



**IN THE MATTER OF A SETTLEMENT HEARING  
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF  
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**Re: Carmine Paul Mazzotta**

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**SETTLEMENT AGREEMENT**

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**I. INTRODUCTION**

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (the “MFDA”) will announce that it proposes to hold a hearing to consider whether, pursuant to section 24.4 of By-law No. 1, a hearing panel of the Central Regional Council (the “Hearing Panel”) of the MFDA should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of the MFDA (“Staff”) and the Respondent Carmine Paul Mazzotta (the “Respondent”).

**II. JOINT SETTLEMENT RECOMMENDATION**

2. Staff conducted an investigation of the Respondent’s activities. The investigation disclosed that the Respondent had engaged in activity for which the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to s. 24.1 of By-law No.1.

3. Staff and the Respondent recommend settlement of the matters disclosed by the investigation in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule “A”.

4. Staff and the Respondent agree that the terms of this Settlement Agreement, including the attached Schedule “A”, will be released to the public only if and when the Settlement Agreement is accepted by the Hearing Panel.

### **III. ACKNOWLEDGEMENT**

5. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the MFDA (subject to Part IX) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is approved by the MFDA.

### **IV. AGREED FACTS**

#### **Registration History**

6. The Respondent has been registered as a mutual fund salesperson in the province of Ontario with Sterling Mutuals Inc. (“Sterling”) since June 2002.

7. Prior to working at Sterling, the Respondent was registered as a mutual fund salesperson with Fund Equity Plus Inc. from April 2001 to June 2002 and at Odyssey Capital from February 2000 to April 2001.

8. Sterling became a Member of the MFDA on March 8, 2002.

#### **Portus Alternative Asset Management Inc.**

9. On March 14, 2003, Paradigm Asset Management Inc. which subsequently changed its name to Portus Alternative Asset Management Inc. (“Portus”) was registered as an Investment Counsel and Portfolio Manager (“IC/PM”) in all Canadian jurisdictions except Quebec (and became registered in Quebec when it changed its name). Portus developed certain principal-protected investment products that were distributed to retail investors by means of referrals from various sources, including Members of the MFDA.

In total, approximately \$792 million was invested in Portus principal-protected investment products.

10. On February 2, 2005, the Ontario Securities Commission (“OSC”) issued orders requiring Portus and its affiliates to cease trading in securities because of apparent breaches of the *Securities Act*, R.S.O. 1990, c. S.5 as amended (the “OSA”). Subsequently, the OSC commenced enforcement proceedings against Portus, its affiliates and certain officers and directors of Portus. Upon application of the OSC, KPMG Inc. (“KPMG”) was appointed as the Receiver of all of the assets of Portus and related entities. The Receiver later applied for, and obtained, a bankruptcy order, among other things, adjudging Portus bankrupt. In its most recently disclosed assessment, KPMG estimated that realizations would exceed 95% of Portus Customer Claims when final distributions are made. Prior to the issuance of the cease trade orders, the Respondent was not aware of the improper conduct that gave rise to the OSC enforcement proceedings and the cease trade orders against Portus.

11. Sterling never authorized the sale of Portus investment products by its Approved Persons and did not enter into a referral arrangement with Portus. In fact, as described below, Sterling expressly directed its Approved Persons, including the Respondent that they were not permitted to sell or refer clients to Portus investment products.

### **OSC Terms and Conditions**

12. In approximately January 2006, mutual fund dealers and investment dealers that were registered in Ontario and referred clients to Portus (the “Ontario Dealers”), voluntarily agreed to terms and conditions on their registration stipulating that the Ontario Dealers would repay clients all referral fees received from Portus (the “OSC Terms & Conditions”). As part of that process, many of the Ontario Dealers, in turn, subsequently clawed back from Approved Persons any compensation that had been paid to them in respect of such referrals. Taking into account the OSC Terms & Conditions, the OSC, the Investment Dealers Association of Canada and the MFDA agreed not to pursue enforcement proceedings against the Ontario Dealers for shortcomings in the due diligence and supervision of their Portus referral programs.

13. In light of the fact that Sterling never had a referral arrangement with Portus and did not receive referral fees from Portus, Sterling was not subject to the OSC Terms & Conditions and was not expected to repay any referral fees to its clients. Consequently, unlike the clients of the Ontario Dealers, prior to the commencement of this proceeding, individuals who had purchased Portus investment products through the Respondent or the companies that he controlled were not repaid the referral fees that had been paid by Portus to the Respondent or his companies (approximately \$136,100 as described below).

