



**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: Sanjeev Kumar Duggal**

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**SETTLEMENT AGREEMENT**

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**I. INTRODUCTION**

1. By Notice of Hearing issued December 19, 2014, the Mutual Fund Dealers Association of Canada (the “MFDA”) announced that it proposed to hold a hearing concerning a disciplinary proceeding commenced against the Respondent, Sanjeev Kumar Duggal (the “Respondent”). Staff of the MFDA (“Staff”) and the Respondent propose to make a request to the hearing panel of the Central Regional Council (the “Hearing Panel”) to consider whether, pursuant to section 24.4 of By-law No. 1, the Hearing Panel should accept the settlement agreement entered into between Staff and the Respondent (the “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 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 accepted by the Hearing Panel.

### **IV. AGREED FACTS**

#### **Registration History**

6. The Respondent has been registered in the securities industry since April 1990.

7. Since December 20, 2010, the Respondent has been registered in Ontario as a mutual fund salesperson with FundEX Investments Inc. (“FundEX”).

8. Prior to FundEX, the Respondent was registered as a mutual fund salesperson with IPC Investment Corporation (“IPC”) from April 3, 2000 until December 20, 2010.

9. At all material times, the Respondent has conducted business in the Oakville, Ontario area.

### **Undisclosed referral arrangement**

10. In May 2012, the Ontario Securities Commissions advised Staff that the Respondent had received payments from Waterview Capital Corp. (“Waterview”) in connection with a referral by the Respondent of an investor to purchase investments in Waterview.

11. Waterview was an exempt market dealer whose registration, as well as its principal’s, was suspended by the Ontario Securities Commission (“OSC”) on April 25, 2011 following a compliance examination by OSC Staff which identified numerous violations, including that Waterview did not maintain know-your-client forms for some investors, traded without registration while suspended, and sold investments to a non-accredited investor.

12. Prior to its suspension, Waterview sold investments that included interests in mortgage securities on certain properties.

13. In December 2009, a representative of Waterview advised the Respondent that he was raising money for real estate investments. Subsequently, client AS, whose accounts the Respondent serviced at IPC, advised the Respondent that he was interested in investing in real estate. The Respondent provided client AS with the contact information of the Waterview representative.

14. There is no evidence that the Respondent acted in any further capacity as an intermediary between client AS and Waterview.

15. Over a period of approximately one and a half years, Client AS invested a total of \$850,000 in Waterview on three occasions, and Waterview made payments to the Respondent in the total amount of \$60,500 for referring client AS to Waterview, as follows:

<i>Amount client AS invested in Waterview</i>	<i>Referral fee paid to the Respondent</i>	<i>Date of referral fee payment to Respondent</i>	<i>Respondent registered with Member</i>
\$100,000	\$8,000	December 29, 2009	IPC
\$250,000	\$12,500	May 4, 2010	IPC
\$500,000	\$40,000	June 29, 2011	FundEX
<b>Total: \$850,000</b>	<b>Total: \$60,500</b>		

16. Waterview was not an investment approved by IPC or FundEX for sale by its Approved Persons, including the Respondent. The transactions involving Waterview were not processed for the account or through the facilities of IPC or FundEX.

17. The Respondent did not disclose to IPC or FundEX that he was making referrals in respect of Waterview. IPC and FundEX did not have a referral arrangement with Waterview.

18. During the material time, IPC and FundEX each had written policies and procedures that prohibited their Approved Persons from, among other things, entering into a referral arrangement directly with another person or entity.

19. The Respondent knew or ought to have known that the policies and procedures of IPC and of FundEX prohibited him from engaging in the conduct described herein.

20. FundEX issued a letter of reprimand to the Respondent on May 28, 2012 for the undisclosed referral arrangement and commission payment. FundEX placed the Respondent on strict supervision which expired in January 2013. To date, a total of \$24,600 in fees has been collected by FundEX from the Respondent's commissions in respect of the strict supervision and client mailings.

21. There have been no complaints against the Respondent, and there is no evidence of investor harm arising from the Respondent's conduct described herein.

22. The Respondent has not been the subject of previous MFDA disciplinary proceedings.

## **V. CONTRAVENTIONS**

23. The Respondent admits that between in or about December 2009 and June 2011, he referred one client to a company that sold mortgage investment products and received \$60,500 in referral fees for doing so, thereby participating in a referral arrangement to which the Member was not a party and which did not otherwise comply with sections 13.7 and 13.8 of National Instrument 31-103.

