Re Gonzalez-Ticas

IN THE MATTER OF:

The Mutual Fund Dealer Rules

And

Carlos (Ricardo) Gonzalez-Ticas

2025 CIRO 50

Canadian Investment Regulatory Organization
Hearing Panel (Pacific District)

Settlement Hearing Heard: September 25, 2025, in Vancouver, British Columbia, by videoconference.
Decision: September 25, 2025
Reasons: October 22, 2025

Hearing Panel:
John Rogers, Chair
Nigel Potts, Industry Representative
Brian Worth, Industry Representative

Appearances:
Eric Chow, Enforcement Counsel
Samantha Wu, Enforcement Counsel
Carlos (Ricardo) Gonzalez-Ticas, (present)

REASONS FOR DECISION ON ACCEPTANCE OF SETTLEMENT AGREEMENT

INTRODUCTION

[1] This hearing process was commenced pursuant to a Notice of Settlement Hearing dated July 10, 2025 issued pursuant to Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure, Mutual Fund Dealer Rule 7.4.4 and By-Law No. 1, Section 14.6 of the Canadian Investment Regulatory Organization (**CIRO**).

[2] Between January 12, 2016 and November 13, 2023, Carlos (Ricardo) Gonzalez-Ticas (the **Respondent**) was registered in British Columbia as a dealing representative with Sun Life Financial Investment Services (Canada) Inc. (the **Dealer Member**) and during this time carried on business in the Vancouver, British Columbia area.

[3] On November 13, 2023, the Dealer Member terminated the Respondent's employment, and he is not currently registered in the securities industry in any capacity.

[4] Prior to the admitted contraventions which are the subject matter of this hearing process, the Respondent has not been subject to either CIRO or Mutual Fund Dealers Association (**MFDA**) disciplinary proceedings.

[5] Enforcement Staff have alleged that contrary to Mutual Fund Dealer Rules 2.2.1, 2.2.5, and 2.2.6, between March 2022 and August 2022, the Respondent failed to:

(a) take reasonable steps to learn and accurately record the essential facts relative to a client,

(b) take reasonable steps to understand investments that he recommended to a client, and

(c) determine that the investments he recommended to a client were suitable for the client.

[6] On July 2, 2025, the Respondent entered into a settlement agreement with Enforcement Staff (the **Settlement Agreement**), agreeing to the facts set out in the Settlement Agreement, the allegations of Enforcement Staff as to the contraventions contained therein, and, if the Hearing Panel accepts the Settlement Agreement, to the following sanctions and costs:

(a) pursuant to Mutual Fund Dealer Rule 7.4.1.1(e), for a period of one year from the date the Hearing Panel accepts the Settlement Agreement 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,

(b) pursuant to Mutual Fund Dealer Rule 7.4.1.1(b), the Respondent shall pay a fine of $20,000 payable on the date the Hearing Panel accepts the Settlement Agreement,

(c) pursuant to Mutual Fund Dealer Rule 7.4.2, the Respondent shall pay costs of $2,500 payable on the date the Hearing Panel accepts the Settlement Agreement,

(d) the Respondent shall, in the future, comply with Mutual Fund Dealer Rules 2.2.1, 2.2.5, and 2.2.6, and

(e) The Respondent shall attend in person on the date set for the Settlement Hearing.

FACTS TO WHICH THE PARTIES AGREED IN THE SETTLEMENT AGREEMENT

The Registrant's Relationship with Client CC

[7] On or about April 26, 2018 the Respondent began servicing client CC's accounts at the Dealer Member, and, as CC had little investment knowledge, it is acknowledged that she relied on the Respondent for investment recommendations and advice.

[8] On or about August 16, 2021, client CC advised the Respondent that she had listed her home for sale and, as she intended to purchase a new home during the forthcoming year from the sale proceeds from her existing home (the **Sale Proceeds**), that upon their receipt she wanted to invest the Sale Proceeds for a short time period.

[9] On February 2, 2022, client CC advised the Respondent that she had sold her home, and at meetings with the Respondent on March 10, 2022 and March 24, 2022, client CC advised the Respondent:

(a) that as she wished to use the Sale Proceeds to purchase a new home within approximately a year, she wished to avoid investment losses from investing the Sale Proceeds and that she needed to access the invested Sale Proceeds at any time, and

(b) that she planned to retire in five years and that she did not want to have to take out a mortgage to complete the purchase of the new home, or if she did have to take out such a mortgage, that it would be a small mortgage.

