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: Paul Moroz

SETTLEMENT AGREEMENT

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, Paul Moroz.

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 XI) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

IV. AGREED FACTS

Registration History

6. Since January 8, 1980, the Respondent has been registered in Ontario as a mutual fund salesperson (now known as a dealing representative) with Investors Group Financial Services Inc. ("Investors Group"), a Member of the MFDA.

7. At all material times the Respondent carried on business in St. Catharines, Ontario.

Background

8. Clients A and B are spouses.

9. On January 9, 2008, clients A and B first met the Respondent. At that time, the clients were both 60 years old, possessed limited assets, and had limited investment knowledge and

experience. The clients had recently inherited approximately $250,000 and wanted the Respondent's advice with respect to investing a substantial portion of the inheritance monies to prepare the clients for retirement.

10. During the initial meeting with the Respondent, clients A and B advised the Respondent that they were relying upon the inheritance monies to sustain them for the rest of their lives, as neither client had other retirement savings or income. The clients also informed the Respondent that they did not want to lose any of the monies they were investing.

11. The Respondent arranged for clients A and B to complete a Personal Financial Review ("PFR") and Investment Profile Questionnaire ("IPQ") at the initial meeting. The PFR and IPQ are tools developed by Investors Group to gather KYC information and serve as a guide to Approved Persons when recommending a suitable investment portfolio mix.

12. The PFR completed by clients A and B identified that, among other things:

a) client A earned $45,000 per year;
b) client B earned $31,500 per year;
c) the clients held investments of $140,000, most of which consisted of a Guaranteed Investment Certificate;
d) the clients owned a home with an estimated value of $159,000 and an outstanding mortgage of $48,000;
e) the clients had a net worth of approximately $299,000; and
f) the clients did not have pensions or other sources of retirement income beyond their investments.

13. The IPQ completed by the clients identified that a "moderate aggressive to aggressive" investment portfolio profile was appropriate for them. However, Investors Group's policies and procedures stated that a "client may select a more conservative profile" than the one identified by the IPQ.

14. Between July and August 2008, the Respondent prepared account applications for clients A and B to sign in order to open accounts at Investors Group and invest approximately $187,973 of the monies they had inherited into the accounts.1 The account applications included the following information regarding the clients' risk tolerance and the investment portfolio profile selected for each account:

Date of Account Application	Account Holder	Account	Risk Tolerance	Investment Portfolio Profile Selected
July 23, 2008	Clients A and B	Joint non-registered # 88****39	Medium	Moderate conservative to moderate
August 1, 2008	Client B	RRSP #88****70[2]	Medium	Moderate conservative to moderate
August 1, 2008	Client A	RRSP # 88****98	High	Moderate aggressive to aggressive
August 20, 2008	Client B	LIRA #88****81[3]	High	Moderate aggressive to aggressive
August 20, 2008	Client A	LIRA #88****16	Medium	Moderate conservative to moderate

15. Investors Group's policies and procedures permitted:

a) a "moderate conservative to moderate" investment portfolio to hold up to 35% of its value in high risk funds; and

b) a "moderate aggressive to aggressive" investment portfolio to hold up to 60% of its value in high risk funds.

16. Based upon the Respondent's recommendations, clients A and B invested $187,973 of their inheritance monies as follows:

Account Holder	Account	Fund Purchased	Fund Risk	Amount Invested	Account %[4]
Clients A and B	Joint non-registered	IG Mackenzie Global Precious Metals Fund Investors Canadian Natural Resources Fund Investors Global Natural Resources Fund Investors Real Property Fund	High Medium Medium Low	$30,010 $15,000 $15,000 $90,000 $150,010	20 10 10 60 100
Client B	RRSP	IG Mackenzie Global Precious Metals Fund Investors Real Property Fund	**High** Low	**$10,810** $10,000	**52** 48

[1] At the time the Respondent prepared the account applications, there had been no material changes in the clients' KYC information since the clients first met the Respondent on January 9, 2008.
[2] "RRSP" means Registered Retirement Savings Plan.
[3] "LIRA" means Locked-In Retirement Account.
[4] This represents the percentage of the total amount invested in the client account.

