



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES
AND
JOSEPHINE SUDARIO
NOTICE OF HEARING**

A first appearance will be held before a Hearing Panel of the Canadian Investment Regulatory Organization (“CIRO”)¹ pursuant to Mutual Fund Dealer Rule 7.3 to schedule a hearing in the matter of Josephine Sudario (the “Respondent”). The first appearance and the hearing will be subject to Mutual Fund Dealer Rule 7, and the Mutual Fund Dealer Rules of Procedure (“Rules of Procedure”), as further referenced below, that govern the conduct of enforcement proceedings.

The first appearance will be held by way of videoconference on Friday, November 14, 2025 at 10:00 a.m. ET.

The first appearance will be held at Toronto, Ontario by videoconference.

The purpose of the hearing will be to determine whether the Respondent has contravened CIRO requirements. A summary of the facts alleged and intended to be relied upon by CIRO, the conclusions drawn by CIRO based on the alleged facts, and alleged contraventions are contained in the Statement of Allegations attached to this Notice of Hearing.

If the Hearing Panel finds that the Respondent has contravened CIRO requirements as alleged in the Statement of Allegations, the Hearing Panel may impose one or more of the following sanctions pursuant to Mutual Fund Dealer Rule 7.4.1.1:

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
 - (i) \$5,000,000 for each offence, and
 - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- (c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- (d) revocation of the authority of such person to conduct securities related business;
- (e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time; and

- (f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel.

In addition, pursuant to Mutual Fund Dealer Rule 7.4.2, a Hearing Panel may require the Respondent to pay any costs incurred by or on behalf of CIRO in connection with the proceeding and any investigation related to the proceeding.

The Respondent must serve on Enforcement Staff a Reply to this Notice of Hearing in accordance with Rule of Procedure 8 and Mutual Fund Dealer Rule 7.3.2 within 20 days from the effective date of service of this Notice of Hearing. The Respondent must also file the Reply at the Hearing Office in accordance with Rule of Procedure 4.6.

The Reply may either:

- (a) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by CIRO in the Statement of Allegations; or
- (b) admit the facts alleged and conclusions drawn by CIRO in the Statement of Allegations and plead circumstances in mitigation of any penalty to be assessed.

Pursuant to Mutual Fund Dealer Rule 7.3.3 and Rule of Procedure 8.3, the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by CIRO in the Statement of Allegations that the Respondent does not specifically deny in the Reply.

Pursuant to Mutual Fund Dealer Rule 7.3.4 and Rules of Procedure 7.3 and 8.4, if the Respondent fails to:

- (a) serve and file a Reply; or
- (b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a Reply may have been served,

the Hearing Panel may, among other things, proceed with the hearing on the date and at the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without further notice to and in the absence of the Respondent, and the Hearing Panel may accept as proven the facts, conclusions, and contraventions alleged in the Statement of Allegations, and may impose sanctions and costs.

The Respondent is entitled to attend the hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, to present evidence, and to make submissions to the Hearing Panel at the hearing.

DATED October 3, 2025.

“National Hearing Officer”
NATIONAL HEARING OFFICER
Canadian Investment Regulatory Organization
40 Temperance Street, Suite 2600
Toronto, Ontario, M5H 0B4

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.



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STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated October 3, 2025. Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1: Between December 9, 2022 and March 28, 2024, the Respondent misappropriated or otherwise obtained monies from clients, some or all of which the Respondent did not repay or account for, contrary to Mutual Fund Dealer Rules 2.1.1 and 2.1.4(2).

Contravention 2: Commencing on September 16, 2024, the Respondent failed to cooperate with the investigation by CIRO Staff into her conduct, contrary to Mutual Fund Dealer Rule 6.2.1.

PART II – RELEVANT FACTS AND CONCLUSIONS

Registration History

1. Between November 2008 and March 28, 2024, the Respondent was registered in Ontario as a dealing representative with PFSL Investments Canada Ltd. (the “Dealer Member”), a Dealer Member of CIRO and formerly a Member of the MFDA.¹
2. Between April 27, 2018 and March 5, 2024, the Dealer Member designated the Respondent as a branch manager.

¹ Between August 12, 2008 and July 26, 2024, the Respondent was also licensed to sell insurance through an insurance company affiliated with the Dealer Member.

3. On or about March 28, 2024, the Dealer Member terminated the Respondent as a result of the conduct described herein, and the Respondent is not currently registered in the securities industry in any capacity.
4. At all material times, the Respondent carried on business in the Woodbridge, Ontario area.