The Mutual Funds

[10] Following the meeting with client CC on March 10, 2022, the Respondent contacted a representative who was a wholesaler (the **Wholesaler**) with a mutual fund company about potential investment options for client CC. The Respondent advised the Wholesaler of client CC's investment requirements.

[11] The Wholesaler proposed to the Respondent that client CC invest $500,000 of the Sale Proceeds in the Fidelity Tactical High-Income Fund – Series B (the **High-Income Fund**) and advised the Respondent that this was a "good option for shorter term money".

[12] The Respondent recommended and client CC agreed to use $500,000 of the Sale Proceeds to purchase the High-Income Fund and, for a Tax-Free Savings Account (**TFSA**) which the Respondent recommended that client CC open, $80,000 of the Sale Proceeds to purchase the Fidelity Global Growth Portfolio Fund – Series B Fund (the **Portfolio Fund**).

[13] The Fund Facts for each of the Hight-Income Fund and the Portfolio Fund (collectively the **Mutual Funds**) indicated that 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 who could "handle the volatility of returns generally associated with equity investments".

Opening Client CC's Accounts

[14] In the process of opening for client CC a new non-registered account for the High-Income Fund and opening the TFSA for the Portfolio Fund (collectively **CC's Accounts**), the Respondent completed an Investor Profile Summary and New Account Application forms (the **NAAFs**), but, contrary to the requirements in the Dealer Member's policies and procedures, 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. The Respondent had client CC sign the NAAFs without having reviewed their content with her.

The Dealer Member's Assessment

[15] On or about April 11, 2022, being three days after client CC had purchased the Mutual Funds with the Sale Proceeds, 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 upon the investment objectives that were recorded in the NAAFs for CC's Accounts. The Respondent was instructed to either update client CC's Know Your Client (**KYC**) information, or, if the KYC information was correct, to discuss rebalancing the investment holdings of the accounts with client CC to ensure that the Mutual Funds were suitable investments for client CC.

[16] The Respondent did not update client CC's KYC information for CC's Accounts in response to the inquiry by the Dealer Member.

The Redemption of the Mutual Funds

[17] On or around June 10, 2022, less than three months after purchasing the Mutual Funds, client CC asked the Respondent about redeeming her investments in the Mutual Funds as she wished to purchase a new home with the Sale Proceeds. The Respondent advised her that as the value of her investments in the Mutual Funds had declined, she would realize losses if she then redeemed her investments in the Mutual Funds. But he reassured her that this value would recover.

[18] On hearing this advice from the Respondent, client CC told the Respondent that as she could not afford to take out a large mortgage, and that as she required all of the Sale Proceeds to pay for a new home she wished to purchase, she was unable to proceed with the purchase.

[19] During the period from June to August 2022, Client CC continued to raise her concerns with the Respondent and the Respondent continued with his advice for her to remain invested. Then 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 to her had been unsuitable.

[20] On September 16, 2022, client CC redeemed her investment in the Mutual Funds, incurred an investment loss of approximately $32,941, and sought compensation from the Dealer Member for this loss.

[21] The Dealer Member compensated client CC in the amount of $34,375, such sum representing the loss incurred by client CC together with the amount client CC would have earned had she invested in a money market fund.

[22] The Respondent received $1,472 in trailing commissions resulting from client CC's purchase of the Mutual Funds and, as a result of the Respondent's failure to follow the Dealer Member's instructions on April 11, 2022 with respect to updating client CC's KYC information in a timely manner, the Dealer Member deducted $1,000 from the Respondent's commissions.

RELEVANT RULES

[23] Section 14.6 of By-Law 1 of CIRO's by-laws provides the Hearing Panel with jurisdiction to hear this matter and to approve the Settlement Agreement in that the Respondent remains subject to the jurisdiction of CIRO in respect of the actions that occurred while the Respondent was subject to the MFDA Rules during the relevant time period.

[24] Rule 2.2.6 of the Mutual Fund Dealer Rules entitled "Suitability Determination" (the **Suitability rule**) provides that before opening an account for a client, making a recommendation for an account of a client, or

taking any other investment action for a client, an Approved Person must determine on a reasonable basis that the action is "suitable" for that client and that the action puts the client's interests first.