				$20,810	100
Client A	RRSP	IG Mackenzie Global Precious Metals Fund	**High**	**$5,052**	**100**
Client B	LIRA	Investors Global Natural Resources Fund	Medium	$2,220	100
Client A	LIRA	IG Mackenzie Global Precious Metals Fund Investors Global Natural Resources Fund Investors Real Property Fund	High Medium Low	$2,440 $2,441 $5,000 $9,881	25 25 50 100

17. The Respondent's initial recommendations with respect to client B's RRSP were not suitable because they resulted in the client holding 52% of the investments in high risk funds in an account with a "moderate conservative to moderate" investment portfolio profile. As stated above, Investors Group did not permit its Approved Persons to recommend that clients hold more than 35% of their investments in high risk funds in a "moderate conservative to moderate" account.

18. Similarly, the Respondent's initial recommendations with respect to the client A's RRSP were not suitable because they resulted in the client holding 100% of the investments in a single high risk fund in an account with a "moderate aggressive to aggressive" investment portfolio profile. As stated above, Investors Group did not permit its Approved Persons to recommend that clients hold more than 60% of their investments in high risk funds in a "moderate aggressive to aggressive" account.

19. Between August 2008 and November 2010, client B contributed $100 per month to her RRSP account. Based upon the Respondent's recommendation, these monies were invested in the IG Mackenzie Global Precious Metals Fund which was a high risk fund. This further increased the client's holdings of high risk sector funds in contravention of Investors Group's policies and procedures for accounts with a "moderate conservative to moderate" investment portfolio profile.

20. On November 23, 2010, client B contacted the Respondent and advised that the clients wanted to receive additional income from their investment accounts. In response, the Respondent recommended that clients A and B increase their holdings of high risk precious metals and natural resources sector funds. This recommendation was not suitable for the clients because it did not achieve the investment objective of producing additional income.

21. On November 24, 2010, the Respondent requested that clients A and B sign three (3) blank Know-Your-Client ("KYC") update forms. The Respondent advised the clients that he would complete the information on the KYC update forms. The clients signed the blank KYC update forms and returned them to the Respondent as requested.

22. On December 31, 2010, the Respondent recommended switches in the clients' joint non-registered account from the Investors Real Property Fund (a low risk fund) to the IG Mackenzie Global Precious Metals funds (a high risk fund) and Investors Canadian High Yield Income Fund (a medium risk fund). As stated above, the clients' joint non-registered account had a "moderate conservative to moderate" investment portfolio profile which was permitted to hold up to 35% of its value in high risk funds. The switches processed by the Respondent were unsuitable because they increased the clients' concentration in high risk precious metals sector funds from about 20% to 49% of the investments held in the account.

23. In January 2011, client B ceased working due to illness. The Respondent did not update the clients' KYC information when he became aware of this information, nor did he take adequate steps to assess and rebalance the clients' investment portfolios to ensure that they remained suitable for the clients in light of this material change in circumstances.

24. On March 15, 2011, the Respondent used a blank pre-signed KYC update form in the clients' joint non-registered account to change the clients':

a) risk tolerance from "medium" to "high"; and
b) investment portfolio profile from "moderate conservative to moderate" to "moderate aggressive to aggressive".

25. On or about the same date, the Respondent used a blank pre-signed KYC update form in client B's RRSP account to change her:

a) risk tolerance from "medium" to "very high"; and
b) investment portfolio profile from "moderate conservative to moderate" to "very aggressive".

26. On June 22, 2011, client B advised the Respondent that client A had lost his job. Client B requested that the Respondent review their investment portfolios in the event the clients required additional income from their investments. The Respondent did not update the clients' KYC information when he became aware of this information, nor did he take adequate steps to assess and rebalance the clients' investment portfolios to ensure that they remained suitable for the clients in light of this material change in circumstances.

27. Later on June 22, 2011, the Respondent recommended and processed a switch in client B's LIRA account of approximately $2,171 from the Investors Global Natural Resources Fund (a medium risk fund at the time the Respondent recommended it[5]) to the IG MacKenzie Global Precious Metals Fund (a high risk fund). As stated above, the client B's LIRA account had a "moderate aggressive to aggressive" investment portfolio profile which permitted it to hold up to 60% of its value in high risk funds. The switch processed by the Respondent resulted in client B holding 100% of the investments in a single high risk precious metals sector fund.

