Re Conde

In the matter of

The Mutual Fund Dealer Rules

And

Marcos David Magallanes Conde

2025 CIRO 45

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: August 14, 2025, in Toronto, Ontario via videoconference
Decision: August 14, 2025
Reasons for Decision: September 3, 2025

Hearing Panel:
Martin L. Friedland C.C., K.C., Chair
Daniel P. Iggers, Industry Representative
Joseph A. Yassi, Industry Representative

Appearances:
Tyler Beazer, Enforcement Counsel
Kirshita Seevaratnam Baker, Enforcement Counsel
Marcos David Magallanes Conde (present)

Reasons for decision on acceptance of settlement

Introduction

[1] By Notice of Settlement Hearing issued July 17, 2025, the Canadian Investment Regulatory Organization (**CIRO**) commenced a disciplinary proceeding against Marcos David Magallanes Conde (the **Respondent**) pursuant to Sections 7.3 and 7.4 of the Mutual Fund Dealer Rules.

[2] Enforcement Staff of CIRO (**Staff**) and the Respondent entered into a Settlement Agreement, dated July 16, 2025 (the **Settlement Agreement**), in which the Respondent admitted to certain misconduct in contravention of the Mutual Fund Dealer Rules. The Settlement Agreement can be found at the end of these reasons.

[3] On August 14, 2025, a Settlement Hearing was held by videoconference to review the Settlement Agreement.

[4] Staff and the Respondent made a joint submission to the Hearing Panel requesting that the Settlement Agreement be accepted pursuant to Rule 7.4.4 of the Mutual Fund Dealer Rules.

[5] The Respondent was not represented by counsel at the hearing.

[6] At the conclusion of the Settlement Hearing, the Settlement Agreement was accepted by the Hearing Panel, with reasons to follow. These are our reasons.

Registration History

[7] Between February 15, 2023, 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.

[8] At all material times, the Respondent conducted business in the Toronto, Ontario area.

[9] On July 13, 2023, the Dealer Member terminated the Respondent as a result of the conduct described in the Settlement Agreement. The Respondent is currently not registered in the securities industry in any capacity.

Contravention

[10] 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.

[11] Between February 7, 2023, and March 14, 2023, 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.

[12] On or around March 14, 2023, client HC advised the Respondent 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.

[13] On or around March 20, 2023, without client HC's knowledge or authorization, the Respondent electronically signed client HC's signature on six account forms and submitted them to the Dealer Member to open the accounts and facilitate the transfer of the two LIRA accounts from the two other financial institutions to the Dealer Member. Specifically, the Respondent signed the client's signature on:

(a) two AGF New Account Application Forms;

(b) two PFSL New Account Application Forms; and

(c) two Beneficiary Designation Forms.

[14] Concurrently, without client HC's knowledge or authorization, the Respondent's branch manager, Pedro Jose Albornos Diaz (**Diaz**), also signed client HC's signature on two additional account forms, which were required to complete the LIRA account transfers.

[15] A separate disciplinary proceeding against Diaz was brought by CIRO and was heard by the present Hearing Panel on the same day as this Conde proceeding. Although the two hearings are intertwined and rely on much the same evidence and authorities, they are separate proceedings. One principal difference in the two cases is that Diaz was a branch manager.

[16] The Respondent, Conde, submitted the six account forms that he signed, and Diaz submitted the two account forms that he signed to the Dealer Member without the client's authorization. All eight account forms were used to process the transfer of client HC's LIRA accounts from the other financial institutions to the Dealer Member.

[17] 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.

[18] 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.

[19] 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 the Respondent but had instructed him to hold off on processing the transfers.

[20] The Dealer Member returned the transferred funds to the other financial institutions on April 11, 2023, and May 9, 2023.

[21] The Respondent knew the client had not signed the six account opening documents and that the client had not provided authorization to transfer his accounts.

Rule 2.1.1

[22] The Respondent's conduct was contrary to Mutual Fund Dealer Rule 2.1.1, which is a rule of general application which prescribes the standard of conduct applicable to registrants in the mutual fund industry. The Rule requires, among other things, that:

> Each Member and Approved Person of a Member shall: deal fairly, honestly and in good faith with its clients; observe high standards of ethics and conduct in the transaction of business; and not engage in any business conduct or practice which is unbecoming or detrimental to the public interest.

[23] There are many reported cases outlining the minimum standard of conduct under Rule 2.1.1. See, for example, *Re Breckenridge*[1], *Re Briske*[2], and *Re Encalada*[3]. Failure to obtain client authorization is specifically dealt with in *Re Hodge*[4] , *Re Shin* [5], *Re Wallace*[6] and *Re Cummins*[7] .

[24] As held by the hearing panel in *Re Cummins*, by failing the requirement to obtain proper client authorization before opening a client account and processing a transaction, an Approved Person fails to deal honestly with the affected client and to observe the high standard of ethics and conduct expected under MFDA Rule 2.1.1.

Terms of Settlement

[25] The Respondent agreed to the following sanctions and costs in section 23 of the Settlement Agreement:

(a) 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); and

(b) the Respondent shall pay costs in the amount of $2,500 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.2.

[26] The Settlement Agreement also provides that the Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1, discussed above.

Respondent's Conduct

[27] The Respondent's conduct is serious.

[28] The Dealer Member terminated his employment on July 13, 2023.

[29] At the time of the misconduct, he had been registered for approximately one month, and so, understandably, there was no evidence of previous disciplinary action.

[30] The Respondent did not receive any commissions arising from the unauthorized transfers. The two transfers were reversed before the money was invested.

[31] There is also no evidence of client financial loss resulting from the unauthorized transfers.

