



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: Anastasios (Tom) Terzis

SETTLEMENT AGREEMENT

I. INTRODUCTION

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

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 Parts IV and V 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 Parts IV and V 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 X) 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. From January 30, 2002 to March 18, 2016, the Respondent was registered in Ontario as a dealing representative with IPC Investment Corporation Inc. (“IPC” or the “Member”), a Member of the MFDA.

7. At all material times, the Respondent carried on business from a branch located in Toronto, Ontario.

Misconduct

8. In or about 2013, the Respondent learned of an investment known as Greybrook Realty Partners (“Greybrook”), a real estate limited partnership investment.

9. The Respondent advised Approved Person MG (“MG”)¹ and an individual named DP of the existence of Greybrook, and from 2013 to 2015, the Respondent referred some of his IPC clients to MG and DP, who acted as intermediaries as between the Respondent and Greybrook, in order to have the Respondent’s clients invest in Greybrook through MG and DP.

10. In or about 2013, the Respondent learned from DP of an investment known as Fortress Realty Development (“Fortress”), a syndicated mortgage investment. From 2013 to 2015, the Respondent referred some of his IPC clients to MG and DP, who acted as intermediaries as between the Respondent and Fortress, in order to have the Respondent’s clients invest in Fortress through MG and DP.

11. During the same time period, the Respondent also referred some of his IPC clients directly to Greybrook and Fortress (together, the “Investments”), in order to have the clients purchase the Investments directly.

12. From 2013 to 2015, the Respondent recommended, sold, facilitated the sale of, and/or made referrals in respect of the sale of Greybrook to approximately 29 of his clients totaling investment in the amount of approximately \$2,748,000.

13. From 2013 to 2015, the Respondent recommended, sold, facilitated the sale of, and/or made referrals in respect of the sale of Fortress to approximately 12 of his clients totaling investment in the amount of approximately \$2 million.

14. For referring his clients to invest in the Investments (whether via MG and DP, or directly), the Respondent received commissions or referral fees, as follows:

- 6% of the approximately \$2,748,000 invested by approximately 29 clients in Greybrook; and
- 8.5% of the approximately \$2 million invested by approximately 12 clients in Fortress.

¹ MG became registered as an MFDA dealing representative on November 19, 2015, and was not yet registered at the material time.

15. In some instances, the clients made redemptions in their mutual fund accounts in order to invest in the Investments.
16. The Respondent personally invested \$25,000 in Fortress.
17. The Respondent did not disclose to IPC that he was recommending, selling, facilitating the sale of, and/or making referrals in respect of the sale of the Investments to clients.
18. IPC did not approve the Investments for sale to its clients by its Approved Persons, including the Respondent.
19. None of the purchases of the Investments by clients were carried on for the accounts or facilities of IPC.
20. The Respondent also did not disclose to IPC that, from 2013 to 2015, he had referral arrangements with MG and DP, and that IPC was not a party to the referral arrangements.
21. None of the referral fees the Respondent received from Approved Person MG or DP flowed through the books and records of IPC.

Contravention #1 – Securities Related Business

22. At all material times, IPC's policies and procedures required that:
 - Approved Persons could only offer IPC approved products for sale;
 - All products were required to be sold through IPC; and
 - All securities related business was required to be conducted through the Member, and Approved Persons were prohibited from selling or advising on any investments that would be considered securities through any entity other than the Member.

23. As described above, from 2013 to 2015, the Respondent engaged in securities related business which was not carried on for the accounts of the Member or conducted through its facilities, by recommending, selling, facilitating the sale of, and/or making referrals in respect of the Investments to approximately 41 clients totaling approximately \$4,748,000.

Contravention #2 – Undisclosed and Unapproved Outside Activity

24. At all material times, IPC's policies and procedures required its Approved Persons to disclose to, and obtain approval from, the Member in order to engage in any outside activities.

25. To the extent any of the Respondent's activities with respect to the sale of the Investments as described above do not constitute securities related business, then the Respondent had and continued in another gainful occupation that was not disclosed to and approved by IPC by recommending, selling, facilitating the sale of, and/or referring clients to purchase the Investments.