## **VI. TERMS OF SETTLEMENT**

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

- (a) the Respondent shall pay a fine of \$40,900, pursuant to section 24.1.1(b) of MFDA By-law No. 1;
- (b) the Respondent shall pay costs of \$2,500, pursuant to section 24.2 of MFDA By-law No. 1;
- (c) the payment by the Respondent of the fine and costs in subparagraphs (i) and (ii) above shall be made to and received by MFDA Staff in certified funds as follows:
  - i. \$3,000 at the time of acceptance of the settlement agreement;
  - ii. \$5,000 on or before April 27, 2015;
  - iii. \$2,528.57 on or before May 26, 2015;
  - iv. \$2,528.57 on or before June 26, 2015;
  - v. \$2,528.57 on or before July 27, 2015;
  - vi. \$2,528.57 on or before August 26, 2015;
  - vii. \$2,528.57 on or before September 28, 2015;
  - viii. \$2,528.57 on or before October 26, 2015;
  - ix. \$2,528.57 on or before November 27, 2015;
  - x. \$2,528.57 on or before December 28, 2015;

- xvi. \$2,528.57 on or before June 27, 2016;
  - xv. \$2,528.57 on or before May 26, 2016; and
  - xiv. \$2,528.57 on or before April 26, 2016;
  - xiii. \$2,528.57 on or before March 28, 2016;
  - xii. \$2,528.57 on or before February 26, 2016;
  - xi. \$2,528.57 on or before January 26, 2016;
- (d) if the Respondent fails to make any of the payments described in subparagraph (iii) above, then:
- i. any outstanding balance of fine and costs owed by the Respondent shall immediately become due and payable to the MFDA; and
  - ii. the Respondent shall immediately be suspended from conducting securities related business while in the employ of, or associated with, a Member of the MFDA, pursuant to section 24.3.13(c) until such time as the total amount of the outstanding fine and costs owed by the Respondent to the MFDA is paid to the MFDA;
- (e) the Respondent shall in the future comply with sections 13.7 and 13.8 of National Instrument 31-103; and
- (f) the Respondent will attend in person, on the date set for the Settlement Hearing.

## **VII. STAFF COMMITMENT**

25. 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 VII, 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**

26. 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.

27. 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.

28. 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.

29. 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**

30. 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.

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

31. 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.

32. 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**

33. 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.

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



## **XII. EXECUTION OF SETTLEMENT AGREEMENT**

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

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

**DATED** this 19<sup>th</sup> day of March, 2015.

“Babita Duggal”  
Witness – Signature

Babita Duggal  
Witness – Print name

“Sanjeev Kumar Duggal”  
Sanjeev Kumar Duggal

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



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**Re: Sanjeev Kumar Duggal**

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**ORDER**

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**WHEREAS** on December 19, 2014, 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 Sanjeev Kumar Duggal (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, between in or about December 2009 and June 2011, referred one client to a company that sold mortgage investment products and received \$60,500 in referral fees for doing so, thereby participating in a referral arrangement to which the Member was not a party and which did not otherwise comply with sections 13.7 and 13.8 of National Instrument 31-103;

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

1. The Respondent shall pay a fine of \$40,900 pursuant to section 24.1.1(b) of MFDA By-law No. 1;

2. The Respondent shall pay costs of \$2,500, pursuant to section 24.2 of MFDA By-law No. 1;

3. The payment by the Respondent of the fine and costs in paragraphs 1 and 2 above shall be made to and received by MFDA Staff in certified funds as follows:

- i. \$3,000 at the time of acceptance of the settlement agreement;
- ii. \$5,000 on or before April 27, 2015;
- iii. \$2,528.57 on or before May 26, 2015;
- iv. \$2,528.57 on or before June 26, 2015;
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- xiii. \$2,528.57 on or before March 28, 2016;
- xiv. \$2,528.57 on or before April 26, 2016;
- xv. \$2,528.57 on or before May 26, 2016; and
- xvi. \$2,528.57 on or before June 27, 2016;

4. If the Respondent fails to make any of the payments described in paragraph 3 above, then:

- i. any outstanding balance of fine and costs owed by the Respondent shall immediately become due and payable to the MFDA; and
  - ii. the Respondent shall immediately be suspended from conducting securities related business while in the employ of, or associated with, a Member of the MFDA, pursuant to section 24.3.13(c) until such time as the total amount of the outstanding fine and costs owed by the Respondent to the MFDA is paid to the MFDA;
5. The Respondent shall in the future comply with sections 13.7 and 13.8 of National Instrument 31-103; and
6. If at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, then the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents to the non-party without first redacting from them any and all intimate financial or 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]