[25] Rule 2.2.6 goes on to provide that an action will be suitable for the client if the "essential facts" relating to that client (**KYC information**) are collected in accordance with the provisions of Rule 2.2.1 of the Mutual Fund Rules entitled "Know-Your Client" (the **KYC rule**) and, if the action involves an investment, that the Approved Person has taken the appropriate steps to understand the investment (**KYP information**) in accordance with the provisions of Rule 2.2.5 of the Mutual Fund Rules entitled "Know-Your Product" (the **KYP rule**).

[26] The KYC rule sets out the following six areas of inquiry which the Approved Person should explore with a client to establish the KYC information for that client:

(a) the client's personal circumstances,

(b) the client's financial circumstances,

(c) the client's investment needs and objectives,

(d) the client's investment knowledge,

(e) the client's risk profile, and

(f) the client's investment time horizon.

[27] The KYP rule provides that an Approved Person must not purchase or sell investments for or recommend investments to a client unless the Approved Person takes steps to understand the KYP information for that investment, which information includes the investments' structure, features, risks, initial and ongoing costs and the impact of those costs.

SUBMISSIONS OF ENFORCEMENT STAFF

The Acknowledged Contraventions

[28] With reference to the above noted KYC rule, KYP rule and Suitability rule contained in Mutual Fund Dealer Rules 2.2.1, 2.2.5, and 2.2.6, Enforcement Staff submitted that Canadian securities authorities and hearing panels have established the following three-stage process that a registrant must complete in the following sequence when determining suitability:

(a) Due Diligence – involves a registrant obtaining the KYC information of the client whose accounts the registrant is servicing and the KYP information about the products that the registrant may recommend;

(b) Applying Judgment – involves a registrant applying sound professional judgment to identify and recommend investment products and strategies that are suitable for the client bearing in mind the applicable KYC information and KYP information obtained during the due diligence stage of the process; and

(c) Disclosure of Material Risks and Benefits – involves a registrant making the client aware of the material negative and positive factors involved in any investment transaction that was recommended to or discussed with the client during the second stage of the process to ensure that the client is able to make an informed decision about whether or not to proceed.

[29] In support of this submission, Enforcement Staff cited the following decisions:

- the decision of the Alberta Securities Commission in *Lamoureux (Re)*[1], and specifically to the Commission's reference to what in its decision in paragraphs 75-80 it called the "Three Stage Process",
- the decision of the CIRO hearing panel in *Hetherington (Re)*[2],

[1] (2001) A.S.C.D. No. 613
[2] 2025 LNCIRO 26,

- the decision of the CIRO hearing panel in *Cappola (Re)*[3],
- the decision of the MFDA hearing panel in *Mohammed (Re)*[4], and
- the decision of the CIRO hearing panel in *Sadiq (Re)*[5].

[30] This obligation to ensure that an investment recommendation is suitable for a client, Enforcement Staff submitted, is an obligation that rests solely with the registrant and that this responsibility cannot be substituted, avoided or transferred to the client.

[31] Enforcement Staff submitted that with reference to the facts agreed to by the Respondent in the Settlement Agreement, the Respondent clearly did not follow the three-stage process as above referenced in that the Respondent:

(a) Failed in his due diligence obligation in the first stage, in that the Respondent:

a. failed to follow the KYC rule when he failed to learn client CC's KYC information noting that:

1. client CC informed the Respondent that she wished to invest the Sale Proceeds for a short period and to use these monies to purchase a new home;
2. she needed access to the invested Sale Proceeds at any time;
3. she wished to avoid investment losses; and
4. she had very little investment knowledge,

b. failed to follow the KYC rule when he failed to accurately record client CC's information on the NAAFs to open the client CC accounts at the Dealer Member; and

c. when he relied on the Wholesaler's recommendation that the Mutual Funds were a "good option for shorter term money", that he failed to follow the KYP rule in neglecting to properly review the Fund Facts for the Mutual Funds, which stated that the Mutual Funds were suitable for investors who intended to invest their monies for the medium to long-term,

(b) Failed the second stage when he failed to provide professional judgement in recommending the Mutual Funds to client CC without taking into consideration whether or not the Mutual Funds were suitable for client CC's short-term investment objectives; and

(c) Failed the third stage when he failed to disclose to client CC the material risks and benefits from client CC investing in the Mutual Funds.

[32] Given these failures by the Respondent, Enforcement Staff submits that the contraventions alleged by Enforcement Staff have been established.

