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: Abner Sarabia Hufanda

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 Pacific 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 Abner Sarabia Hufanda (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 accepted by the Hearing Panel.

IV. AGREED FACTS

Registration History

6. From January 10, 2003 to April 19, 2013, the Respondent was registered in British Columbia as a mutual fund salesperson[1] with PFSL Investments Canada Ltd. (the "Member").

7. On April 19, 2013, the Respondent was terminated by the Member.

8. The Respondent is not currently registered in the securities industry in any capacity.

[1] Now known as a mutual fund dealing representative.

9. The Respondent has not previously been the subject of disciplinary proceedings.

Allegation #1: Failure to repay or account for monies

Background – The Oregon Project real estate investment

10. On an unknown date prior to March 2010, the Respondent purportedly attended a meeting in Billingham, Washington, U.S.A for a yet to be established multilevel marketing ("MLM") company where he met RR and ZR (the "Owners"), a couple who were allegedly the founders of the MLM company.

11. The Owners purportedly informed the Respondent that they were, in addition to establishing the MLM company, investing in real estate in Portland, Oregon (the "Oregon Project"). The Respondent was purportedly told by the Owners that if he invested in their real estate ventures, he could expect returns of up to five times the size of his investment, and that all returns would be paid in cash. The Respondent did not receive any written confirmation or descriptions of the promised rate of return or of the real estate investments in general. All of the communications and agreements between the Owners and the Respondent were purportedly verbal.

12. Between July 2010 and June 2012, the Respondent purportedly gave the Owners $90,000 that he received from clients JM, MDJ, MJ and MT to be invested on their behalf in the Oregon Project.

13. According to the Respondent, it appears that the Owners ultimately absconded with all of the monies he purportedly gave to them to invest in the Oregon Project and have failed to repay or otherwise account for the monies to the Respondent, who in turn has been unable to repay or otherwise account for the monies to clients JM, MDJ, MJ and MT.

14. The Respondent states that he has been unable to locate the Owners and has had no further communications with them since initially giving them the monies. The Respondent

claims that he has made repeated attempts to locate the Owners, including purportedly going to Portland in February 2013.

15. The Oregon Project was not an investment known to or approved by PFSL for sale by its Approved Persons, including the Respondent.

16. There is no evidence that the Owners or the Oregon Project ever existed, beyond the Respondent's own assertions.

Failure to repay or account for monies

17. Between March 18, 2010 and December 31, 2012, the Respondent was given at least $90,000 by clients JM, MDJ, MJ and MT to be invested on their respective behalves, as more particularly described below.

Client JM

18. JM was a friend of the Respondent and had been a client of PFSL since 2011.

19. In May 2012, client JM gave the Respondent $12,000 in two instalments. The first instalment was in the amount of $8,000 given directly to the Respondent with the knowledge and understanding that it was to be invested by him in an investment outside of PFSL on client JM's behalf. The Respondent purportedly invested these monies in the Oregon Project and subsequently returned $4,000 to client JM, which the Respondent claimed represented client JM's return on her investment.

20. The second instalment was a bank draft in the amount of $4,000, made payable to the Respondent personally, which client JM intended to be a contribution to an RESP account. The Respondent purportedly invested these monies in the Oregon Project as well, without client JM's knowledge or instructions.

21. Client JM did not receive a trade confirmation in connection with what she believed to be her RESP contribution of $4,000, and consequently contacted PFSL. PFSL determined that no RESP had been set up for client JM by the Respondent, which triggered PFSL's review and investigation of the Respondent's activities.

22. The Respondent did not provide any receipts or written confirmation in relation to the monies received from client JM. The Respondent states that his intention was to invest all of client JM's $12,000 in the Oregon Project and earn an anticipated 25% return on client JM's investment. Once the Respondent received the principal and return on the Oregon Project from the Owners, the Respondent states that he intended to invest the monies in an RESP in client JM's name at PFSL.

