



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

ORDER

WHEREAS on January 20, 2010, 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 January 18, 2010 (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 22nd day of January, 2010.

Per: “Peter Cory”
The Hon. Peter Cory, Chair

Per: “Sandy Grant”
Sandy Grant, Industry Representative

Per: “Cheryl Hamilton”
Cheryl Hamilton, Industry Representative