The Agreed Upon Sanctions

[33] Enforcement Staff submitted that the penalties contained in the Settlement Agreement are within a reasonable range of appropriateness, taking into consideration the following factors:

The Seriousness of the Respondent's Misconduct – Enforcement Staff notes:

(a) Client CC's approaching retirement, having little investment knowledge, and relying on the Respondent for investment recommendations and advice;

(b) Client CC's reliance on the invested monies to purchase a new home;

(c) Client CC's loss resulting from unsuitable investments that were recommended by the Respondent;

[3] 2025 CIRO,
[4] [2023] MFDA File No. 220248
[5] 2024 CIRO 48

(d) The Respondent's breaches of the Dealer Member's policies and procedures;

(e) The Respondent's failure to update client CC's KYC information for the accounts in which client CC purchased the Mutual Funds after the Dealer Member instructed him to do so since neither of the Mutual Funds appeared suitable for client CC; and

(f) The Respondent's continual recommendation and reassurance to client CC to keep her monies invested in the Mutual Funds, even after:

a. the Dealer Member notified him that neither of the Mutual Funds appeared suitable for client CC,

b. client CC raised concerns with the Respondent about the decline in value of her investments, and

c. client CC raised concerns about her ability to purchase a new home.

Deterrence – Enforcement Staff submitted that the proposed sanctions are sufficiently significant in the form of specific deterrence to deter the Respondent from further misconduct and in general deterrence to deter others from such misconduct by demonstrating that failures to comply with the KYC rule, the KYP rule and the Suitability rule will result in serious consequences.

Client Harm - Enforcement Staff submitted that Client CC was unable to proceed with the purchase of a new home having incurred a market loss for which the Dealer Member was required to reimburse her in the amount of $34,375.

Benefit to the Respondent and Dealer Member's Discipline – Enforcement Staff submitted that the Respondent received $1,472 in trailing commissions but later had the sum of $1,000 deducted from his commissions by the Dealer Member as a result of the Respondent failing to follow instructions.

Respondent's Recognition of the Seriousness of the Misconduct – Enforcement Staff submitted that the Respondent has accepted responsibility for his misconduct and has saved CIRO the time, resources and expenses of conducting a contested hearing.

[34] In support of its position, Enforcement Staff cited the following decisions:

(a) *Sterling Mutuals Inc. (Re)*,[6]

(b) *Milewski (Re)*,[7]

(c) *British Columbia Securities Commission v. Seifert,*[8]

(d) *Jacobson (Re),*[9]

(e) *Headley (Re),*[10]

(f) *Hetherington (Re),*[11]

(g) *Mohammed (Re)*,[12]

(h) *Lamoureux (Re)*,[13]

(i) *Gabrysz (Re)*,[14] and

(j) *Beck (Re)*,

[6] 2008 LNCMFDA 16
[7] 1999 I.D.A.C.D. No. 17
[8] [2006] B.C.J. No. 225
[9] 2007 LNCMFDA 27
[10] 2006 LNCMFDA 3
[11] 2025 LNCIRO 26
[12] 2023 MFDA File No. 220248
[13] 2001 A.S.C.D. No. 613,
[14] 2019, MFDA File No. 201816,

[35] Based upon the above summary of the facts admitted to in the Settlement Agreement by the Respondent and upon the above cited decisions, Enforcement Staff submitted that the sanctions included in the Settlement Agreement are reasonable and appropriate and that the Hearing Panel should accept the Settlement Agreement.

ANALYSIS

[36] From the submissions of Enforcement Counsel, the attendance of the Respondent at the hearing of this matter, and the fact that the Respondent entered into the Settlement Agreement, it is clear to the Panel that there is no disagreement between the parties on the facts included in the Settlement Agreement.

[37] In coming to its decision to accept the Settlement Agreement, the Hearing Panel acknowledged that as set out in the above referenced *Sterling Mutuals Inc.* and *Milewski (Re)* decisions, the Settlement Agreement is to be accepted unless the Hearing Panel is of the view that the sanctions it contained fell outside a reasonable range of appropriateness.

[38] This test of "appropriateness" is to reflect the public interest benefits from the settlement process which encourages a respondent to admit to the allegations and thereby avoid the cost and time of a full hearing on its merits.

[39] However, as well, these sanctions must meet the objectives of the CIRO disciplinary process which, as was noted by Enforcement Staff, is intended to provide a specific deterrent to the Respondent as well as a general deterrent to the investment industry. In other words, the primary purpose of the sanctions imposed is to serve as a deterrent to both the offender and to the industry as a whole, and, therefore, these sanctions must accomplish both these objectives of deterrence as well as serving as punishment for the offender.