28. Also on June 22, 2011, the Respondent recommended and processed a switch in client A and B's non-registered joint account of approximately $19,000 from the Investors Canadian Natural Resources Fund (a medium risk fund at the time the Respondent recommended it[6]) to the IG MacKenzie Global Precious Metals Fund (a high risk fund). The switch processed by the Respondent increased the clients' holdings of high risk sector funds to 60% of the investments held in the account.

29. These transactions processed on June 22, 2011 described above again increased the clients' concentration in high risk sector funds and were not suitable for the clients having regard to, among other things, the clients' relevant KYC information, Investors Group's policies and procedures, and concentration in high risk sector funds.

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[5] The Investors Global Natural Resources Fund was rated as medium risk at the time clients A and B initially purchased the fund in July and August 2008. In about July 2010, Investors Group changed its risk rating of the Investors Global Natural Resources Fund from medium risk to high risk.
[6] The Investors Canadian Natural Resources Fund was rated as medium risk at the time clients A and B initially purchased the fund in July and August 2008. In about July 2010, Investors Group changed its risk rating of the Investors Canadian Natural Resources Fund from medium risk to high risk.

30. On June 23, 2011, the Respondent, once again, requested that clients A and B sign blank KYC update forms. The clients signed the blank KYC update forms and returned them to the Respondent as requested.

31. On July 2, 2011, the Respondent used a blank pre-signed KYC update form in client B's LIRA to change her:

a) risk tolerance from "high" to "very high"; and
b) investment portfolio profile from "moderate aggressive to aggressive" to "very aggressive".

32. On July 7, 2011 (only four months after the Respondent had previously increased the clients' risk tolerance and investment portfolio profile in the account), the Respondent used a blank pre-signed KYC update form in the clients' joint non-registered account to change the clients':

a) risk tolerance from "high" to "very high"; and
b) investment portfolio profile from "moderate aggressive to aggressive" to "very aggressive".

33. On January 16, 2012, the Respondent used a blank pre-signed KYC update form in client A's RRSP to change the client's:

a) risk tolerance from "high" to "very high"; and
b) investment portfolio profile from "moderate aggressive to aggressive" to "very aggressive".

34. On the same date, the Respondent used a blank pre-signed KYC update form[7] in client A's LIRA to change the client's:

a) risk tolerance from "medium" to "very high"; and

[7] The Respondent used a single blank pre-signed KYC update form to process the account changes described in paragraphs 28 and 29.

b) investment portfolio profile from “moderate conservative to moderate” to “very aggressive”.

35. By January 16, 2012, the Respondent had increased the clients’ risk tolerance and investment portfolio profile in every account that the clients held at Investors Group, as summarized below:

Account Holder	Account	Initial Risk Tolerance	Updated Risk Tolerance	Initial Investment Portfolio Profile	Updated Investment Portfolio Profile
Client A and B	Joint non-registered	Medium	Very High	Moderate conservative to moderate	Very Aggressive
Client B	RRSP	Medium	Very High	Moderate conservative to moderate	Very Aggressive
Client A	RRSP	High	Very High	Moderate aggressive to aggressive	Very Aggressive
Client B	LIRA	High	Very High	Moderate aggressive to aggressive	Very Aggressive
Client A	LIRA	Medium	Very High	Moderate conservative to moderate	Very Aggressive

36. At all material times, the Respondent knew or ought to have known that the clients did not have “very high” risk tolerances and were not “very aggressive” investors.

37. At the time the Respondent increased the clients’ risk tolerance and investment portfolio profiles in each of their accounts, the Respondent did not arrange for the clients to complete a new PFR or IPQ.

38. Since January 9, 2008 when the Respondent first met the clients, the clients’ other KYC information had not changed in a way which indicated they could tolerate greater risk or more aggressive investments. To the contrary, the Respondent knew or ought to have known that the clients’ had a reduced capacity to withstand the risks associated with the high risk sector funds he had recommended as both of the clients had unexpectedly ceased working and required additional income from their investments.

39. Rather than adjusting the clients’ risk tolerance and investment portfolio profiles to match changes in their KYC information, the Respondent used blank pre-signed KYC update forms to process changes to the clients’ risk tolerance and investment portfolio profiles in order to

match the risk profile of the investments that the Respondent had recommended to them. By engaging in this conduct, the Respondent made the investments appear to be suitable for the clients when they were not.

40. On or about January 23, 2012, client B transferred in-kind the holdings in her LIRA to her RRSP account. On the same date, client A transferred in-kind the holdings in his LIRA to his RRSP account.

