



**CIRO · OCRI**

Canadian Investment  
Regulatory  
Organization

Organisme canadien  
de réglementation  
des investissements

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

**AND**

**CARLOS (RICARDO) GONZALEZ-TICAS**

**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 Carlos (Ricardo) Gonzalez-Ticas (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.

**Overview**

4. As discussed in more detail below, client CC informed the Respondent that she wished to invest proceeds from the sale of her home for a short period and use these monies to purchase a new home. The Respondent inaccurately recorded the Know-Your-Client (“KYC”) information of client CC.

5. The Respondent also failed to take steps to understand that mutual fund investments that he recommended to client CC were suitable for investors who intended to invest their monies for the medium to long-term.
6. The Respondent therefore failed to determine whether mutual funds that he recommended to client CC were suitable for the client.
7. Subsequently, less than three months after purchasing the mutual funds that the Respondent had recommended, client CC was unable to proceed with the purchase of a new home and sustained investment losses.

### **Registration History**

8. Between January 12, 2016 and November 13, 2023, the Respondent was registered in British Columbia as a dealing representative with Sun Life Financial Investment Services (Canada) Inc. (the “Dealer Member”), formerly a Member of the MFDA.<sup>1</sup>
9. On November 13, 2023, the Dealer Member terminated the Respondent, and he is not currently registered in the securities industry in any capacity.
10. At all material times, the Respondent carried on business in the Vancouver, British Columbia area.

### **Failure to Accurately Record Client’s KYC Information, Understand Investments Recommended to a Client, and Determine Suitability of Investments**

11. At all material times, the Dealer Member’s policies and procedures required its Approved Persons to:
  - (i) collect and understand essential facts about a client by obtaining and maintaining the client’s complete, timely, and accurate KYC information before making product recommendations;

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<sup>1</sup> The Respondent was also registered with the Dealer Member from January 21, 2020 to November 13, 2023 in Ontario.

- (ii) consider all essential facts gathered about the client to ensure an investment product selection was suitable for the client's current circumstance;
  - (iii) understand investment products that were being recommended to clients to ensure that investment product recommendations were suitable for clients; and
  - (iv) complete New Account Application forms ("NAAF") in the presence of clients, and have clients sign the completed NAAFs at the time of their meeting.
12. On or around April 26, 2018, the Respondent began servicing client CC's accounts at the Dealer Member.
13. At all material times, client CC had little investment knowledge, and relied on the Respondent for investment recommendations and advice.
14. On or about August 16, 2021, client CC informed the Respondent that she planned to sell her home and buy a new home approximately in the next year.
15. On January 16, 2022, client CC informed the Respondent that she had listed her home for sale, and wished to meet with the Respondent to discuss investing proceeds from the sale of her home (the "Sale Proceeds") for a short period.
16. On February 2, 2022, client CC informed the Respondent that she had sold her home, and on March 10, 2022, the Respondent met with client CC to discuss investing the Sale Proceeds. Client CC informed the Respondent that:
- (i) she wished to invest the Sale Proceeds for the short-term, and be able to access the invested monies "at any time" to purchase her new home; and
  - (ii) she was concerned about her purchasing power in the housing market, and she could not afford to lose any of the invested monies.
17. On or around March 11, 2022, the Respondent contacted a representative who was a wholesaler (the "Wholesaler") with a certain mutual fund company about potential investment options for client CC. The Respondent states that he advised the Wholesaler

that client CC had recently sold her property and was looking to buy another property in the short-term.

18. The Wholesaler proposed to the Respondent that client CC invest \$500,000 of the Sale Proceeds in the mutual fund Fidelity Tactical High-Income Fund, and advised him that the mutual fund was a “good option for shorter term money”.

19. On or about March 24, 2022, the Respondent met with client CC. Client CC informed the Respondent that:

- (i) she intended to use the monies invested to purchase a new home within approximately a year;
- (ii) she planned to retire at 65 (client CC was 60 years old at the time) and did not want to take out a mortgage, or if she had to, a small mortgage;
- (iii) she wished to avoid investment losses; and
- (iv) she needed access to the invested monies at any time to purchase her new home.

