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: Evangelos-Angelos Mantzios

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 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 the Respondent, Evangelos-Angelos Mantzios.

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 June 26, 2009 to August 22, 2017, the Respondent was registered in Ontario as a mutual fund salesperson (now known as dealing representative[1]) with Sun Life Investment Services (Canada) Inc. (the "Member"), a Member of the MFDA. He was also registered in Alberta as a mutual fund salesperson with the Member from June 26, 2009 to October 31, 2012.

7. Prior to that, the Respondent was registered in Ontario as a mutual fund salesperson with WFG Securities Inc. from February 3, 2009 to May 26, 2009.

8. The Respondent is no longer registered in the securities industry in any capacity.

9. At all material times, the Respondent conducted business in Mississauga, Ontario.

[1] On September 28, 2009, as a result of the implementation of National Instrument 31-103, the mutual fund salesperson registration category was changed to "dealing representative – mutual fund dealer".

Contravention

10. On March 14, 2016, the Member revised and amended its policy and procedure concerning leveraged investments (the "leveraging policy") to prohibit its Approved Persons from "opening any new leveraged accounts" and processing "new purchases of leveraged assets into an existing account" (the "leveraging moratorium"). Despite the leveraging moratorium, the leveraging policy allowed the Member's Approved Persons to continue servicing clients' leveraged investments made prior to the leveraging moratorium.

11. The Member exempted its Approved Persons from its leveraging moratorium and allowed them to make new leveraging recommendations if Approved Persons, among other things:

a) read a document prepared by the Member titled "Individual Wealth Management – A Guide to Leveraged Investing"; and
b) completed a training module and passed a test on the Member's:
    i. leveraging policy; and
    ii. document titled "Individual Wealth Management – A Guide to Leveraged Investing";

(the "leveraging proficiency requirements").

12. On or about March 16, 2016, the Member issued a bulletin to its Approved Persons titled "Protecting client interests: mandatory new mutual fund policies effective March 14." The bulletin stated, in part:

> Effective immediately, advisors will not be able to open new leveraged accounts until further notice [and until] the issues within our existing block have been addressed.
>
> …
>
> In order to do leveraging [Approved Persons] will be subject to greater supervision and oversight than before [and] must receive advance approval and complete a proficiency test. When all of the issues … have been sufficiently addressed, a qualified [Approved Person] will be able to open a new leveraged account.

13. At no time, either before or after the Member's leveraging policy was revised and amended on March 14, 2016, did the Respondent have or otherwise meet the Member's leveraging

proficiency requirements. The Member, having decided not to allow its Approved Persons to process new leveraged investment trades for clients, did not make available for completion by its Approved Persons the training module described at paragraph 11(b) above. The Respondent states that he completed the requirement described at paragraph 11(a) above.

14. In August 2017, the Member conducted a review of all client account files maintained and serviced by the Respondent (the "August 2017 review"). In doing so, the Member discovered 4 client accounts wherein, after the Member's leveraging moratorium came into effect, the Respondent had caused to be implemented leveraged investments which the Respondent failed to disclose to the Member (the "post-leveraging moratorium investments").

15. In all 4 instances of post-leveraging moratorium investments, the Respondent:

a) accepted funds from clients that he knew were from new or existing home equity lines of credit ("HELOCs"); and

b) made investment recommendations to the clients knowing that the monies borrowed by the clients would be used to give effect to the his recommendations.

16. Although he made the investment recommendations knowing the clients had borrowed from their HELOCs to make such investments, the Respondent did not disclose to the Member that the source of the client funds were borrowed monies. As a result, the Respondent acted contrary to the Member's leveraging policy and leveraging moratorium and prevented the Member from adequately and properly discharging its supervisory obligations.

Additional Factors

17. The Respondent has no prior disciplinary history.

18. In part, as a result of the facts described above, the Respondent's registration was terminated by the Member on August 22, 2017. He has not been registered in the mutual fund industry since that time.

19. None of the four clients described in paragraphs 14-16 above submitted complaints about the Respondent to the MFDA or the Member.

20. The Respondent has cooperated with Staff during its investigation and during this disciplinary proceeding.

21. By entering into this Settlement Agreement, the Respondent has expressed remorse for his actions and avoided the need for a prolonged hearing on the merits.

V. CONTRAVENTION

22. The Respondent admits that between October 2016 and August 22, 2017, he implemented leveraged investments in the mutual fund accounts of at least 4 clients without having achieved the necessary leveraging proficiency requirements mandated by the Member, contrary to the Member's policies and procedures and MFDA Rules 2.5.1, 1.1.2 and 2.1.1.

VI. TERMS OF SETTLEMENT

23. Upon acceptance of this Settlement Agreement, the Respondent agrees to the following terms of settlement:

a) the Respondent shall pay a fine in the amount of $5,000 pursuant to section 24.1.1(b) of MFDA By-law No. 1, upon the acceptance of this Settlement Agreement; and

b) the Respondent shall pay the costs of this proceeding and investigation in the amount of $2,500, pursuant to section 24.2 of MFDA By-law No. 1, upon the acceptance of this Settlement Agreement.

VII. STAFF COMMITMENT

24. 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

25. 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 section 20.5 of MFDA 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.

26. 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.

27. 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. 24.1.1 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.

28. 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

29. 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 and contraventions set out in Parts IV and V 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

30. 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.

31. 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

32. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 7th day of October, 2019.

"Evangelos-Angelos Mantzios"
Evangelos-Angelos Mantzios

"FR"
Witness – Signature

FR
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. 201963

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: Evangelos-Angelos Mantzios

ORDER

WHEREAS on [date], 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 Evangelos-Angelos Mantzios (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:

a) between October 2016 and August 22, 2017, the Respondent implemented leveraged investments in the mutual fund accounts of at least 4 clients without having achieved the necessary leveraging proficiency requirements mandated by the Member, thereby breaching the Member's policies and procedures, contrary to MFDA Rules 2.5.1, 1.1.2 and 2.1.1.

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

1. 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*;

2. The Respondent shall pay a fine in the amount of $5,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1; and

3. The Respondent shall pay costs of this proceeding in the amount of $2,500, pursuant to section 24.2 of MFDA By-law No. 1.

DATED this [day] day of [month], 20[ ].

Per: _____

[Name of Public Representative], Chair

Per: _____

[Name of Industry Representative]

Per: _____

[Name of Industry Representative]

DM 713705