[40] In making this determination of appropriateness, the Hearing Panel must consider the proportionality of the proposed sanctions to the admitted misconduct and whether or not the admitted misconduct is similar to other admitted misconduct for which sanctions have been issued, and which provide a form of precedent for the appropriateness of the sanctions in issue. In other words, in the interest of ensuring fairness for the process and meeting industry expectations, the Hearing Panel must ensure that for a particular form of misconduct, a particular form of sanctions will be forthcoming and that these sanctions are not too lenient nor too harsh in order to be seen by the industry as being appropriate for the misconduct at issue.

[41] Enforcement Staff submitted that given the seriousness of the Respondent's admitted misconduct that the agreed upon sanctions are warranted and from the decisions above referenced, noted the sanctions approved by the respective panels:

(a) *Hetherington (Re)* - where the registrant failed to ensure that a leveraged investment strategy was suitable for the joint account of two clients resulting in a loss of $43,700 and the registrant signed the signatures of the clients on nine account forms, the panel agreed with the imposition of sanctions in the form of an 18-month suspension, a $30,000 fine and $5,000 costs;

(b) *Mohammed (Re)* – where the registrant failed to record accurate KYC facts for a couple and recommended that they borrow money on their life insurance policies to purchase a mutual fund unsuitable for the clients resulting in the clients having to cancel these policies as they could not afford to pay the interest charges owing thereon, the panel agreed with the imposition of sanctions in the form of a two year suspension, a $15,000 fine and $5,000 costs,

(c) *Gabrysz (Re)* – where the registrant prepared and submitted client account forms and a loan application for a client which the registrant knew contained false and misleading information to enable the client to purchase mutual funds and, after receiving a complaint from the client about the investments, failed to report the complaint, although there was no client loss, the panel agreed with the imposition of sanctions in the form of a two year prohibition, a $20,000 fine, and $5,000 costs, and

(d) *Beck (Re)* - where the registrant solicitated and facilitated investments outside the Dealer Member from 28 clients totalling $2,260,850 in unsecured promissory notes issued by a non-arm's length company that was owned by holding companies controlled by principals of the Dealer Member without doing the proper KYP information investigation and following the

Suitability rule, although there was no client loss, the panel agreed with the imposition of sanctions in the form of an approximately 7 month prohibition, a $30,000 fine and $5,000 costs

CONCLUSION

[42] In the context of the admitted facts contained in the Settlement Agreement, the Hearing Panel agreed with the submissions of Enforcement Staff that the misconduct admitted to by the Respondent was indeed serious and very much demonstrated a gross lack of the requisite professionalism expected from the Respondent as a registrant in the investment industry. In that context, the Hearing Panel in its deliberations questioned why the sanctions did not include the requirement that the Respondent be required if he chose to again become active in the investment industry after his one year suspension to both take the requisite training required of an initial registrant entering the industry for the first time, and, upon his renewed registration being granted, to undergo a period of close supervision for a minimum of six months by the relative dealer member with whom he would be engaged.

[43] However, mindful of the *Sterling Mutuals Inc.* and *Milewski (Re)* decisions above referenced, the Hearing Panel determined that the sanctions agreed to by the Respondent and Enforcement Staff in the Settlement Agreement fell within a reasonable range of appropriateness and that, therefore, the Hearing Panel accepted the Settlement Agreement.

DATED at Vancouver, British Columbia this 22nd day of October, 2025

"John Rogers"

John Rogers, Chair

"Nigel Potts"

Nigel Potts

"Brian Worth"

Brian Worth

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")[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 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.[1]

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;

[1] 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:

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

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:

	IPS for client CC	**NAAF for client CC's TFSA**	**NAAF for client CC's non-registered account**
Investment Objective and Goal	*Investment Objective*: 30% growth and 70% income initially, but later changed to 60% growth and 40% income *Investment Goal*: non-registered savings	*Investment Objective*: 60% growth and 40% income	*Investment Objective*: 30% growth and 70% income
Investment Time Horizon	One to less than three years	One to less than three years	One to less than three years
Risk Tolerance	20% medium and 80% low to medium	20% medium and 80% low to medium	20% medium and 80% low to medium
Investment Knowledge	Very Little	Fair	Fair
Source of payment for the account	n/a	n/a	Salary or earned income
Purpose of the account	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[2].

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);

[2] 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 CIRO, 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 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.

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

[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.