20. The Respondent recommended that client CC purchase the Mutual Funds in a new non-registered account and Tax Free Savings Account (“TFSA”) that client CC would open at the Dealer Member, as follows:

<b>Mutual Fund Purchase</b>	<b>Account</b>	<b>Amount of Purchase</b>
Fidelity Tactical High-Income Fund – Series B	Non-registered	\$500,000
Fidelity Global Growth Portfolio Fund – Series B	TFSA	\$80,000
		<b>Total: \$580,000</b>

21. The Fund Facts for each of the Mutual Funds indicated they had a risk rating of “low to medium” and were suitable for investors who “want[ed] to gain exposure to global equity and fixed income securities” and could “handle the volatility of returns generally associated with equity investments.”

22. The Respondent failed to:

- (i) review the Fund Facts for the Fidelity Tactical High-Income Fund – Series B and Fidelity Global Growth Portfolio Fund – Series B (the “Mutual Funds”), which he recommended to client CC; and
- (ii) understand that the Mutual Funds were suitable for investors who intended to invest their monies for the medium to long-term.

23. Client CC agreed to follow the recommendations of the Respondent, who completed an Investor Profile Summary (“IPS”) and NAAF (the “Forms”) to open a TFSA and a non-registered account for client CC at the Dealer Member.

24. The Respondent did not complete the NAAFs in client CC’s presence, or have her sign the completed Forms at the time of their meeting, contrary to requirements in the Dealer Member’s policies and procedures. The Respondent had the client sign the NAAFs without reviewing their content with her.

25. The Respondent recorded the following information on the Forms:

	<b>IPS for client CC</b>	<b>NAAF for client CC’s TFSA</b>	<b>NAAF for client CC’s non-registered account</b>
<b>Investment Objective and Goal</b>	<i>Investment Objective:</i> 30% growth and 70% income initially, but later changed to 60% growth and 40% income  <i>Investment Goal:</i> non-registered savings	<i>Investment Objective:</i> 60% growth and 40% income	<i>Investment Objective:</i> 30% growth and 70% income
<b>Investment Time Horizon</b>	One to less than three years	One to less than three years	One to less than three years
<b>Risk Tolerance</b>	20% medium and 80% low to medium	20% medium and 80% low to medium	20% medium and 80% low to medium
<b>Investment Knowledge</b>	Very Little	Fair	Fair
<b>Source of payment for the account</b>	n/a	n/a	Salary or earned income
<b>Purpose of the account</b>	n/a	n/a	Home purchase

26. Since client CC had informed the Respondent that:

- (i) she intended to use the monies invested to purchase a new home within approximately a year;
- (ii) she needed access to the invested monies at any time;
- (iii) she wished to avoid investment losses;
- (iv) she had very little investment knowledge; and
- (v) the source of monies invested were the Sale Proceeds,

the Respondent failed to accurately record client CC's investment objective; investment time horizon; investment knowledge; source of monies; and risk tolerance on the Forms.

- 27. On or around April 11, 2022, three days after client CC purchased the Mutual Funds, the Dealer Member conducted an assessment of the suitability of the investments in client CC's accounts, and notified the Respondent that neither of the Mutual Funds appeared suitable for client CC based on the investment objectives that were recorded in the NAAFs for client CC's TFSA and non-registered account.
- 28. The Dealer Member instructed the Respondent to update client CC's KYC information for the accounts, or, if client CC's KYC profile for the accounts was correct, to discuss rebalancing the investment holdings in the accounts with client CC to ensure the investments were suitable for client CC.
- 29. The Respondent did not update client CC's KYC information for the accounts in response to the Dealer Member's inquiry.
- 30. On or around June 10, 2022, less than three months after purchasing the Mutual Funds, client CC informed the Respondent that she was interested in buying a new home, and asked about redeeming her investments in the Mutual Funds.
- 31. The Respondent advised client CC that the value of her investments had declined, and she would realize losses if she redeemed her investments. The Respondent reassured client CC that her investments would recover their value.