#### **Securities Related Business Outside the Member**

14. Between January 2004 and January 2005, the Respondent or companies that he controlled sold, referred or facilitated the sale of approximately \$3.46 million of Portus investment products to approximately 31 clients. None of the transactions were carried on for the account of Sterling or processed through the facilities of Sterling.

15. Sterling had not approved Portus investment products for sale by its Approved Persons and as described below, in June 2004, Sterling expressly directed its Approved Persons, including the Respondent, that they were not permitted to sell or refer them.

16. Companies that the Respondent controlled were paid sales commissions or referral fees in the amount of approximately 4% of the amounts invested as compensation for the involvement of the Respondent and his companies in the sale of Portus investment products to clients. Portus Referral Fee Statements indicate that the compensation paid by Portus to the Respondent or the companies that he controlled as compensation for involvement in the sale of Portus investment products to be approximately \$136,100. The Respondent's records indicate that he paid more than \$70,000 of the compensation that was received from Portus to clients or to other individuals that processed their Portus transactions through companies that the Respondent controlled.

17. The Respondent acknowledges that since Sterling became a Member of the MFDA in March 2002, MFDA Rules have prohibited him from making sales or referrals of securities that were not processed through the facilities of Sterling. The Respondent states that representatives of Portus told him that he could process sales of Portus

products through the managing general agency (“MGA”) that he operated and through which he was authorized to process insurance business. That advice was in fact incorrect and the Respondent elected not to discuss the proposal from Portus with Sterling. The Respondent now acknowledges that he cannot rely on advice from an issuer concerning his obligations as an Approved Person. All sales and referrals of securities must be approved by and processed through the facilities of his Member Sterling.

### **Failure to Comply with Member’s Direction**

18. On June 3, 2004, Sterling’s Vice-President and Chief Compliance Officer sent an e-mail entitled “Non Approved Product” to all Approved Persons, including the Respondent, which stated:

Please note that you are not allowed to sell products which has (*sic*) not been approved by the dealer. Paradigm funds have changed their name to Portus Funds. They are not approved. The firm has been trying to by-pass dealer compliance by offering their product on a referral basis through MGA channels. This is not allowed under the MFDA. Any advisor attempting to do so will be suspended and reported to regulators.

19. Between June 3, 2004 and January 2005, contrary to the express terms of the written direction of Sterling, the Respondent continued selling, referring or facilitating the sale of Portus investment products to clients of Sterling. The Respondent did not disclose his involvement in the sale of Portus investment products to Sterling

20. As noted above, Sterling did not enter into a referral arrangement with Portus at any time and did not approve the sale or referral of Portus investment products by its Approved Persons at any time.

21. The Respondent acknowledges that he is obliged to ensure that he reads and complies with all instructions, policies, procedures and directives that are communicated by his Member, Sterling. The June 3, 2004 e-mail was successfully transmitted to and received at the Respondent’s “SterlingMutuals.com” e-mail address but the Respondent states that he does not recall receiving it at the time. The Respondent acknowledges that

he was required to read and comply with the June 3, 2004 communication from Sterling and his failure to do so constituted a contravention of his Member's policy and MFDA Rules.

### **Undisclosed Outside Business Activity**

22. The Respondent disclosed to Sterling and was granted approval by Sterling to carry on a dual occupation selling insurance through Innovative Financial Group Inc., a company that he incorporated and operated. The Respondent also disclosed his involvement with Innovative Financial Group Inc. on the Form 33-109F4 Registration Form filed with the Ontario Securities Commission ("OSC").

23. The Respondent did not disclose to or seek the approval of Sterling or the OSC to engage in sales and referrals of Portus investment products through Innovative Financial Group Inc., the entity through which he initially processed such sales and referrals.

24. Subsequently, on January 30, 2004, the Respondent incorporated a second company called Corporate Optimization Strategies Inc. ("COSI") primarily for the purpose of processing sales and referrals of Portus investment products. The Respondent was the President and sole director of COSI. Thereafter, until January 2005, the Respondent processed sales and referrals of Portus investment products through COSI.

25. The Respondent did not disclose to or obtain the approval of Sterling or the OSC with respect to establishing and operating COSI as a business for processing sales and referrals of Portus investment products, contrary to MFDA Rules 1.2.1(d) and 2.1.1.