23. Of the total of $12,000 the Respondent received from client JM, the Respondent gave $11,000 to the Owners purportedly to be invested in the Oregon Project and spent the remaining $1,000 for his own benefit.

24. As stated in the Registration History section above, on April 19, 2013, PFSL terminated the Respondent after concerns with respect to the Respondent's activities were brought to its attention.

25. In July 2013, the Respondent's aunt, TS, repaid client JM on behalf of the Respondent. Client JM subsequently sent a letter to the Member on July 3, 2013 stating that all matters between herself and the Respondent had been resolved. Client JM formally released the Respondent from any and all claims in a Release executed on October 21, 2013.

Client MDJ

26. MDJ is the Respondent's aunt and at all material times was a client of PFSL.

27. In late 2011, client MDJ gave the Respondent a total of $14,000, split between a cheque for $10,000 made out to the Respondent personally and a cash amount of $4,000. Client MDJ

gave the Respondent the $10,000 sum for the purpose of opening a TFSA account at PFSL in her name. No such account was ever opened. The Respondent purportedly invested the entirety of client MDJ's $14,000 in the Oregon Project.

28. The Respondent did not provide any receipts or other written confirmation in relation to the monies received from client MDJ. The Respondent states that his intention was to invest client MDJ's $14,000 in the Oregon Project and generate an unspecified rate of return. Once the return was realized on client MDJ's investment in the Oregon Project and the monies received back from the Owners, the Respondent states that he intended to open a TFSA in client MDJ's name at PFSL and use the monies to purchase mutual funds for the account.

29. On January 3, 2013, the Respondent presented MDJ with an account statement that purportedly showed that client MDJ held an AGF segregated fund in a TFSA account at PFSL with a market value of $10,386.75. The account statement indicated that the TFSA account was opened on December 5, 2011, ostensibly with client MDJ's $10,000 investment provided to the Respondent in late 2011. No TFSA account was opened by the Respondent at the Member for client MDJ, and the number assigned to the account does not exist.

30. In July 2013, the Respondent's aunt TS agreed to repay MDJ on behalf of the Respondent. MDJ subsequently sent a letter to MFDA Staff on July 7, 2013 stating that all matters between herself and the Respondent had been resolved. MDJ formally released the Respondent from any and all claims in a Release executed on September 9, 2013.

Client MJ

31. MJ is the Respondent's cousin (the daughter of client MDJ) and at all material times was a client of PFSL.

32. Between March 18, 2010 and April 4, 2011, client MJ gave the Respondent a total of $65,000 by way of personal cheques and bank drafts in the name of the Respondent personally. The Respondent communicated to client MJ that the $65,000 had been invested in three separate

mutual funds held in accounts in his (the Respondent's) name. No such accounts existed. The Respondent purportedly invested the entirety of MJ's $65,000 in the Oregon Project.

33. The Respondent states that his intention, as with clients JM and MDJ, was to invest client MJ's $65,000 in the Oregon Project and generate an unspecified rate of return. Once the return was realized on MJ's investment, the Respondent states that he intended to invest both the principal and the return in an account in client MJ's name at PFSL.

34. On November 1, 2011, the Respondent presented client MJ with a "Statement of Accounts" that purportedly showed that MJ's $65,000 was held in three separate accounts at PFSL in the Respondent's name. $33,000 was purportedly held in Trimark Funds that had earned $4,583.70 in interest to November 1, 2011. $12,000 was purportedly held in McKenzie Funds that had earned $1,443.60 in interest to November 1, 2011. Finally, $20,000 was purportedly held in Baron Funds that had earned $1,248.00 in interest to November 1, 2011. None of these three accounts were ever opened by the Respondent and the account numbers do not exist.

35. On August 19, 2013, the Respondent's parents repaid client MJ a total of $60,000. Client MJ released the Respondent from any and all claims in a Release executed on the same day.