32. Client CC raised concerns about the decline in value of her investments, and informed the Respondent that she could not afford to take out a large mortgage and required all the invested monies to pay for her new home.
33. Client CC told the Respondent that she was unable to proceed with the purchase of a new home as a result of the decline in her investments.
34. Between June and August 2022, client CC raised concerns with the Respondent about the decline in value of her investments, her ability to purchase a new home, and whether she should remain invested in the Mutual Funds. The Respondent recommended to client CC to keep her monies invested in the Mutual Funds so that her investments could recover their value.
35. On September 1, 2022, client CC complained to the Dealer Member about the decline in value of her investments in the Mutual Funds, and that the Respondent's investment recommendations were unsuitable.
36. On September 16, 2022, client CC redeemed her investments in the Mutual Funds in her non-registered account and TFSA, incurring a loss of approximately \$32,941 due to market decline. Client CC sought compensation from the Dealer Member for investment losses.
37. The Dealer Member compensated the client \$34,375, representing the loss incurred plus the amount client CC would have gained had she invested in a money market fund.

**Additional Factors**

38. The Respondent received \$1,472 in trailing commissions resulting from client CC's purchases of the Mutual Funds.
39. As a result of the Respondent's failure to follow the Dealer Member's instruction to update client CC's KYC information for the TFSA and non-registered account in a timely manner, on or about August 9, 2023, the Dealer Member deducted \$1,000 from the Respondent's commissions.
40. The Respondent has not previously been the subject of CIRO or MFDA disciplinary proceedings.

41. 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**

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

Between March 2022 and August 2022, the Respondent failed to:

- (i) take reasonable steps to learn and accurately record the essential facts relative to a client,
- (ii) take reasonable steps to understand investments that he recommended to a client, and
- (iii) determine that the investments he recommended to a client were suitable for the client,

contrary to Mutual Fund Dealer Rules 2.2.1, 2.2.5, and 2.2.6<sup>2</sup>.

#### **PART V – TERMS OF SETTLEMENT**

52. The Respondent agrees to the following sanctions and costs:
- (i) The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any CIRO Dealer Member for a period of one year, commencing on the date that this Settlement Agreement is accepted by a Hearing Panel, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);

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<sup>2</sup> Staff alleges that, at the time of the misconduct, the Respondent contravened MFDA Rules 2.2.1, 2.2.5, and 2.2.6, which are now incorporated into Mutual Fund Dealer Rules 2.2.1, 2.2.5, and 2.2.6. On December 31, 2021, amendments to MFDA Rule 2.2.1 came into effect. As conduct addressed in this proceeding occurred after amendments to MFDA Rule 2.2.1, the version of MFDA Rule 2.2.1 that was in effect between December 31, 2021 and December 31, 2022 applies.

- (ii) A fine of \$20,000, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b), which shall be payable in certified funds on the date that this Settlement Agreement is accepted by a Hearing Panel;
- (iii) Costs of \$2,500, pursuant to Mutual Fund Dealer Rule 7.4.2, which shall be payable in certified funds on the date that this Settlement Agreement is accepted by a Hearing Panel;
- (iv) The Respondent shall in the future comply with Mutual Fund Dealer Rules 2.2.1, 2.2.5, and 2.2.6; and
- (v) The Respondent shall attend on the date set for the Settlement Hearing.

53. 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**

54. 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.

55. 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**

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

57. 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.
58. 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.
59. If the Hearing Panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules and By-law No. 1 of CISO, and any applicable legislation to any further hearing, appeal, and review.
60. 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.
61. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.
62. This Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and CISO will post a copy of this Settlement Agreement on the CISO website. CISO 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.
63. 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.
64. 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**

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

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

**DATED** this 2nd day of July, 2025.

“Witness”  
\_\_\_\_\_  
Witness

“Respondent”  
\_\_\_\_\_  
Respondent

“Sam Wu”  
\_\_\_\_\_  
Sam Wu  
Enforcement Counsel on behalf of  
Enforcement Staff of the  
Canadian Investment Regulatory  
Organization

The Settlement Agreement is hereby accepted this 25th day of September, 2025 by the following Hearing Panel:

Per: “John Rogers”  
\_\_\_\_\_  
Chair

Per: “Nigel Potts”  
\_\_\_\_\_  
Industry Member

Per: “Brian Worth”  
\_\_\_\_\_  
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.