41. By March 31, 2012, clients A and B held approximately $183,518 in their accounts which were invested, based upon the Respondent's recommendations, as follows:

Account Holder	**Account**	**Fund Purchased**	**Fund Risk**	**Amount Invested**	**Account %[8]**
Clients A and B	Joint non-registered	IG Mackenzie Global Precious Metals Fund Investors Canadian High Yield Income Fund	High Medium	$74,579 $60,979 $135,548	55 45 100
Client B	RRSP	IG Mackenzie Global Precious Metals Fund Investors Canadian High Yield Income Fund	High Medium	$20,433 $10,148 $30,581	67 33 100
Client A	RRSP	IG Mackenzie Global Precious Metals Fund Investors Canadian High Yield Income Fund	High Medium	$10,281 $7,108 $17,389	59 41 100

42. As a result of the Respondent's investment recommendations, the clients' investment holdings were concentrated in a single high risk precious metals sector fund.

43. The Respondent did not recommend that clients A and B diversify their investment holdings.

44. Commencing in about early 2013, the high risk precious metals sector funds recommended by the Respondent began to decline in value. By late 2013, clients A and B had experienced investment losses of approximately $36,000.

[8] This represents the percentage of the total amount invested in the client account.

45. On November 20, 2013, clients A and B filed a written complaint with Investors Group regarding the Respondent's handling of their accounts and the investment losses they had experienced. In February 2014, clients A and B commenced a civil lawsuit against the Respondent and Investors Group, which was subsequently settled.

46. By engaging in the conduct described above, the Respondent failed to ensure that the investment recommendations he made to clients A and B were suitable for them having regard to, among other things:

a) relevant KYC criteria, including the clients' age, employment status, investment objectives, risk tolerance, ability to withstand investment losses, and investment knowledge and experience;
b) Investors Group's policies and procedures, including the investment portfolio profile recommended by the IPQ completed for the clients; and
c) concentration in high risk funds in a single sector;

47. By engaging in the conduct described in paragraphs 21, 24-25 and 30-34 above, the Respondent obtained, and used to facilitate transactions, 5 blank pre-signed KYC update forms in respect of accounts held by clients A and B.

48. By engaging in the conduct described in paragraphs 23 and 26 above, the Respondent failed to update material changes to client information, including the loss of employment by clients A and B, on KYC update forms when the clients informed the Respondent of the changes.

V. THE RESPONDENT'S POSITION

49. The Respondent has been in the mutual fund industry for over 35 years. Prior to this investigation, the Respondent has never been disciplined by the MFDA.

50. Between 2008 and 2015, the Respondent had severe health issues and was hospitalized on numerous occasions. The Respondent suffered from kidney failure, liver disease and a heart attack. During this time, the Respondent was away from his office and often not physically strong

enough to have regular in-person meetings he once had with his clients, including clients A and B. In 2012, the Respondent worked only on a part-time basis and lost his administrative assistant.

51. The Respondent's financial situation substantially declined as a result of his health problems and he presently has very limited financial resources to satisfy any fines or penalties which might be awarded against him by a MFDA Hearing Panel.

52. The Respondent states that he will be leaving Investors Group as of the date of the Settlement Hearing.

VI. CONTRAVENTIONS

53. Between July 2008 and October 2013, the Respondent failed to ensure that the investment recommendations he made to clients A and B were suitable for them, contrary to the Member's policies and procedures, and MFDA Rules 2.2.1, 2.5.1, 1.1.2, and 2.1.1.

54. Between November 24, 2010 and June 23, 2011, the Respondent obtained, and used to facilitate transactions, 5 blank pre-signed Know-Your-Client update forms in respect of accounts held by clients A and B, contrary to MFDA Rule 2.1.1.

55. Between January 2011 and June 2011, the Respondent failed to update material changes to client information on Know-Your-Client update forms when clients A and B informed the Respondent of the changes, contrary to MFDA Rules 2.2.4 and 2.1.1.