Contravention #3 – Undisclosed and Unapproved Referral Arrangement

26. At all material times, IPC's policies and procedures required that its Approved Persons could only participate in IPC approved referral arrangements, and all products were required to be sold through IPC. IPC Approved Persons were not permitted to have any other direct or indirect referral arrangements with any other parties.

27. As described above, between 2013 and 2015, the Respondent referred his IPC clients to invest in the Investments (whether via MG and DP, or directly), and received commissions or referral fees in the amount of approximately \$334,880 for referring clients to invest in the Investments, none of which was disclosed to or approved by IPC.

28. By virtue of the forgoing, the Respondent participated in an unapproved referral arrangement to which the Member was not a party.

Contravention #4 – Misleading the Member

29. IPC required its Approved Persons to periodically complete various documents regarding compliance with MFDA Rules as well as with the Member’s policies and procedures.

30. In or about 2015 to 2016, the Respondent completed an IPC *Annual Compliance Questionnaire* and provided the following responses:

Date	Question	Response
March 2015	“Do you want to disclose a new outside business activities, or volunteer service?”	“No”
February 2016	“Please disclose any outside business activities. Examples include but are not limited to, volunteer/community service, owned wholly/partially holding corporations, insurance sales”	“No”
March 2016	“Have you sold exempt products such as but not limited to hedge funds, pooled funds, private mortgage securities?”	“No”
March 2016	“If engaging in Outside Business Activities (OBA’s) do you always provide clients with an OBA Disclosure Form?”	“N/A, I do not have any Outside Business Activities”
	“Do you have any agreements in place (written or verbal) where you provide or receive compensation for a referral?”	“Yes – BMO and Manulife through IPC”
	“Have you sold or do you promote any investments other than mutual funds (offered by simplified prospectus), GICs and if you are life licensed, segregated funds and other insurance products?”	“No”

31. By submitting false responses to the Member’s compliance questionnaires, the Respondent misled the Member with respect to his knowledge of and involvement in undisclosed and unapproved outside activity, being referring clients to purchase securities outside the Member.

V. ADDITIONAL FACTORS

32. Staff did not receive any client complaints regarding this matter. Staff is aware of one client complaint to the Member; however, the client subsequently received his investment principal back from Fortress, and declined to speak with Staff. Staff has no evidence that any clients suffered any losses as a result of investing in the Investments.

33. The Respondent fully understands the seriousness of his actions. At the age of 58 years old, the Respondent will have to find other employment to support his family.

34. The Respondent cooperated with the MFDA's investigation into his conduct.

35. The Respondent has no previous disciplinary history.

36. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a full hearing of the allegations.

VI. CONTRAVENTIONS

37. The Respondent admits:

- i. from 2013 to 2015, he engaged in securities related business which was not carried on for the account of the Member or conducted through its facilities by recommending, selling, facilitating the sale of, and/or making referrals in respect of exempt market investments to approximately 41 clients totaling approximately \$4,748,000, contrary to the Member's policies and procedures, MFDA Rules 1.1.1, 2.1.1, 2.4.2, 2.5.1, and 1.1.2, and the requirements of sections 13.7 and 13.8 of National Instrument 31-103;
- ii. from 2013 to 2015, he engaged in outside activity which was not disclosed to and approved by the Member, by recommending, selling, facilitating the sale of, and/or making referrals in respect of the sale of exempt market investments to approximately 41 clients totaling approximately \$4,748,000, contrary to the Member's policies and procedures, MFDA Rules 1.3², 2.1.1, 2.4.2, 2.5.1 and 1.1.2, and the requirements of sections 13.7 and 13.8 of National Instrument 31-103;
- iii. from 2013 to 2015, he referred clients to two individuals, as well as directly to the investment entities, to purchase investments outside the Member, and received

² Formerly MFDA Rule 1.2.1(c).

approximately \$334,880 in commissions or referral fees for doing so, thereby participating in unapproved referral arrangements to which the Member was not a party, contrary to the Member's policies and procedures, and MFDA Rules 2.1.1, 2.4.2, 2.5.1 and 1.1.2, and the requirements of sections 13.7 and 13.8 of National Instrument 31-103; and

- iv. from 2013 to March 18, 2016, when his registration was terminated, the Respondent misled the Member with respect to his knowledge of and involvement in undisclosed and unapproved outside activity, being referring clients to purchase securities outside the Member, contrary to MFDA Rule 2.1.1.