### **The Respondent's Agreement To Compensate Clients**

26. In January 2010, the Respondent agreed to pay compensation to individuals who purchased Portus investment products through him or companies that he controlled by repaying to such individuals the total amount of referral fees, commissions or other compensation that was retained by the Respondent or his companies as a result of such sales. The Respondent's agreement to rebate to purchasers of Portus investment products the compensation that the Respondent and his companies retained in respect of referrals

or sales of Portus investment products will result in the disgorgement of the profit that he and his companies obtained as a result of the contraventions admitted to in this Settlement Agreement.

### **Mitigating Facts**

27. The Respondent has not been the subject of previous disciplinary proceedings as an Approved Person or as a licensed insurance agent. He has been a licensed insurance agent since 1978 and has been the owner and operator of an MGA since 1982.

28. The Respondent co-operated with the MFDA's investigation of his conduct.

29. The Respondent deeply regrets the contraventions of MFDA Rules and the policies and procedures of his Member that are described in this Settlement Agreement.

### **V. CONTRAVENTIONS**

30. The Respondent admits that between January 2004 and January 2005, the Respondent engaged in securities related business that was not carried on for the account of the Member and through the facilities of the Member by selling, referring or facilitating the sale of approximately \$3.46 million of Portus investment products to approximately 31 clients, contrary to MFDA Rules 1.1.1(a) and 2.1.1.

31. The Respondent admits that between June 3, 2004 and January 2005, the Respondent contravened the Member's written direction, dated June 3, 2004, that he refrain from selling, referring or facilitating the sale of investment products offered by Portus to clients, contrary to MFDA Rules 1.1.2 and 2.5.1, and MFDA Rule 2.1.1.

32. The Respondent admits that between January 30, 2004 and January 2005, the Respondent carried on a dual occupation which was not disclosed to and approved by the Member by incorporating and operating a company for processing sales and referrals of Portus investment products, contrary to MFDA Rules 1.2.1(d) and 2.1.1.

## **VI. TERMS OF SETTLEMENT**

33. The Respondent agrees to the following terms of settlement:

- (a) The Respondent agrees to rebate to each individual who purchased Portus investment products through the Respondent or his companies Innovative Financial Group Inc. and COSI, the total amount of compensation that the Respondent or his companies retained from Portus in respect of such purchases, by means of the following process:
  - (i) On or before Friday, February 26, 2010, the Respondent shall produce the following documents to MFDA Enforcement Counsel for review and approval by Staff:
    - (1) a draft of the covering letter to accompany the cheque(s) to be sent to each individual on or before March 30, 2010 that explains the reason for the rebates (the “Cover Letter”); and
    - (2) a list of the individuals to whom rebates are to be paid and the amounts of the rebates payable to each individual (the “Rebate List”);
  - (ii) MFDA Staff shall confirm in writing its approval of the Cover Letter and Rebate List prior to the distribution of any monies by the Respondent and may amend the Cover Letter and Rebate List at any time as it determines may be necessary or appropriate;
  - (iii) On or before Friday, April 9, 2010, the Respondent shall produce the following to MFDA Enforcement Counsel:
    - (1) copies of the Cover Letters and cheques (the “Rebate Cheques”) dated not later than March 30, 2010 that were sent to the individuals to rebate to them the amounts listed on the Rebate List, as approved or amended by MFDA Staff; and
    - (2) a statutory declaration or affidavit confirming that the Cover Letters and Rebate Cheques have been sent to the individuals and in the amounts listed on the Rebate List, as approved or amended by MFDA Staff;