Contravention 1 - The Respondent Misappropriated or Failed to Account for Client Monies

5. As described in further detail below, between December 9, 2022 and March 28, 2024, the Respondent misappropriated or otherwise obtained approximately \$261,972 from three clients of the Dealer Member, some or all of which the Respondent did not repay or account for.

Client CM

6. At all material times, CM was a client of the Dealer Member whose accounts were serviced by the Respondent. At all material times, client CM was receiving disability benefits arising from an injury and was a vulnerable client due to her health condition.
7. In or around January 2023, the Respondent requested that client CM loan her monies. The Respondent initially told client CM that she needed money for tuition fees and other educational expenses for her family members overseas. A few days later, the Respondent told client CM that she needed money for the Respondent's mother's eye surgery abroad.
8. After client CM initially denied the Respondent's requests, the Respondent suggested that client CM redeem some of her investments in her Tax-Free Savings Account ("TFSA") at the Dealer Member to lend monies to the Respondent, to which client CM agreed.
9. On or about January 17 and 18, 2023, client CM redeemed \$15,000 in investments from her TFSA account at the Dealer Member and incurred an additional \$629.43 in Deferred Sales Charge ("DSC") fees. Client CM hand delivered \$15,000 in cash to the Respondent, who also was present at the bank branch at the time of the redemptions.
10. The Respondent deposited the \$15,000 in cash from client CM's redemptions into the Respondent's personal bank account.

11. In or around the spring of 2023, client CM began requesting the return of the loaned monies from the Respondent, and the Respondent made small payments to client CM totaling \$1,000.
12. On or about June 7, 2023, the Respondent and client CM signed a promissory note, acknowledging that the Respondent had borrowed \$15,000 from client CM; that the Respondent had paid back \$1,000 of the borrowed monies; and that the Respondent would pay the remaining balance of \$14,000 in the next 5-6 weeks (in or about July 2023).
13. Contrary to the terms of the promissory note, the Respondent did not repay the outstanding monies to client CM, which remains owing to the client.

Client US

14. At all material times, US was a client of the Dealer Member whose accounts were serviced by the Respondent.
15. On or about January 29, 2024, the Respondent called client US and stated that she wanted to discuss a business proposal with him. The Respondent told client US that she had inherited \$6 million USD from her late father's estate overseas, and that the Respondent was required to send \$200,000 to the International Monetary Fund ("IMF") to release the monies.
16. On or about January 30, 2024, the Respondent attended client US' home and provided client US copies of a variety of documents, including what appeared to be the Respondent's late father's will, a bank statement showing a balance of \$6 million USD, and a letter from a lawyer who appeared to be assisting with the release of the estate monies.
17. During this visit, the Respondent asked to borrow \$80,000 from client US and suggested that she would repay him \$200,000.
18. On or about January 31, 2024, the Respondent processed a redemption of \$80,000 from investments in client US' Registered Retirement Savings Plan ("RRSP") account at the Dealer Member. As a result of this redemption, client US incurred an additional \$34,285.71 in withholding taxes.

19. The proceeds of the redemption were deposited in client US' personal bank account, and the Respondent provided a copy of a void cheque to client US so that he was able to wire transfer the monies to the Respondent's personal bank account.
20. On or about January 31, 2024, the Respondent provided client US a signed promissory note, acknowledging that the Respondent had borrowed \$80,000 from client US, and that the Respondent would pay client US one lump sum of \$200,000 4-6 weeks from the date of the promissory note.
21. Despite client US attempting to get in contact with the Respondent numerous times, and contrary to the terms of the promissory note, the Respondent did not pay client US any of the monies.
22. Client US filed a complaint with the Dealer Member and was compensated \$80,000.

Client RG

23. At all material times, RG was a client of the Dealer Member whose accounts were serviced by the Respondent.
24. In or around December 2022, the Respondent approached client RG and told him that the Respondent was sponsoring a family member outside of Canada and needed money to help with the related costs. The Respondent suggested that client RG redeem investments in his TFSA account at the Dealer Member to loan the Respondent monies.
25. On or about December 9, 2022, client RG redeemed \$71,634.37 of investments in his TFSA account at the Dealer Member, incurring an additional \$1,901.60 in DSC fees, and wrote a cheque to the Respondent in the amount of \$71,300, which was deposited into the Respondent's personal bank account.
26. The Respondent told client RG that she would return the monies by the end of December 2022. However, the Respondent did not repay client RG the monies as agreed to.
27. In response to inquiries from client RG regarding repayment of the monies, the Respondent told client RG that there were significant delays processing the immigration application of

the family member of the Respondent and that she was unable to return any of the proceeds.