VII. TERMS OF SETTLEMENT

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

- i. the Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member commencing from the date of the final Order herein, pursuant to s. 24.1.1(e) of By-law No. 1;
- ii. the Respondent shall pay a fine in the amount of \$40,000, pursuant to s. 24.1.1(b) of By-law No. 1;
- iii. the Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of By-law No. 1; and
- iv. the Respondent shall attend in person on the date scheduled for the MFDA settlement hearing.

VIII. STAFF COMMITMENT

39. 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 contraventions described in 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 contraventions that are not set out in this Settlement Agreement or in respect of

conduct that occurred outside the specified date ranges of the facts and contraventions set out in herein, 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

40. 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 s. 20.5 of 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.

41. 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 her 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.

42. 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 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.

43. 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

44. 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 s. 24.3 of By-law No. 1 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.

XI. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

45. 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 ss. 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

46. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that it she 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.

XII. DISCLOSURE OF AGREEMENT

47. 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.

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

XIII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 30th day of July, 2018

“Anastasios (Tom) Terzis”
Anastasios (Tom) Terzis

“SM”
Witness – Signature

SM
Witness – Print Name

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

Schedule "A"

Order
File No.



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: Anastasios (Tom) Terzis

ORDER

WHEREAS on _____, the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of MFDA By-law No. 1 ("By-law No. 1") in respect of Anastasios (Tom) Terzis (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated _____, 2018 (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:

- i. from 2013 to 2015, engaged in securities related business which was not carried on for the account of the Member or conducted through its facilities by recommending, selling, facilitating the sale of, and/or making referrals in respect of exempt market

investments to approximately 41 clients totaling approximately \$4,748,000, contrary to the Member's policies and procedures, MFDA Rules 1.1.1, 2.1.1, 2.4.2, 2.5.1, and 1.1.2, and the requirements of sections 13.7 and 13.8 of National Instrument 31-103;

- ii. from 2013 to 2015, engaged in outside activity which was not disclosed to and approved by the Member, by recommending, selling, facilitating the sale of, and/or making referrals in respect of the sale of exempt market investments to approximately 41 clients totaling approximately \$4,748,000, contrary to the Member's policies and procedures, MFDA Rules 1.3³, 2.1.1, 2.4.2, 2.5.1 and 1.1.2, and the requirements of sections 13.7 and 13.8 of National Instrument 31-103;
- iii. from 2013 to 2015, referred clients to two individuals, as well as directly to the investment entities, to purchase investments outside the Member, and received approximately \$334,880 in commissions or referral fees for doing so, thereby participating in unapproved referral arrangements to which the Member was not a party, contrary to the Member's policies and procedures, and MFDA Rules 2.1.1, 2.4.2, 2.5.1 and 1.1.2, and the requirements of sections 13.7 and 13.8 of National Instrument 31-103; and
- iv. from 2013 to March 18, 2016, when his registration was terminated, the Respondent misled the Member with respect to his knowledge of and involvement in undisclosed and unapproved outside activity, being referring clients to purchase securities outside the Member, contrary to MFDA Rule 2.1.1.

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

1. the Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member commencing from the date of the final Order herein, pursuant to s. 24.1.1(e) of By-law No. 1;

³ Formerly MFDA Rule 1.2.1(c).

2. the Respondent shall pay a fine in the amount of \$40,000, pursuant to s. 24.1.1(b) of By-law No. 1;

3. the Respondent shall pay costs in the amount of \$5,000, pursuant to s. 24.2 of By-law No. 1; and

4. if at any time a non-party to this proceeding, with the exception of the bodies set out in s. 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 634991