- (iv) If any of the Rebate Cheques have not been cashed by Friday, April 30, 2010, the Respondent shall thereafter promptly make best efforts to locate and contact those individuals who have not cashed their cheques by telephone and in writing on or before Friday, May 28, 2010 to confirm whether they have received their Rebate Cheques. If any such individual has not received their Rebate Cheque, the Respondent shall promptly make the necessary arrangements to deliver the Cover Letter and Rebate Cheque to them. If any individual has received their Rebate Cheque but has not yet cashed it, the Respondent shall request that they cash the Rebate Cheque immediately;
  - (v) On or before Wednesday, June 30, 2010, the Respondent shall provide MFDA Enforcement Counsel with a report (the “Rebate Cheques Report”) listing, as of Tuesday, June 22, 2009:
    - (1) the individuals who cashed their Rebate Cheques;
    - (2) the individuals who did not cash their Rebate Cheques; and
    - (3) the total value of the Rebate Cheques that had not been cashed.
  - (vi) The reports required in (v) above shall be considered to be reports in writing for the purposes of section 22.1 of MFDA By-law No. 1;
  - (vii) Upon receipt of the Rebate Cheques Report, the total value of the Rebate Cheques that have not been cashed shall be held by the Respondent pending further direction by Staff. Under no circumstances however shall any portion of the value of the Rebate Cheques that have not been cashed enure to the benefit of the Respondent at the conclusion of the settlement process.
- (b) The authority of the Respondent to conduct securities related business while in the employ of, or associated with a Member of the MFDA shall be suspended for a period of 3 months commencing on June 1, 2010, pursuant to s. 24.1.1(c) of MFDA By-law No. 1, provided that the Respondent complies with the requirements and deadlines set out in subparagraph (a) above;
- (c) If the Respondent fails to comply with the provisions of subparagraph (a) above, the authority of the Respondent to conduct securities related business while in the

employ of, or associated with a Member of the MFDA shall be suspended until such time as the Respondent can demonstrate to the satisfaction of Staff that he has complied with all of the provisions of subparagraph (a);

(d) The Respondent shall pay costs to the MFDA in the amount of \$2,500, pursuant to s. 24.2 of MFDA By-law No. 1; and

(e) In accordance with s. 24.4.2(b) of MFDA By-law No. 1, the Respondent agrees that in the future, he will comply with MFDA Rules 1.1.1(a) and 1.2.1(d) and he will comply with policies, procedures and written directions of the Member.

## **VII. STAFF COMMITMENT**

34. If this Settlement Agreement is accepted by the Hearing Panel, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts set out in Part IV and the contraventions described in Part V of this Settlement Agreement, subject to the provisions of Part IX below. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any facts and contraventions that are not set out in Parts IV and V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the facts and contraventions set out in Parts IV and V, whether known or unknown at the time of settlement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations.

## **VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT**

35. Acceptance of this Settlement Agreement shall be sought at a hearing of the Central Regional Council of the MFDA on a date agreed to by Staff and the Respondent.

36. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the settlement hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive its his rights to a full hearing, a review hearing before the Board of Directors of the MFDA or any securities commission with jurisdiction in the

matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction.

37. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, then the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of By-law No. 1.

38. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against him.

#### **IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT**

39. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under the By-laws of the MFDA against the Respondent based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding(s) may be heard and determined by a hearing panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

#### **X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT**

40. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule "A" is not made by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to sections 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

41. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

**XI. DISCLOSURE OF AGREEMENT**

42. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law.

43. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel.

**XII. EXECUTION OF SETTLEMENT AGREEMENT**

44. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

45. A facsimile copy of any signature shall be effective as an original signature.

Dated: January 18, 2010

“Madeleine Pouliot”

Witness- Signature

Madeleine Pouliot

Witness- Print name

“Carmine Mazzotta”

Carmine Paul Mazzotta

“Mark T. Gordon”

Staff of the MFDA

Per: Mark T. Gordon

Executive Vice-President



**Mutual Fund Dealers Association of Canada**  
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A SETTLEMENT HEARING  
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF  
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**Re: Carmine Paul Mazzotta**

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**ORDER**

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**WHEREAS** on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of Carmine Paul Mazzotta (the "Respondent");

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of the MFDA, dated [date] (the "Settlement Agreement"), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to ss. 20 and 24.1 of By-law No. 1;

**AND WHEREAS** the Respondent has agreed to repay to clients, all compensation that was retained by him or his companies Innovative Financial Group Inc. and Corporate Optimization Strategies Inc. in connection with the sale or referral of investment products issued by Paradigm Alternative Asset Management Inc. or Portus Alternative Asset Management Inc. ("Portus");

**AND WHEREAS** the Hearing Panel is of the opinion that:

- (a) Between January 2004 and January 2005, the Respondent engaged in securities related business that was not carried on for the account of the Member and through the facilities of the Member by selling, referring or facilitating the sale of approximately \$3.46 million of Portus investment products to approximately 31 clients, contrary to MFDA Rules 1.1.1(a) and 2.1.1;
- (b) Between June 3, 2004 and January 2005, the Respondent contravened the Member's written direction, dated June 3, 2004, that he refrain from selling, referring or facilitating the sale of investment products offered by Portus Alternative Asset Management Inc. ("Portus") to clients, contrary to MFDA Rules 1.1.2 and 2.5.1, and MFDA Rule 2.1.1; and
- (c) Between January 30, 2004 and January 2005, the Respondent carried on a dual occupation which was not disclosed to and approved by the Member by incorporating and operating a company for processing sales and referrals of Portus investment products, contrary to MFDA Rules 1.2.1(d) and 2.1.1.

