



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: Tanzeela Kausar

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By news release, 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 Tanzeela Kausar (“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 May 29, 2014 to March 4, 2019, the Respondent was registered in Ontario as a dealing representative with TD Investment Services Inc. (“TDIS”), a Member of the MFDA.

7. TDIS is affiliated with The Toronto-Dominion Bank (“TD Bank”) which provides, among other things, retail banking services.

8. At all material times, the Respondent conducted mutual fund business from a joint TDIS and TD Bank branch office in Mississauga, Ontario (the “Mississauga Branch”).

Client CC

9. On or about March 1, 2016, client CC entered into an agreement to purchase a new home in Milton, Ontario from a builder. The home was scheduled to be completed, and the sale of the home was scheduled to close, on March 22, 2017.

10. Shortly thereafter, TD Bank pre-approved client CC for a mortgage to purchase the new home. JR, an Approved Person at a joint TDIS and TD Bank branch in Milton, Ontario (the “Milton Branch”), assisted client CC to apply for the mortgage pre-approval at TD Bank.

11. On or about July 3, 2016, client CC completed the sale of his then-current home and deposited the sale proceeds of \$330,132.87 into an account at TD Bank at the Milton Branch (the “Bank Account”).

12. Client CC had previously been a TD Bank client serviced at the Mississauga Branch.

13. Client CC’s deposit into the Bank Account triggered a ‘large deposit’ notification to the Respondent’s Branch Manager at the Mississauga Branch. On July 4, 2016, the Branch Manager sent an email to the Respondent requesting that she contact client CC regarding his recent deposit into the Bank Account, as well as several other clients who had recently deposited large amounts into accounts at TD Bank, as it was a “[g]reat opportunity to have a conversation about investment or potentially they are purchasing a property (opportunity for [real estate lending])!”.

14. On July 19, 2016, the Respondent met with client CC at the Mississauga Branch. Client CC informed the Respondent that he had purchased a home and that the sale would be closing in March 2017.

15. Notwithstanding that the Respondent knew or ought to have known that client CC required the monies deposited in his TD Bank account to complete the purchase of a home within approximately nine months, the Respondent recommended, and client CC agreed, to:

- a) open a Tax Free Savings Account at TDIS and purchase \$44,000 of the TD Comfort Balanced Income Portfolio; and
- b) open a non-registered account at TDIS and purchase \$256,000 of the TD Comfort Balanced Income Portfolio.

16. The TD Comfort Balanced Income Portfolio was rated as a low to medium risk fund. The fund exposed client CC to risk of market loss. In the course of collecting client CC’s Know-Your-Client (“KYC”) information to open the accounts at TDIS and submit the trades for processing, the Respondent recorded client CC’s investment time horizon as 3-5 years. The time horizon recorded by the Respondent was inconsistent with client CC’s need for monies to complete the purchase of a home within approximately 9 months. The Respondent submitted the trades on July 19, 2016 and TDIS completed its processing of the trades on July 20, 2016.

17. On July 21, 2016, Approved Person JR became aware that \$300,000 had been transferred from the Bank Account and used to purchase mutual funds at TDIS. Approved Person JR was aware that client CC required the monies to purchase a home in March 2017 and immediately contacted client CC to inquire about the mutual fund purchases.

18. Approved Person JR advised client CC that the funds he intended to purchase his new home were now exposed to a risk of market loss. Client CC asked that the mutual fund trades be reversed.

19. On July 27, 2016, TDIS reversed the mutual funds trades submitted by the Respondent.

Additional Factors

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

21. There is no evidence of client loss in this matter or that the Respondent received any financial benefit from engaging in the conduct described herein.

22. The Respondent has cooperated fully with Staff during the course of the investigation, and by agreeing to this settlement, has avoided the necessity of a full hearing on the merits.

23. The Respondent has expressed remorse in connection with this matter.

24. The Respondent is the sole caregiver to a family member who is a minor with a serious medical condition that requires constant care. The Respondent states that, as a result of her family member's illness, she is on a leave of absence from her employment and has no financial means to pay a fine or costs.

25. The Respondent acknowledges that absent the factors described above, it would be appropriate for her to be subject to a penalty that includes a fine, due to the seriousness of the misconduct that is the subject of the Settlement Agreement.

V. CONTRAVENTIONS

26. The Respondent admits that in July 2016, she failed to learn or record the essential KYC factors relative to a client when she recorded client CC as having a 3-5 year investment time horizon, and recommended and accepted trades that were unsuitable having regard to the client

CC's essential KYC factors including his investment time horizon, contrary to MFDA Rules 2.2.1 and 2.1.1.

VI. TERMS OF SETTLEMENT

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

- a) a reprimand, pursuant to section 24.1.1 (a) of By-law No. 1;
- b) the Respondent shall successfully complete an ethics or other industry course acceptable to the MFDA prior to re-registering as a dealing representative; and
- c) the Respondent will attend in person or by teleconference on the date set for the Settlement Hearing.

VII. STAFF COMMITMENT

28. 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 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 contraventions that are not set out in Part V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the contraventions set out in Part 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

29. 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.

30. 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.

31. 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.

32. 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

33. 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

34. 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.

35. 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

36. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 2nd day of October, 2019.

“Tanzeela Kausar”

Tanzeela Kausar

“JW”

Witness – Signature

JW

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. 2018111



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Re: Tanzeela Kausar

ORDER

WHEREAS on October 15, 2018, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to sections 20 and 24 of By-law No. 1 in respect of Tanzeela Kausar (the “Respondent”);

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated October 2, 2019 (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 in July 2016 the Respondent, failed to learn or record the essential KYC factors relative to a client when she recorded client CC as having a 3-5 year investment time horizon, and recommended and accepted trades that were unsuitable having regard to the client CC’s essential KYC factors including his investment time horizon, contrary to MFDA Rules 2.2.1 and 2.1.1.

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

1. The Respondent is hereby reprimanded, pursuant to section 24.1.1 (a) of By-law No. 1;
2. The Respondent shall successfully complete an ethics or other industry course acceptable to the MFDA prior to re-registering as a dealing representative; and
3. 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 704129