



**CIRO · OCRI**

Canadian Investment  
Regulatory  
Organization

Organisme canadien  
de réglementation  
des investissements

**Notice of Hearing**

**File No. 202405**

**IN THE MATTER OF  
THE MUTUAL FUND DEALER RULES<sup>i</sup>  
and  
Sabrina Antonia Baggs**

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**NOTICE OF HEARING**

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**NOTICE** is hereby given that a disciplinary proceeding has been commenced by the Canadian Investment Regulatory Organization (“CIRO”) against Sabrina Antonia Baggs (the “Respondent”). The first appearance will take place before a hearing panel of the Ontario District Hearing Committee of CIRO (the “Hearing Panel”) on June 3, 2024, at 10:00 am (Eastern Time) or as soon thereafter as the hearing can be held. The Hearing on the Merits will take place at a time and venue to be announced. Members of the public who would like to attend the first appearance by videoconference as an observer should contact [hearings@ciro.ca](mailto:hearings@ciro.ca) to obtain particulars.

**DATED** this 27<sup>th</sup> day of March 2024.

“Michelle Pong”

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Michelle Pong  
Director, District Hearing Committees,  
Mutual Fund Dealer Division

Canadian Investment Regulatory Organization  
40 Temperance Street, Suite 2600  
Toronto, ON M5H 0B4  
Telephone: 416-945-5134  
Email: [hearings@ciro.ca](mailto:hearings@ciro.ca)

**NOTICE** is further given that CIRO alleges the following violations of the Mutual Fund Dealer Rules:

**Allegation:** Between November 6, 2019 and February 27, 2020, the Respondent set up and cancelled pre-authorized contributions in the accounts of clients without their knowledge or authorization, in order to meet sales targets or to increase her compensation based on the Dealer Member's sales incentives, contrary to Mutual Fund Dealer Rule 2.1.1.

### **PARTICULARS**

**NOTICE** is further given that the following is a summary of the facts alleged and intended to be relied upon by CIRO at the hearing:

#### **Registration History**

1. From 1997 to January 3, 2023, the Respondent was registered in the securities industry.
2. From June 7, 2002 to January 3, 2023, the Respondent was registered in Ontario as a dealing representative with Scotia Securities Inc. (the "Dealer Member"), a Dealer Member of CIRO (formerly a Member of the MFDA).
3. On January 3, 2023, the Respondent resigned from the Dealer Member and is not currently registered in the securities industry in any capacity.
4. At all material times, the Respondent carried on business in Markham, Ontario.

#### **Allegation – Unauthorized Establishing and Cancelling of Pre-Authorized Contributions**

5. A pre-authorized contribution ("PAC") is a type of trade authorized by a client whereby the client arranges for recurring contributions to be made from the client's bank account or similar account to the client's investment account at the Dealer Member, and instructs the Dealer Member to use the contributions to purchase one or more pre-selected mutual funds in the client's investment account.

6. As part of the process for establishing or amending PACs in client accounts, the Approved Person must complete an Investment Direction Form (“IDF”) for the client account that includes the date of the client instruction, the contribution details and a description of the mutual fund to be purchased through the PAC.

7. In circumstances where an Approved Person receives a PAC request from a client by telephone, fax, or email, the Approved Person must document additional information in respect of the instructions received from the client as part of the IDF.

8. At all material times, the Dealer Member maintained a sales incentive program whereby an Approved Person’s performance and bonus were evaluated based on sales revenue generated by, among other things, the establishment of PACs. Prior to the 2019 fiscal year, sales revenue was known as Sales Dollars and Sales Revenue Dollars (SRDs) and, thereafter, as Customer Advice Results (“CARs”).

9. During the material time of the Respondent’s conduct described herein, the Dealer Member’s practice was to award SRDs or CARS for the full PAC amount upon the establishment or creation of the client PAC.

10. Between November 6, 2019 and February 27, 2022, the Respondent set up and cancelled approximately 51 PACs in the accounts of 40 clients without the clients’ knowledge or authorization.