**IT IS HEREBY ORDERED THAT** the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent shall rebate to each individual who purchased Portus investment products through the Respondent or his companies Innovative Financial Group Inc. and Corporate Optimization Strategies Inc., the total amount of compensation that the Respondent or his companies retained from Portus in respect of the purchases, by means of the following process:
  - (a) On or before Friday, February 26, 2010, the Respondent shall produce the following documents to MFDA Enforcement Counsel for review and approval by MFDA Staff:
    - (i) a draft covering letter to accompany the cheque(s) to be sent to each individual on or before March 30, 2010 that explains the reason for the rebates (the "Cover Letter"); and

- (ii) a list of the individuals to whom rebates are to be paid and the amounts of the rebates payable to each individual (the “Rebate List”);
- (b) MFDA Staff shall confirm in writing its approval of the Cover Letter and Rebate List prior to the distribution of any monies by the Respondent and may amend the Cover Letter and Rebate List at any time as it determines may be necessary or appropriate;
- (c) On or before Friday, April 9, 2010, the Respondent shall produce the following to MFDA Enforcement Counsel:
  - (i) copies of the Cover Letters and cheques (the “Rebate Cheques”) dated not later than March 30, 2010 that were sent to the individuals to rebate to them the amounts listed on the Rebate List, as approved or amended by MFDA Staff, and
  - (ii) a statutory declaration or affidavit confirming that the Cover Letters and Rebate Cheques have been sent to the individuals and in the amounts listed in the Rebate List, as approved or amended by MFDA Staff;
- (d) If any of the Rebate Cheques have not been cashed by Friday, April 30, 2010, the Respondent shall promptly make best efforts to locate and contact the individuals who have not cashed their cheques by telephone and in writing on or before Friday May 28, 2010 to confirm whether they have received their Rebate Cheques. If any such individual has not received their Rebate Cheque, the Respondent shall promptly make the necessary arrangements to deliver the Cover Letter and Rebate Cheque to them. If any individual received their Rebate Cheque but has not cashed it, the Respondent shall request that they cash the Rebate Cheque immediately;
- (e) On or before Wednesday, June 30, 2010, the Respondent shall provide MFDA Enforcement Counsel with a report (the “Rebate Cheques Report”) listing, as of Tuesday, June 22, 2009:
  - (i) the individuals who cashed their Rebate Cheques;
  - (ii) the individuals who did not cash their Rebate Cheques; and

(iii)the total value of the Rebate Cheques that had not been cashed.

(f) The reports required in subparagraph 1(e) above shall be considered to be reports in writing for the purposes of section 22.1 of MFDA By-law No. 1;

(g) Upon receipt of the Rebate Cheques Report, the total value of the Rebate Cheques that have not been cashed shall be held by the Respondent pending further direction by Staff. Under no circumstances however shall any portion of the value of the Rebate Cheques that have not been cashed enure to the benefit of the Respondent at the conclusion of the settlement process.

2. The authority of the Respondent to conduct securities related business while in the employ of, or associated with a Member of the MFDA shall be suspended for a period of 3 months commencing on June 1, 2010, pursuant to s. 24.1.1(c) of MFDA By-law No. 1, provided that the Respondent complies with the requirements and deadlines set out in subparagraph (a) above.

3. If the Respondent fails to comply with the provisions of paragraph (1) above, the authority of the Respondent to conduct securities related business while in the employ of, or associated with a Member of the MFDA shall be suspended until such time as the Respondent can demonstrate to the satisfaction of Staff that he has complied with all of the provisions of paragraph (1).

4. The Respondent shall pay costs to the MFDA in the amount of \$2,500, pursuant to s. 24.2 of MFDA By-law No. 1.

**DATED** this [day] day of [month], [year].

Per: \_\_\_\_\_

[Name of Public Representative], Chair

Per: \_\_\_\_\_

[Name of Industry Representative]

Per: \_\_\_\_\_

[Name of Industry Representative]