



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES
AND
SANJEEV KUMAR TEJPAL**

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization (“CIRO”)ⁱ 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 Sanjeev Kumar Tejpal (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 described in greater detail below, client LV met the Respondent to discuss investing the proceeds from her late spouse’s life insurance policy.
5. Client LV informed the Respondent that she intended to purchase a home using the insurance proceeds within three years or, according to the Respondent, three to five years. Client LV also communicated that a portion of the monies from the life insurance policy

could be allocated towards savings for retirement. The Respondent recorded that client LV's investment time horizon was "10 + years", which did not accurately reflect all of her stated investment objectives.

6. The Respondent recommended that client LV purchase certain mutual funds (the "Mutual Funds") that were subject to a six-year deferred sales charge ("DSC") schedule.
7. The Respondent failed to ensure that the Mutual Funds were suitable for client LV. In particular, the Respondent recommended the Mutual Funds to client LV even though client LV's actual investment time horizon was shorter than the DSC schedule applicable to the Mutual Funds.
8. The Respondent also failed to disclose to client LV that the Mutual Funds purchased were subject to a DSC fee schedule and that she would be charged DSC fees if the Mutual Funds were redeemed prior to the expiry of the DSC schedule.

Registration History

9. Since February 2008, the Respondent has been registered in British Columbia as a dealing representative for WFG Securities Inc. (the "Dealer Member"), a Dealer Member of CIRO (formerly a Member of the MFDA).
10. At all material times, the Respondent conducted business in the Surrey, British Columbia area.

Failure to Accurately Record the Essential Facts Relative to a Client

11. In January 2021, client LV's spouse passed away, and client LV subsequently received approximately \$450,000 from her spouse's life insurance policy.
12. On March 8 and 22, 2021, client LV met with the Respondent to discuss investing the proceeds of the life insurance policy.¹
13. During the meetings, client LV informed the Respondent that:

¹ Prior to March 2021, the Respondent did not service client LV's accounts and client LV was not a client of the Dealer Member.

- a) she rented her house;
 - b) she was not currently working as a result of an injury;
 - c) her only source of income was insurance benefits that she was receiving as a result of her injury;
 - d) she intended to purchase a home using the insurance proceeds within three years or, according to the Respondent, three to five years; and
 - e) her investment objectives also included allocating some of the monies towards retirement savings.
14. On March 22, 2021, the Respondent opened a non-registered account (the “Account”) at the Dealer Member for client LV.
15. On the New Account Application Form (“NAAF”) in respect of the Account, the Respondent recorded Know-Your-Client (“KYC”) information in respect of client LV, including that client LV had an investment time horizon of “10 + years”.
16. An investment time horizon of “10 + years” was inaccurate because client LV had informed the Respondent that she intended to purchase a home within three years or, according to the Respondent, three to five years. The Respondent ought to have ensured that the recorded investment time horizon accurately reflected all of client LV's stated investment objectives.

Failure to Ensure Suitability of Mutual Funds and Failure to Disclose DSC Fees

The Recommended Mutual Funds were Unsuitable due to the DSC Schedule and Charges

17. At all material times, the Dealer Member's policies and procedures stated the following regarding the suitability of mutual funds subject to a DSC schedule:
- a) “Client purchases should be in keeping with client time horizon. i.e. if the client purchases funds on a DSC basis the client should have a 7 year plus time horizon.”
 - b) “Traditional DSC funds include a 6-7 year maturity schedule in which fees would be incurred by the client if the investment was sold prior to maturity

[...] Traditional DSC funds would generally not be considered to be appropriate or consistent with the client's interests if the client had a time horizon that was shorter than the DSC schedule."

- c) "A client's stated time horizon is important when considering the fee structure of a mutual fund. Generally, it is considered unsuitable for a client to purchase into a DSC fee fund and have a time horizon that is shorter than the DSC schedule."