11. In all instances, the Respondent created IDFs and client notes that falsely indicated that the clients had approved the purchase of the PACs within their account through the process described above at paragraphs 6 and 7. During this time, the Dealer Member’s policies and procedures prohibited its Approved Persons from creating false or misleading records.

12. The details of the unauthorized PACs established by the Respondent using IDF forms and client notes containing false or misleading information are as follows:

<b>PAC #</b>	<b>Client</b>	<b>PAC Setup Date</b>	<b>PAC Cancellation Date</b>
1	IB	06-Nov-2019	30-Dec-2019
2	DB	06-Feb-2020	18-Dec-2020
3	DB	13-Nov-2019	28-Dec-2019
4	CC	16-Nov-2019	8-Jan-2020
5		16-Nov-2019	13-Jan-2020
6	YC	20-Jan-2020	14-Feb-2020
7		20-Jan-2020	20-Feb-2020
8	FC	17-Jan-2020	3-Apr-2020
9		23-Jan-2020	19-Mar-2020
10	SC	17-Jan-2020	6-Apr-2020
11		23-Jan-2020	17-Dec-2020
12	YC	17-Jan-2020	20-Mar-2020
13		04-Feb-2020	21-Feb-2020
14	TCP	12-Feb-2020	2-Jun-2020
15	NC	17-Jan-2020	3-Mar-2020
16	KC	11-Feb-2020	24-Jun-2020
17	JD	13-Nov-2019	6-Feb-2020
18		27-Feb-2020	3-Apr-2020
19	RD	18-Nov-2019	27-Dec-2019
20	JF	04-Nov-2019	8-Jan-2020
21	BG	11-Feb-2020	17-Dec-2020
22	EH	20-Feb-2020	14-Oct-2020
23	SH	21-Jan-2020	11-Mar-2020
24	TH	21-Jan-2020	11-Mar-2020
25	RK	06-Jan-2020	10-Jan-2020
26	DK	25-Nov-2019	7-Jan-2020
27		28-Nov-2019	28-Dec-2019
28	OK	07-Jan-2020	19-Mar-2020
29	ML	05-Dec-2019	2-Jan-2020
30	CLS	18-Feb-2020	27-Mar-2020
31	NM	20-Mar-2020	25-Mar-2020
32	IM	02-Dec-2019	18-Dec-2019
33	NM	21-Feb-2020	18-Dec-2020
34	AN	14-Nov-2019	3-Mar-2020
35	MP	18-Feb-2020	19-Mar-2020
36	PP	17-Jan-2020	16-Dec-2020

PAC #	Client	PAC Setup Date	PAC Cancellation Date
37	AR	24-Feb-2020	17-Dec-2020
38	NR	24-Feb-2020	17-Dec-2020
39	AR	09-Dec-2019	8-Jan-2020
40		19-Feb-2020	16-Dec-2020
41	AS	04-Nov-2019	10-Feb-2020
42		03-Jan-2020	13-Mar-2020
43	HS	04-Nov-2019	10-Feb-2020
44	DS	19-Feb-2020	16-Dec-2020
45	SS	07-Feb-2020	17-Dec-2020
46			17-Dec-2020
47			17-Dec-2020
48	HS	03-Feb-2020	3-Apr-2020
49	MW	28-Nov-2019	28-Jan-2020
50	AW	18-Nov-2019	28-Nov-2019
51	KW	05-Dec-2019	9-Mar-2020

13. In all of the above 51 instances, the Respondent cancelled the PACs before any contributions into the investment accounts of the clients had commenced. By cancelling the PACs prior to the start date of the contributions, the Respondent obtained the sales revenue generated by establishing the PACs, even though no contributions were made into the client investment accounts through the PAC.

14. The Respondent established the 51 unauthorized PACs in order to obtain additional sales revenue credited towards achieving her sales targets at the Dealer Member, which was then used to calculate her annual bonus for 2019 through to 2022.