Client MT

36. MT was a close friend of the Respondent.

37. In late 2012, MT gave the Respondent $4,000. The Respondent did not provide any receipt or other written confirmation in relation to the monies received from MT. Client MT provided the $4,000 to the Respondent in order to have him invest it on her behalf outside of PFSL. The Respondent did not invest the $4,000 in any account at PFSL or in the Oregon Project. The Respondent acknowledges that he received the monies from client MT but did not invest client MT's monies on her behalf. The Respondent claims he cannot account for the whereabouts of the monies.

Summary

38. By accepting a total of at least $90,000 from clients JM, MDJ, MJ and MT purportedly to invest on their behalf and then failing to repay or otherwise account for the monies, the Respondent engaged in conduct unbecoming an Approved Person and failed to deal with the clients fairly, honestly and in good faith, contrary to MFDA Rule 2.1.1.

39. By engaging in the conduct described above, the Respondent also engaged in personal financial dealings with the clients, thereby giving rise to a conflict or potential conflict of interest which the Respondent failed to ensure was addressed by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rule 2.1.4.

40. To the extent the Oregon Project was a real investment, the Respondent engaged in securities related business that was not carried on for the account and through the facilities of PFSL by investing the clients' monies in the Oregon Project outside of PFSL, contrary to MFDA Rule 1.1.1(a).

41. To the extent the Oregon Project was a real investment and any of the Respondent's activities did not constitute securities related business outside the Member contrary to MFDA Rule 1.1.1(a), then the Respondent had and continued in another gainful occupation by selling the Oregon Project investment to the clients, contrary to MFDA Rule 1.2.1(d)[2].

V. CONTRAVENTIONS

42. The Respondent admits that between, March 18, 2010 and December 31, 2012, the Respondent purportedly invested at least $90,000 received from clients JM, MDJ, MJ and MT in a real estate investment outside the Member and thereafter failed to repay or otherwise account for the monies, contrary to MFDA Rules 2.1.1, 2.1.4, 1.1.1, and 1.2.1(d)[3].

[2] Effective February 22, 2011, the MFDA's Rules were amended. MFDA Rule 1.2.1(d) was re-numbered as current MFDA Rule 1.2.1(c). The wording of the section was not changed.
[3] See Note 2 above.

VI. TERMS OF SETTLEMENT

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

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

(b) the Respondent shall pay a fine in the amount of $10,000 pursuant to s. 24.1.1(b) of MFDA By-law No. 1 upon acceptance of this Settlement Agreement;

(c) the Respondent shall pay costs in the amount of $2,500 pursuant to s. 24.2 of MFDA By-law No. 1 upon acceptance of this Settlement Agreement; and

(d) the Respondent will attend the Settlement Hearing in person.

VII. STAFF COMMITMENT

44. 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

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

46. 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.

47. 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.

48. 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

49. 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

50. 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.

51. 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

52. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 16th day of July, 2015.

"Daniel Freudman"	"Abner Sarabia Hufanda"
Witness – Signature	Abner Sarabia Hufanda
"Daniel Freudman"	
Witness – Print name	
	"Shaun Devlin"
	Staff of the MFDA Per: Shaun Devlin Senior Vice-President, Member Regulation – Enforcement

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: Abner Sarabia Hufanda

ORDER

WHEREAS on _____,2015 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 Abner Sarabia Hufanda (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated _____, 2015 (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, March 18, 2010 and December 31, 2012, the Respondent purportedly invested at least $90,000 received from clients JM, MDJ, MJ and MT in a real estate investment outside the Member and thereafter failed to repay or otherwise account for the monies, contrary to MFDA Rules 2.1.1, 2.1.4, 1.1.1, and 1.2.1(c) (formerly 1.2.1(d));

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 while in the employ of or associated with any MFDA Member, 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 pursuant to s. 24.1.1(b) of MFDA By-law No. 1 upon acceptance of this Settlement Agreement;

3. the Respondent shall pay costs in the amount of $2,500 pursuant to s. 24.2 of MFDA By-law No. 1 upon acceptance of this Settlement Agreement; and;

4. 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]