18. In addition, at all material times, the Dealer Member's policies and procedures required its Approved Persons to disclose to clients information about a mutual fund's DSC schedule and DSC fees, when processing purchases or sales of mutual funds subject to a DSC schedule.
19. In addition, at all material times, the Dealer Member's policies and procedures prohibited its Approved Persons from using pre-signed account forms.
20. On March 22, 2021, the Respondent recommended to client LV and processed the purchase of Mutual Funds totaling \$390,000 in client LV's Account.
21. The Mutual Funds were subject to a six-year deferred sales charge ("DSC") schedule.
22. The Respondent failed to ensure that the Mutual Funds, which were subject to a deferred sales charge schedule, were suitable for client LV. In particular, the Respondent recommended the Mutual Funds to client LV even though client LV's actual investment time horizon was shorter than the DSC schedule applicable to the Mutual Funds, and without disclosing the DSC schedule to client LV.

Failure to Disclose DSC Fees when Client LV Purchased the Mutual Funds

23. The Respondent failed to disclose to client LV that the Mutual Funds were subject to a DSC schedule, and failed to disclose to client LV that she would be charged DSC fees if she redeemed the Mutual Funds prior to the expiry of the DSC schedule.
24. In order to process the purchase of the Mutual Funds, the Respondent completed and obtained client LV's signature on a Dealer Member trade ticket (the "Purchase Trade Ticket").

25. The Purchase Trade Ticket included a section (the “DSC Fee Schedule Section”) that set out the percentage of DSC fees that would be deducted upon a redemption of the Mutual Funds, depending on which year during the Mutual Funds’ DSC schedule that the redemption took place.
26. When the Respondent provided the Purchase Trade Ticket to client LV to sign, the DSC Fee Schedule Section on the Purchase Trade Ticket was blank.
27. After client LV signed the Purchase Trade Ticket and returned it to the Respondent, the Respondent completed the DSC Fee Schedule Section on the Purchase Trade Ticket and submitted it to the Dealer Member for processing.
28. The Dealer Member subsequently informed the Respondent that the purchases of the Mutual Funds had been reversed because the purchase amount was not clearly specified on the Purchase Trade Ticket.
29. The Respondent then inputted the purchase amount on the version of the Purchase Trade Ticket that client LV had signed but on which the DSC Fee Schedule Section was blank, and requested that client LV initial the purchase amount on that version of the Purchase Trade Ticket.
30. After client LV initialed the purchase amount on the Purchase Trade Ticket described above in paragraph 29 and returned it to the Respondent, the Respondent submitted it to the Dealer Member, and the Mutual Fund purchases were processed in client LV’s Account.

Failure to Disclose DSC Fees when Client LV Redeemed the Mutual Funds

31. In or about March 2022, client LV informed the Respondent that she had purchased a condo and requested that the Respondent redeem \$300,000 from the Mutual Funds so that she could apply the redemption proceeds towards a down payment on the condo.
32. The Respondent then processed the redemption but failed to disclose to client LV that she would be charged DSC fees on the redemption.
33. In order to process the redemption, the Respondent completed and obtained client LV’s signature on a Dealer Member trade ticket (the “Redemption Trade Ticket”).

34. The Redemption Trade Ticket included a section (the “DSC Redemption Fee Section”) where the Approved Person was required to indicate the amount of the DSC fees associated with the redemption. When the Respondent provided the Redemption Trade Ticket to client LV to sign, the DSC Redemption Fee Section on the Redemption Trade Ticket was blank.
35. After client LV signed the Redemption Trade Ticket and returned it to the Respondent, the Respondent completed the DSC Redemption Fee Section on the Redemption Trade Ticket and also wrote “client is aware of DSC charges approximately \$15,000” on the Redemption Trade Ticket, and submitted it to the Dealer Member for processing.
36. Client LV was not aware of the DSC charges because, as described above, the Respondent failed to disclose to client LV that the Mutual Funds were subject to a DSC schedule and that she would be charged DSC fees when she redeemed the Mutual Funds.