[32] The penalty of $10,000 and costs of $2,500 are consistent with the penalties and costs in the cases cited to us by counsel: *Re Hodge*[8] , *Re Wallace*[9] and *Re Sunkara*[10].

[33] Although the Respondent initiated the transactions, his penalty is somewhat lower than the $12,500 penalty imposed on Diaz, who was a branch manager.

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[1] 2007 CanLII 80232 (CMFDA);
[2] 2019 CanLII 67437 (CMFDA)
[3] 2018 CanLII 43847
[4] 2025 CIRO 06
[5] 2022 CanLII 93201 (CMFDA)
[6] 2017 CanLII 4065 (CMFDA)
[7] 2017 CanLII 43223 (CMFDA)
[8] *Supra* at note 4
[9] *Supra* at note 6
[10] 2021 CanLII155689

[34] The proposed penalty and fine provide a measure of deterrence to others in the securities industry and specific deterrence to the Respondent if he re-enters the industry.

Should the Panel Accept the Settlement?

[35] Settlements can be important and useful in achieving outcomes which further the goals of the securities regulatory context. The British Columbia Court of Appeal stated with respect to a settlement by the B.C. Securities Commission (*B.C. Securities Commission v. Seifert*[11] :

> "Settlements assist the Commission to ensure that its overriding objective, the protection of the public, is met. Settlements proscribe activities that are harmful to the public. In so doing, they are effective in accomplishing the purposes of the statute. They provide means of reaching a flexible remedy that is tailored to address the interests of both the Commission and the person under investigation."

[36] Hearing panels should respect settlements worked out by the parties. A Panel does not know what led to a settlement, what was given up by one party or the other in the course of the negotiations, and what interest each party has in agreeing to resolve the matter. The panel cannot go beyond the settlement agreement. There are almost always facts that play a role in the settlement which are not set out in the Settlement Agreement or brought to the attention of the Panel.

See *Re Grace Wong Uy*[12]

[37] As a panel stated[13] , to take one of many such cases: "It is well established that hearing panels should not interfere lightly in negotiated settlements and should not reject a settlement agreement unless it views the proposed penalty clearly falling outside a reasonable range of appropriateness." There are many similar statements by MFDA panels, stemming from the leading decision of *Re Milewski*[14] , which stated (at page 11):

"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."

[38] The penalty agreed to in this case clearly falls *within* "a reasonable range of appropriateness."

[39] For the above reasons, the Panel accepted the Settlement Agreement.

DATED at Toronto, Ontario this 3rd day of September 2025

"Martin L. Friedland"

Martin L. Friedland, C.C., K.C., Chair

"Daniel P. Iggers"

Daniel P. Iggers

"Joseph A. Yassi"

Joseph A. Yassi

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[11] [2007] B.C.J. No. 2186, para. 49 (B.C.C.A.)
[12] 2018 CanLII 54973 (CMFDA) at paragraphs 7 and 8
[13] *Re Keshet*, File No. 201419 at paragraph 7
[14] [1999] I.D.A.C.D. No. 17

IN THE MATTER OF

THE MUTUAL FUND DEALER RULES

AND

MARCOS DAVID MAGALLANES CONDE

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization ("CIRO")[1] 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 Marcos David Magallanes Conde (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 February 15, 2023, 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. On July 13, 2023, the Dealer Member terminated the Respondent as a result of the conduct described herein. The Respondent is not currently registered in the securities industry in any capacity.

6. At all material times, the Respondent conducted business in the Toronto, Ontario area.

Processed Two Unauthorized Transfers in a Client's Account

7. 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.

8. Between February 7, 2023, and March 14, 2023, 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.

9. On or around March 14, 2023, client HC advised the Respondent 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.

10. On or around March 20, 2023, without client HC's knowledge or authorization, the Respondent electronically signed client HC's signature on six account forms and submitted them to the Dealer Member to open the accounts and facilitate the transfer of the two LIRA accounts from the two other financial institutions to the Dealer Member. Specifically, the Respondent signed the client's signature on:

    (a) two AGF New Account Application Forms;
    (b) two PFSL New Account Application Forms; and
    (c) two Beneficiary Designation Forms.

11. Concurrently, without client HC's knowledge or authorization, the Respondent's branch manager, Pedro Jose Albornos Diaz ("Diaz"), also signed client HC's signature on two additional account forms, which were required to complete the LIRA account transfers.

12. The Respondent submitted the six account forms that he signed, and Diaz submitted the two account forms that he signed to the Dealer Member without the client's authorization. All eight account forms were used to process the transfer of client HC's LIRA accounts from the other financial institutions to the Dealer Member.

13. 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

14. 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.

15. 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 the Respondent but had instructed him to hold off on processing the transfers.

16. The Dealer Member returned the transferred funds to the other financial institutions on April 11, 2023, and May 9, 2023.

Additional Factors

17. Client HC was unable to access his monies through the other financial institution due to the unauthorized transfer.

18. There is no evidence of client financial loss resulting from the unauthorized transfers.

19. The Respondent has not been the subject of prior MFDA or CIRO disciplinary proceedings.

20. The Respondent did not receive any commissions arising from the unauthorized transfers because the two transfers were reversed before the money was invested.

21. 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

22. 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

23. 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); and

    (ii) the Respondent shall pay costs in the amount of $2,500 in certified funds, pursuant to Mutual Fund Dealer Rule 7.4.2.

24. The Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1.

25. The Respondent shall attend on the date set for the Settlement Hearing.

26. 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

27. 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.

28. 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

29. This Settlement Agreement is conditional on acceptance by the Hearing Panel.

30. 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.

31. 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.

32. 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.

33. 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.

34. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

35. 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.

36. 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.

37. 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

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

39. An electronic copy of any signature will be treated as an original signature.

DATED this 16th day of July, 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 14th 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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[1] 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.