriateness, bearing in mind the nature and extent of Mr. Zurevinski’s admitted misconduct and all of the circumstances.

[44] We therefore concluded that we must accept the Settlement Agreement given the recognized benefits of the settlement procedure. Our decision was also motivated by the additional arguments put forward by counsel for both parties above.

The Conclusion

[45] In considering the Settlement Agreement, we recognize that the proposed sanctions are the product of a process of negotiation and agreement between ably represented parties. We should not reject the Settlement Agreement unless the proposed penalty falls outside the reasonable range for the facts agreed upon.

[46] Considering the submissions by Counsel for both parties, the precedents cited, and the factors invoked regarding the conduct of the Respondent, the Hearing Panel concludes that the penalties proposed in the Settlement Agreement fall within a reasonable range of appropriateness and accepts the Settlement Agreement.

DATED at Calgary this 23rd day of June, 2025

“Omolar Oladipo” _____

Omolar Oladipo, Chair

“Richard Sydenham”
Richard Sydenham, Industry Representative

“Kathleen Jost”
Kathleen Jost, Industry Representative

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

AND

SCOTT NICOLAS ZUREVINSKI

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 Scott Nicolas Zurevinski (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 July 2018.

5. Between July 31, 2018 and October 4, 2022, the Respondent was registered in Alberta as a dealing representative with Investors Group Financial Services Inc. (“Investors Group”), a Dealer Member of CIRO (formerly a Member of the MFDA).¹
6. On October 4, 2022, Investors Group terminated the Respondent due to the conduct described in this Settlement Agreement.
7. Since March 24, 2023, the Respondent has been registered in Alberta, British Columbia and Saskatchewan as a dealing representative with Acumen Capital Finance Partners Limited (“Acumen”), a Dealer Member of CIRO.
8. At all material times, the Respondent conducted business in the Calgary, Alberta area.

The Respondent Signed a Client’s Electronic Signature on Account Forms

9. At all material times, Investors Group’s policies and procedures prohibited its dealing representatives from signing a client’s signature on account forms or any documents. Pursuant to the policies and procedures, this prohibition applied regardless of whether the client requested that the dealing representative sign the document on their behalf, and even if there was no fraudulent intention in signing the client’s signature.
10. Investors Group permitted dealing representatives to use Docusign, an electronic signature platform which enables parties to securely send and sign electronic documents, to obtain and authenticate electronic signatures obtained from clients. Docusign automatically produces an electronic audit trail, which evidences the authentic electronic signature of clients.
11. The IG Wealth Management electronic signature platform requires two-factor authentication, whereby a code is sent to the client’s personal phone number by text message. The client then enters the code into the electronic signature platform to access the document and sign it by affixing their electronic signature. Once the client has electronically signed the document, it is returned to the dealing representative who then submits it to Investors Group for processing.

¹ The Respondent was also registered with Investors Group in British Columbia and Saskatchewan between August 18, 2018 and October 4, 2022.

12. Between February 2020 and December 2021, the Respondent signed the electronic signature of one client on nine account forms and submitted the account forms to Investors Group for processing. In order to electronically sign the account forms on the client's behalf, the Respondent entered his own personal cell phone number, rather than the client's phone number, to authenticate and affix the client's digital signature on the nine account forms.
13. The account forms consisted of:
 - (a) one Know-Your-Client ("KYC") information form;
 - (b) five investment instructions forms;
 - (c) one advisory fee agreement form; and
 - (d) two client update forms.

Investors Group's Investigation

14. In or around September 2022, during a trade review, Investors Group discovered that for several account forms that had been signed electronically, the Respondent's personal cell phone number was used during two-factor authentication to initiate the signing process and authenticate the client's electronic signature on the account forms.
15. As a result, Investors Group completed a full review of all transactions processed with digital signatures that were completed by the Respondent between June 2019 and June 2022. During this expanded review, Investors Group identified the conduct described above.
16. As part of its investigation into the Respondent's conduct, Investors Group completed a review of all client files maintained by the Respondent. In order to determine whether the client had authorized the transactions or account information updates corresponding to the account forms described above, Investors Group contacted the affected client. The client did not respond to Investors Group with any concerns or complaints.

Additional Factors

17. The Respondent completed the Canadian Securities Institute's Conduct and Practices Handbook course in October 2023 and the Investment Advisors Training Program course in December 2023.

18. The Respondent has not previously been the subject of disciplinary proceedings commenced by the MFDA or CIRO.
19. There is no evidence of client financial loss or lack of authorization for the account forms or underlying transactions, and no clients have complained to Investors Group or CIRO.
20. 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

21. By engaging in the conduct described above, the Respondent committed the following contravention of CIRO requirements:
 - (i) Between February 2020 and December 2021, the Respondent failed in his obligations regarding the proper execution of client account documents, by signing a client's signature on account forms and submitting them to the Dealer Member for processing, contrary to Mutual Fund Dealer Rule 2.1.1.

PART V – TERMS OF SETTLEMENT

22. The Respondent agrees to the following sanctions and costs:
 - (i) the Respondent shall pay a fine in the amount of \$10,000 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);
 - (ii) the Respondent shall pay costs in the amount of \$2,500 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.2; and
 - (iii) the Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1.
23. 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

24. 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.
25. 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

26. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
27. 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.
28. 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.
29. 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.
30. 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.
31. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

32. 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.
33. 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.
34. 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

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

DATED this 24th day of April, 2025.

“Witness” _____
Witness

“Respondent” _____
Scott Nicolas Zurevinski

“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 May, 2025 by the following Hearing Panel:

Per: “Omolara Oladipo”
Chair

Per: “Kathleen Jost”
Industry Member

Per: “Richard Sydenham”
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.