Client LV Incurred DSC Fees

37. On March 24, 2022, the redemptions totaling \$300,000 (gross) were processed in client LV’s Account. After the deduction of DSC fees totaling \$17,717.03, client LV received net redemption proceeds of \$282,282.97.
38. In September 2023, client LV transferred out \$74,149.03 of the Mutual Funds from her Account to another institution, which reduced the balance in the Account to zero. Client LV incurred DSC fees totaling \$3,664.88 on this transfer. The Respondent was not involved in the processing of this transfer.
39. By virtue of the foregoing, the Respondent failed to ensure that the Mutual Funds were suitable for client LV, and failed to disclose information to client LV about the Mutual Funds’ DSC schedule and fees when processing purchases and redemptions of the Mutual Funds in her Account.

Additional Factors

40. The Respondent received compensation totaling \$10,904.27 as a result of the purchases of the Mutual Funds by client LV as described above.
41. In May 2024, client LV complained to the Dealer Member that the Respondent had not disclosed to her that the Mutual Funds were subject to DSC fees.
42. After investigating the complaint, the Dealer Member paid compensation to client LV totaling \$21,381.91. This consisted of compensation in respect of the DSC fees totaling \$17,717.03 that client LV incurred as a result of the March 24, 2022 redemption that the Respondent processed as described above, and compensation in respect of the DSC fees totaling \$3,664.88 that client LV incurred when the balance of her Account was transferred out of the Dealer Member in September 2023 as described above.
43. The Dealer Member deducted the compensation that it paid to client LV (i.e. \$21,381.91) from the Respondent's commissions, and also deducted an administrative penalty in the amount of \$1,000 from the Respondent's commissions.
44. On August 13, 2024, the Dealer Member placed the Respondent on an internal suspension during which it withheld all of the Respondent's commissions related to any business conducted through the Dealer Member, and during which the Respondent was prohibited from conducting any business through the Dealer Member.
45. On February 20, 2025, the Dealer Member lifted the internal suspension, and placed the Respondent on increased supervision. As of the date of this Settlement Agreement, the Respondent remains on increased supervision.
46. The Respondent has not previously been the subject of CISO or MFDA disciplinary proceedings.
47. By entering into the Settlement Agreement, the Respondent has saved CISO the time, resources, and expenses associated with conducting a contested hearing of the allegations.

PART IV – CONTRAVENTIONS

48. By engaging in the conduct described above, the Respondent committed the following contravention of CIRO requirements:
- (i) In March 2021, the Respondent failed to ensure that mutual fund purchases subject to a deferred sales charge schedule that he recommended to and processed for a client were suitable for the client, contrary to MFDA Rules 2.2.1², 2.2.6, 2.4.4³ and 1.1.2.⁴

PART V – TERMS OF SETTLEMENT

49. The Respondent agrees to the following sanctions and costs:
- (i) a fine in the amount of \$20,000; and
 - (ii) costs in the amount of \$5,000.
50. The Respondent also agrees to in the future comply with Mutual Fund Dealer Rules 2.2.1, 2.2.6, 2.4.4 and 1.1.2.
51. 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.

² On December 31, 2021, MFDA Rule 2.2.1 was amended. As the conduct addressed in this contravention pre-dated the amendments to this Rule, the version of MFDA Rule 2.2.1 that was in effect prior to December 31, 2021, is applicable.

³ On December 31, 2021, MFDA Rule 2.4.4 was amended. As the conduct addressed in this contravention occurred before and after the amendments to this Rule, the versions of MFDA Rule 2.4.4 that were in effect before December 31, 2021 and between December 31, 2021 and December 31, 2022, are applicable.

⁴ On July 7, 2022, MFDA Rule 1.1.2 was amended. As the conduct addressed in this contravention pre-dated the amendments to this Rule, the version of MFDA Rule 1.1.2 that was in effect prior to July 7, 2022, is applicable.

PART VI – STAFF COMMITMENT

52. 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.
53. 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

54. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
55. 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.
56. 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.
57. 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.
58. 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.

59. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.
60. 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.
61. 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.
62. 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

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

DATED this 23rd day of April, 2026.

"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 21st day of May, 2026 by the following Hearing Panel:

Per: "Linda Murray"
Chair

Per: "Barb Fraser"
Industry Member

Per: "Richard Thomas"
Industry Member

ⁱ 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.