



**IN THE MATTER OF  
THE MUTUAL FUND DEALER RULES  
AND  
PEDRO JOSE ALBORNOZ DIAZ**

**SETTLEMENT AGREEMENT**

**PART I – INTRODUCTION**

1. The Canadian Investment Regulatory Organization (“CIRO”)<sup>1</sup> 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 Pedro Jose Albornoz Diaz (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. Between June 27, 2018, and July 13, 2023, the Respondent was registered in Ontario as a dealing representative with PFSL Investments Canada Ltd. (the “Dealer Member”), a Dealer Member of CIRO registered as a Mutual Fund Dealer.
5. The Respondent was designated as a branch manager by the Dealer Member from July 6, 2020, until June 14, 2023, when he voluntarily resigned from that role.

6. On July 13, 2023, the Dealer Member terminated the Respondent's registration. The Respondent is not currently registered in the securities industry in any capacity.
7. At all material times, the Respondent conducted business in the Toronto, Ontario area.

**Processed Two Unauthorized Transfers in a Client's Account**

8. At all material times, the Dealer Member's policies and procedures prohibited Approved Persons from signing a client's signature on account documents, and from processing transactions without client authorization.
9. At all material times, the Dealer Member's policies and procedures required Branch Managers to supervise the activities of Representatives assigned to their branch.
10. Between February 7, 2023, and March 14, 2023, Marcos David Magallanes Conde ("Conde"), an Approved Person at the Dealer Member who worked at the same branch as the Respondent, met with client HC to discuss opening new accounts at the Dealer Member and transferring two Locked-in Retirement Accounts ("LIRA") from two other financial institutions to the Dealer Member.
11. On or around March 14, 2023, client HC advised Conde not to proceed with the account openings and not to initiate the transfers of his LIRA accounts until client HC redeemed approximately \$3,300 from one of the LIRA accounts.
12. On or around March 20, 2023, without client HC's knowledge or authorization, the Respondent signed client HC's signature on two Transfer Authorization Forms and submitted them to the Dealer Member to facilitate the transfer of the two LIRA accounts from the two other financial institutions to the Dealer Member.
13. Concurrently, without client HC's knowledge or authorization, Conde also signed client HC's signature on six additional account forms, which were required to open client HC's accounts at the Dealer Member. The account forms included:
  - (a) two AGF New Account Application Forms;
  - (b) two PFSL New Account Application Forms; and
  - (c) two Beneficiary Designation Forms.

14. The Respondent approved for submission to the Dealer Member six account forms that he knew were signed by Conde without client HC's authorization, to process the transfer of client HC's LIRA accounts from the other financial institutions to the Dealer Member.
15. These account forms facilitated the transfer of \$65,859.98 to the Dealer Member. Client HC did not authorize the transfer of his LIRA accounts.

#### **Client HC's Complaint**

16. Between March 20, 2023, and March 29, 2023, client HC was informed by one of the other financial institutions that his LIRA account had been transferred in full to the Dealer Member.
17. The Dealer Member received a complaint from client HC, stating that he had not signed any account documents and had not authorized the transfers. He confirmed that he had discussed the possible transfer of his LIRA accounts to PFSL with Conde but had instructed him to hold off on processing the transfers.
18. The Dealer Member returned the transferred funds to the other financial institutions on April 11, 2023, and May 9, 2023.
19. On June 22, 2023, the Dealer Member sent audit letters to all clients whose accounts the Respondent serviced, along with copies of their account transaction history, to determine the accuracy of the information and whether the transactions were authorized. None of the clients responded with any concerns or complaints.

#### **Additional Factors**

20. Client HC was unable to access his monies through the other financial institution due to the unauthorized transfer.
21. There is no evidence of client financial loss resulting from the unauthorized transfers.
22. The Respondent has not been the subject of prior MFDA or CIRO disciplinary proceedings.
23. The Respondent did not receive any commissions arising from the unauthorized transfers because the two transfers were reversed before the money was invested.

24. By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources, and expenses associated with conducting a contested hearing of the allegations.

#### **PART IV – CONTRAVENTIONS**

25. By engaging in the conduct described above, the Respondent committed the following contravention of CIRO requirements:

On or around March 20, 2023, the Respondent processed unauthorized transfers in a client's account, contrary to Mutual Fund Dealer Rule 2.1.1.

#### **PART V – TERMS OF SETTLEMENT**

26. The Respondent agrees to the following sanctions and costs:
- (a) the Respondent shall pay a fine in the amount of \$12,500 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);
  - (b) the Respondent shall pay costs in the amount of \$2,500 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.2; and
  - (c) the Respondent shall be prohibited from acting as a branch manager or in any supervisory capacity for a Dealer Member for a period of 6 months, commencing on the date this settlement agreement is accepted, pursuant to Mutual Fund Dealer Rule 7.4.1.1(f).
27. The Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1.
28. The Respondent shall attend on the date set for the Settlement Hearing.
29. 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**

30. 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.
31. 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**

32. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
33. 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.
34. 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.
35. 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.
36. 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.
37. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

38. 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.
39. 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.
40. 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**

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

**DATED** this 16<sup>th</sup> day of July, 2025.

“Witness” \_\_\_\_\_  
Witness

“Respondent” \_\_\_\_\_  
Respondent

“Kirshita Seevaratnam Baker”  
Kirshita Seevaratnam Baker  
Enforcement Counsel on behalf of  
Enforcement Staff of the  
Canadian Investment Regulatory  
Organization

The Settlement Agreement is hereby accepted this 14<sup>th</sup> day of August, 2025 by the following Hearing Panel:

Per: “Martin Friedland”  
Chair

Per: “Dan Iggers”  
Industry Member

Per: “Joe Yassi”  
Industry Member

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<sup>1</sup> 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.