15. By virtue of the foregoing, the Respondent engaged in misconduct contrary to Mutual Fund Dealer Rule 2.1.1.

**NOTICE** is further given that the Respondent shall be entitled to appear and be heard and be represented by counsel or agent at the hearing and to make submissions, present evidence and call, examine and cross-examine witnesses.

**NOTICE** is further given that pursuant to Mutual Fund Dealer Rule 1A that any person subject to the jurisdiction of the Mutual Fund Dealers Association of Canada prior to January 1, 2023 remains subject to the jurisdiction of CIRO in respect of any action or matter that occurred while that person was subject to the jurisdiction of the Mutual Fund Dealers Association of Canada at the time of such action or matter.

**NOTICE** is further given that the Mutual Fund Dealer Rules provide that if, in the opinion of the Hearing Panel, the Respondent:

- has failed to carry out any agreement with CIRO;
- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Dealer Member or of any regulation or policy made pursuant thereto;
- has failed to comply with the provisions of the Mutual Fund Dealer Rules of CIRO;
- has engaged in any business conduct or practice which such Hearing Panel in its discretion considers unbecoming or not in the public interest; or
- is otherwise not qualified whether by integrity, solvency, training or experience,

the Hearing Panel has the power to impose any one or more of the following penalties:

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
  - (i) \$5,000,000.00 per 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;
- (f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel;

**NOTICE** is further given that the Hearing Panel may, in its discretion, require that the Respondent pay the whole or any portion of the costs of the proceedings before the Hearing Panel and any investigation relating thereto.

**NOTICE** is further given that the Respondent must **serve a Reply** on Enforcement Counsel and **file a Reply** with the Office of the Corporate Secretary, Mutual Fund Dealer Division within twenty (20) days from the date of service of this Notice of Hearing.

A **Reply** shall be **served** upon Enforcement Counsel at:

Canadian Investment Regulatory Organization  
Mutual Fund Dealer Division  
40 Temperance Street, Suite 2600  
Toronto, ON M5H 0B4  
Attention: Maria L. Abate  
Email: [mabate@ciro.ca](mailto:mabate@ciro.ca)

A **Reply** shall be **filed** by:

- (a) providing one copy of the **Reply** to the Hearing Office by personal delivery, mail or courier to:

Canadian Investment Regulatory Organization  
Mutual Fund Dealer Division  
40 Temperance Street, Suite 2600  
Toronto, ON M5H 0B4  
Attention: Hearing Office; or

- (b) transmitting an electronic copy of the **Reply** to the Hearing Office by e-mail at [Hearings@ciro.ca](mailto:Hearings@ciro.ca).

A **Reply** may either:

- (i) 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 Notice of Hearing; or
- (ii) admit the facts alleged and conclusions drawn by CIRO in the Notice of Hearing and plead circumstances in mitigation of any penalty to be assessed.

**NOTICE** is further given that the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by CIRO in the Notice of Hearing that are not specifically denied in the **Reply**.

**NOTICE** is further given that if the Respondent fails:

- (a) to **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 proceed with the hearing of the matter on the date and the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without any further notice to and in the absence of the Respondent, and the Hearing Panel may accept the facts alleged or the conclusions drawn by CIRO in the Notice of Hearing as having been proven and may impose any of the penalties described in the Mutual Fund Dealer Rules.

**End.**

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<sup>i</sup> On January 1, 2023, the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Mutual Fund Dealers Association of Canada (the “MFDA”) were consolidated into a single self-regulatory



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organization recognized under applicable securities legislation that is called the Canadian Investment Regulatory Organization (referred to herein as “CIRO”). CIRO adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the “Interim Rules”). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and certain by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation. Where the rules of IIROC and the by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation have been incorporated into the Interim Rules, Enforcement Staff have referenced the relevant section of the Interim Rules. Pursuant to Mutual Fund Dealer Rule 1A and s.14.6 of By-Law No. 1 of CIRO, contraventions of former MFDA regulatory requirements may be enforced by CIRO.