28. In or around January 2024, the Respondent approached client RG and requested to borrow more monies. The Respondent told client RG that she had inherited \$6 million USD from her late father's estate overseas, and that the Respondent was required to send \$200,000 to the IMF to release the monies.
29. The Respondent provided client RG copies of a variety of documents, including what appeared to be the Respondent's late father's will, a bank statement showing a balance of \$6 million USD, and a letter from a lawyer who appeared to be assisting with the release of the estate monies.
30. On or about January 18, 2024, client RG redeemed \$51,000 in investments from his open non-registered account at the Dealer Member in two increments and incurred an additional \$693.21 in DSC fees as a result. The proceeds of the redemption were wire-transferred to the Respondent's personal bank account.
31. In addition, on or about February 17, 2024, client RG redeemed an additional \$44,337.96 in investments from his RRSP account at the Dealer Member and incurred \$19,001.99 in withholding tax and \$691.93 in DSC fees. The proceeds of the redemption were wire-transferred from client RG's bank account to the Respondent's personal bank account.
32. Client RG requested that the Respondent sign promissory notes reflecting the outstanding monies that client RG had loaned to her, and the Respondent provided client RG with three signed promissory notes, as follows:
 - i. The first promissory note, dated January 17, 2024, acknowledged that the Respondent had borrowed \$73,288.32 from client RG, and that the Respondent would pay client RG approximately double that amount, \$150,000, 4-6 weeks from the date of the promissory note, namely by February 28, 2024;
 - ii. The second promissory note, dated January 17, 2024, acknowledged that the Respondent had borrowed \$50,000 from client RG, and that the Respondent would

pay client RG double that amount, \$100,000, 4-6 weeks from the date of the promissory note, namely by February 28, 2024; and

iii. The third promissory note, dated February 16, 2024, acknowledged that the Respondent had borrowed \$64,000 from client RG, and that the Respondent would wire transfer client RG \$100,000 in one lump sum 4-6 weeks from the date of the promissory note.

33. Contrary to the terms of the promissory notes, the Respondent did not repay client RG any of the monies.
34. In total, client RG provided the Respondent with \$187,000 and incurred over \$3,000 in DSC fees and over \$18,000 in withholding tax in his RRSP account at the Dealer Member.
35. Client RG filed a complaint with the Dealer Member and was compensated \$93,000.
36. The Respondent used the monies she obtained from the clients described above to pay her monthly bills and expenses, including contributions to the Respondent's mutual fund investments and life insurance policies.
37. The Respondent obtaining monies from the clients, as described above, gave rise to conflicts of interest that she failed to disclose to the Dealer Member.
38. By virtue of the forgoing, the Respondent engaged in conduct that was contrary to Mutual Fund Dealer Rules 2.1.1 and 2.1.4(2).

Contravention 2 - Failure to Cooperate with Staff's Investigation

39. In or around March 2024, CIRO Staff ("Staff") commenced a review of the Respondent's conduct in response to a report filed by the Dealer Member on the Member Event Tracking System relating to the Respondent's conduct involving Dealer Member clients, described above.
40. On September 16, 2024, the Respondent, along with counsel, attended an interview with Staff. Counsel asked for an adjournment of the interview so that the Respondent could find other counsel to represent her on her CIRO matters, to which Staff agreed.

41. Thereafter, from September 2024 to March 2025, Staff made numerous attempts to reschedule an interview with the Respondent and advised that she had the right to retain counsel and the consequences of failing to cooperate with CIRO's investigation. Throughout this period, the Respondent advised Staff that she was seeking counsel to represent her at the interview.
42. In or around March 2025, the Dealer Member also confirmed that the Respondent had received or deposited monies into the accounts of additional clients of the Dealer Member, namely clients PC, MA, MT, NV, MN, CA, JM, SK, PJ and DL.
43. On March 28, 2025, the Respondent attended an interview with Staff, and indicated to Staff that she would not answer Staff's questions without a lawyer present. Staff reiterated that the Respondent had been given ample opportunity to retain counsel.
44. As a result of the Respondent's failure to fully participate in an interview with Staff, Staff has been unable to understand the full nature and extent of the Respondent's conduct described above.
45. By engaging in the conduct described above, the Respondent failed to cooperate with Staff's investigation into her conduct, contrary to Mutual Fund Dealer Rule 6.2.1.

DATED at Toronto, Ontario this October 3, 2025.