VII. TERMS OF SETTLEMENT

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

a) the Respondent shall pay a fine in the amount of $10,000 after the Hearing Panel issues an Order accepting this Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 in accordance with the following payment schedule:

i. $2,000 by October 24, 2018;
ii. $2,000 by December 24, 2018;
iii. $2,000 by February 25, 2019;
iv. $2,000 by April 24, 2019; and
v. $2,000 by June 24, 2019;

b) the Respondent shall pay costs to the MFDA in the amount of $5,000 on the date that the Hearing Panel issues an Order accepting this Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;

c) the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any Member of the MFDA for a period of four months commencing from the date of a Hearing Panel's Order accepting this Settlement Agreement, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;

d) the Respondent shall in the future comply with MFDA Rules 2.2.1, 2.5.1, 1.1.2, and 2.1.1; and

e) the Respondent will attend by telephone conference, on the date set for the Settlement Hearing.

VIII. STAFF COMMITMENT

57. 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 VI of this Settlement Agreement, subject to the provisions of Part X 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 VI 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 VI, 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.

IX. PROCEDURE FOR APPROVAL OF SETTLEMENT

58. 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 counsel for Staff and the Respondent. MFDA Settlement Hearings are typically held in the absence of the public pursuant to section 20.5 of MFDA By-law No. 1 and Rule 15.2(2) of the MFDA Rules of Procedure. If the Hearing Panel accepts the Settlement Agreement, then the proceeding will become open to the public and a copy of the decision of the Hearing Panel and the Settlement Agreement will be made available at www.mfda.ca.

59. 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 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.

60. 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. 24.1.1 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.

61. 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.

X. FAILURE TO HONOUR SETTLEMENT AGREEMENT

62. 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 section 24.3 of 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.

63. If the Respondent does not comply with paragraph 2 or 3 of the attached Order, Staff and the Respondent shall have the right to appear before the Hearing Panel, upon 14 days' notice to the parties, for additional guidance on fulfilling the terms of the Order. Notwithstanding paragraph 59 of the Settlement Agreement[9] the Hearing Panel may provide such further guidance and directions or impose such further and other terms, conditions, or penalties as allowed under section 24.1.2 of MFDA By-law No. 1, as the Hearing Panel considers appropriate in the circumstances.

XI. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

64. 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.

65. 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.

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[9] "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."

XII. DISCLOSURE OF AGREEMENT

66. 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.

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

XIII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 16th day of July, 2018.

"Paul Moroz"
Paul Moroz

"JM" — Witness – Signature

JM — Witness – Print Name

"Shaun Devlin"
Shaun Devlin
Staff of the MFDA
Per: Shaun Devlin
Senior Vice-President,
Member Regulation – Enforcement

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: Paul Moroz

ORDER

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 Paul Moroz (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 Hearing Panel is of the opinion that the Respondent engaged in the following misconduct:

i. that between July 2008 and October 2013, the Respondent failed to ensure that the investment recommendations he made to clients A and B were suitable for them, contrary to the Member's policies and procedures, and MFDA Rules 2.2.1, 2.5.1, 1.1.2, and 2.1.1;

ii. that between November 24, 2010 and June 23, 2011, the Respondent obtained, and used to facilitate transactions, 5 blank pre-signed Know-Your-Client update forms in respect of accounts held by clients A and B, contrary to MFDA Rule 2.1.1; and

iii. that between January 2011 and June 2011, the Respondent failed to update material changes to client information on Know-Your-Client update forms when clients A and B informed the Respondent of the changes, contrary to MFDA Rules 2.2.4 and 2.1.1.

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

1. The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any Member of the MFDA for a period of four months commencing from the date of a Hearing Panel's Order accepting this Settlement Agreement, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;

2. The Respondent shall pay a fine in the amount of $10,000 after the date that the Hearing Panel issues an Order accepting this Settlement Agreement, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 in accordance with the following payment schedule:

a) $2,000 by October 24, 2018;
b) $2,000 by December 24, 2018;
c) $2,000 by February 25, 2019;
d) $2,000 by April 24, 2019; and
e) $2,000 by June 24, 2019.

3. The Respondent shall pay costs to the MFDA in the amount of $5,000 on the date that the Hearing Panel issues an Order accepting this Settlement Agreement, pursuant to s. 24.2 of MFDA By-law No. 1;

4. If at any time a non-party to this proceeding, with the exception of the bodies set out in section 23 of MFDA By-law No. 1, requests production of or access to exhibits in this proceeding that contain personal information as defined by the MFDA Privacy Policy, then the MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this [day] day of [month], 20[ ].

Per: ____________________________

[Name of Public Representative], Chair

Per: ____________________________

[Name of Industry Representative]

Per: ____________________________

[Name of Industry Representative]

DM 626653