



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

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

AGREED STATEMENT OF FACTS

I. INTRODUCTION

1. By Notice of Hearing dated October 3, 2025, the Canadian Investment Regulatory Organization (“CIRO”) commenced a disciplinary proceeding against Josephine Sudario (the “Respondent”) pursuant to Mutual Fund Dealer Rules 7.3 and 7.4.
2. The Statement of Allegations attached to the Notice of Hearing set out the following contraventions:

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); and

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.

II. IN PUBLIC / IN CAMERA

3. The Respondent and Staff of CIRO (“Staff”) agree that this matter should be heard in public pursuant to Rule 1.8 of the Mutual Fund Dealer Rules of Procedure.

III. ADMISSIONS AND ISSUES TO BE DETERMINED

4. The Respondent has reviewed this Agreed Statement of Facts and admits the facts set out in Part IV herein. The Respondent admits that the facts in Part IV constitute misconduct

for which the Respondent may be penalized on the exercise of the discretion of a hearing panel of the Choose an item. District Committee (the “Hearing Panel”) of CIRO pursuant to Mutual Fund Dealer Rule 7.4.1.

5. Staff and the Respondent jointly request that the Hearing Panel determine, on the basis of this Agreed Statement of Facts, the appropriate penalty to impose on the Respondent.
6. Staff and the Respondent agree that submissions made in this proceeding will be based only on the agreed facts in Part IV, and no other information, facts or documents, subject to the content of this paragraph and paragraph 7 below.
7. In the event that the Hearing Panel advises one or both of Staff and the Respondent of any additional facts that it considers necessary in order to determine the issues before it, Staff and the Respondent agree that such additional facts may be provided to the Hearing Panel, either: (a) with the consent of both Staff and the Respondent if the additional facts are agreed upon; (b) if the Respondent is not present at the hearing, Staff may disclose additional relevant facts, at the request of the Hearing Panel; or (c) if the parties are both present at the hearing and are not in agreement about the additional facts requested by the Hearing Panel, the parties will be given a reasonable opportunity to lead evidence concerning the additional facts. In circumstances where a party leads evidence concerning additional facts requested by the Hearing Panel, the opposing party may cross-examine any witness tendered to lead such evidence and shall be given a reasonable opportunity to lead responding evidence if they wish to do so.

IV. AGREED FACTS

Registration History

9. 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

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.

10. Between April 27, 2018 and March 5, 2024, the Dealer Member designated the Respondent as a branch manager.
11. 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.
12. At all material times, the Respondent carried on business in the Woodbridge, Ontario area.

The Respondent Misappropriated or Failed to Account for Client Monies

13. 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, most or all of which the Respondent did not repay or account for.

Client CM

14. 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.
15. 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.
16. However, the above representations that the Respondent made to client CM regarding the intended use of the borrowed monies were false and made in order to persuade client CM to lend the Respondent monies.
17. 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.
18. 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.

19. The Respondent deposited the \$15,000 in cash from client CM’s redemptions into the Respondent’s personal bank account.
20. 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.
21. 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 around July 2023).
22. Contrary to the terms of the promissory note, the Respondent did not repay the outstanding monies to client CM, which remain owing to the client.
23. Client CM was compensated in full by the Dealer Member.

Client US

24. At all material times, US was a client of the Dealer Member whose accounts were serviced by the Respondent.
25. 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.
26. 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.

27. During this visit, the Respondent asked to borrow \$80,000 from client US and suggested that she would repay him \$200,000.
28. However, the above representations that the Respondent made to client US regarding the intended use of the borrowed monies were false in order to persuade client US to lend the Respondent monies.
29. 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.
30. 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.
31. 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.
32. 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.
33. Client US filed a complaint with the Dealer Member and was compensated in full by the Dealer Member.

Client RG

34. At all material times, RG was a client of the Dealer Member whose accounts were serviced by the Respondent.
35. 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.

36. However, the above representations that the Respondent made to client RG regarding the intended use of the borrowed monies were false in order to persuade client RG to lend the Respondent monies.
37. 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.
38. 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.
39. 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.
40. 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.
41. 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.
42. However, the above representations that the Respondent made to client RG regarding the intended use of the borrowed monies were false in order to persuade client RG to lend the Respondent monies.
43. 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.

44. 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.
45. 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:
 - a. 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;
 - b. 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
 - c. 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.
46. Contrary to the terms of the promissory notes, the Respondent did not repay client RG any of the monies.
47. 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.
48. Client RG filed a complaint with the Dealer Member and was compensated in full by the Dealer Member.

49. The Respondent used the monies she obtained from each of the clients described above to pay her monthly bills and expenses, including contributions to the Respondent's mutual fund investments and life insurance policies.
50. The Respondent's representations to each of the clients for obtaining the loans, described above, were false.
51. The Respondent obtaining monies from the clients gave rise to conflicts of interest that she failed to disclose to the Dealer Member.

Failure to Cooperate with Staff's Investigation

52. 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.
53. 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 another lawyer to represent her on her CIRO matters, to which Staff agreed.
54. 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.
55. In or around March 2025, Staff received information indicating that the Respondent had received or deposited monies into the accounts of additional clients while registered with the Dealer Member, namely clients PC, MA, MT, NV, MN, CA, JM, SK, PJ and DL.
56. Specifically, the Respondent transferred a total of approximately \$21,136 into the accounts of Dealer Member clients PC, MA, MT, NV, MN, CA, JM, SK, PJ and DL and accepted deposits into the Respondent's accounts totaling approximately \$72,389 from the same clients.

57. On March 28, 2025, the Respondent attended an interview with Staff and refused to answer Staff's questions and stated that she wanted a lawyer present. Staff reiterated to the Respondent that she had been given ample opportunity to retain counsel.
58. 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, including the nature of the Respondent's dealings with respect to the monies exchanged with Dealer Member clients PC, MA, MT, NV, MN, CA, JM, SK, PJ and DL, referred to above.

Additional Factors

59. The Respondent has not previously been the subject of MFDA or CIRO disciplinary proceedings.

Misconduct Admitted

60. By engaging in the conduct described above, the Respondent admits that:
 - a. Between December 9, 2022 and March 28, 2024, the Respondent misappropriated or otherwise obtained monies from clients, most of which the Respondent did not repay or account for, contrary to Mutual Fund Dealer Rules 2.1.1 and 2.1.4(2); and
 - b. 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.

Execution of Agreed Statement of Facts

61. This Agreed Statement of Facts may be signed in one or more counterparts, which together shall constitute a binding agreement.
62. A facsimile copy of any signature shall be effective as an original signature.

DATED at Toronto, Ontario this 1st day of April, 2026.

“Josephine Sudario”

Josephine Sudario

“Maria Di Clemente”

Maria Di Clemente, Enforcement Counsel, CIRO