



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: Peter Anthony Varteresian

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and Peter Anthony Varteresian (the “Respondent”) consent and agree to settlement of this matter by way of this agreement (the “Settlement Agreement”).

2. Staff conducted an investigation of the Respondent’s activities which disclosed 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.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

4. The Respondent admits to the following violations of the By-laws, Rules or Policies of the MFDA:

- a) between January 2015 and February 2015, the Respondent, or his assistant for whom he was responsible, altered, and used to process transactions, 5 account forms in respect of 1 client by altering information on the account forms without having the client initial the changes, contrary to MFDA Rule 2.1.1; and
- b) between January 2014 and April 2015, the Respondent, or his assistant for whom he was responsible, obtained, possessed, and in 12 instances, used to process transactions, 14 pre-signed account forms in respect of 4 clients, contrary to MFDA Rule 2.1.1.

5. Staff and the Respondent agree and consent to the following terms of settlement:

- a) the Respondent shall pay a fine in the amount of \$8,500 pursuant to s. 24.1.1(b) of MFDA By-law No. 1;
- b) the Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1;
- c) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- d) the Respondent will attend in person on the date set for the Settlement Hearing.

6. Staff and the Respondent agree to the settlement on the basis of the facts set out in Part III herein and consent to the making of an Order in the form attached as Schedule "A".

III. AGREED FACTS

Registration History

7. The Respondent was registered in the securities industry commencing in 1999.

8. The Respondent has been registered as a mutual fund salesperson (now known as a dealing representative) with Sun Life Financial Investment Services (Canada) Inc. (“Sun Life”), a Member of the MFDA, in Nova Scotia since January 2014, and in British Columbia since May 2014.

9. At all material times, the Respondent conducted business in the Halifax, Nova Scotia area.

Altered Account Forms

10. Between January 2015 and February 2015, the Respondent, or his assistant for whom he was responsible, altered, and used to process transactions, 5 account forms in respect of 1 client by altering information on the account forms without having the client initial the changes. The alterations included changes to the client’s account number, net worth, investment objectives, contact information, and redemption instructions. The alterations were made to forms consisting of 2 automatic withdrawal forms, 1 know-your-client form, 1 transfer authorization form, and 1 account application form.

Pre-Signed Account Forms

11. At all material times, Sun Life’s policies and procedures prohibited its Approved Persons, including the Respondent, from using pre-signed account forms.

12. Between January 2014 and April 2015, the Respondent, or his assistant for whom he was responsible, obtained, possessed, and in 12 instances, used to process transactions, 14 pre-signed account forms in respect of 4 clients. The forms consisted of 3 limited trade authorization forms, 4 account application forms, 4 transfer authorization forms, 2 automatic withdrawal forms, and 1 application to withdraw funds form.

13. With regard to 12 of the pre-signed account forms, the Respondent’s assistant only provided the signature pages to the clients without providing the other pages of the forms with completed information. The clients signed but did not date the signature pages and returned

them to the Respondent's assistant, who then attached the signature pages she received from the clients to the other pages of the forms that she had completed, added client signature dates on the forms, and then submitted the complete forms to Sun Life for processing. In all 12 instances, the Respondent's assistant dated the forms subsequent to when the clients had signed the forms.

Action Taken by the Member

14. Sun Life detected the conduct that is the subject of this settlement agreement during a client file review it conducted of all client files maintained by the Respondent.

15. As part of its investigation, Sun Life sent letters to all clients serviced by the Respondent to determine whether the Respondent had engaged in any unauthorized trading activity in the clients' accounts. None of the clients reported any concerns to Sun Life.

16. On June 10, 2015, Sun Life placed the Respondent on close supervision for a period of 12 months, and on September 30, 2015, Sun Life sent a warning letter to the Respondent regarding the conduct described above.

Additional Factors

17. There is no evidence that the Respondent received any financial benefit from engaging in the misconduct described in this Settlement Agreement, beyond the commissions and fees that he would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

18. There is no evidence of client harm or lack of client authorization.

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

20. The Respondent has expressed remorse for his conduct.

21. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources and expenses associated with conducting a full hearing of the allegations.

IV. ADDITIONAL TERMS OF SETTLEMENT

22. This settlement is agreed upon in accordance with section 24.4 of MFDA By-law No. 1 and Rules 14 and 15 of the MFDA Rules of Procedure.

23. The Settlement Agreement is subject to acceptance by the Hearing Panel which shall be sought at a hearing (the “Settlement Hearing”). At, or following the conclusion of, the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement.

24. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately, and any suspensions, revocations, prohibitions, conditions or other terms of the Settlement Agreement shall commence, upon the effective date of the Settlement Agreement.

25. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel:

- a) the Settlement Agreement will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter;
- b) the Respondent waives any 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;
- c) Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts and the contraventions described in this Settlement Agreement. 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 this Settlement Agreement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations;

- d) 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; and
- e) 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 the Respondent.

26. If, for any reason, this Settlement Agreement is not accepted 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 the Settlement Agreement or the settlement negotiations.

27. Staff and the Respondent agree that the terms of the 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.

28. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile copy of any signature shall be effective as an original signature.

DATED this 7th day of August, 2016.

“Peter Anthony Varteresian”
Peter Anthony Varteresian

“BV”
Witness – Signature

BV
Witness – Print Name

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



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Re: Peter Anthony Varteresian

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 Peter Anthony Varteresian (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, or his assistant for whom he was responsible:

- a) between January 2015 and February 2015, altered, and used to process transactions, 5 account forms in respect of 1 client by altering information on the account forms without having the client initial the changes, contrary to MFDA Rule 2.1.1; and

b) between January 2014 and April 2015, obtained, possessed, and in 12 instances, used to process transactions, 14 pre-signed account forms in respect of 4 clients, contrary to MFDA Rule 2.1.1.

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

1. The Respondent shall pay a fine in the amount of \$8,500 pursuant to s. 24.1.1(b) of MFDA By-law No. 1
2. The Respondent shall pay costs in the amount of \$2,500 pursuant to s. 24.2 of MFDA By-law No. 1;
3. The Respondent shall in the future comply with MFDA Rule 2.1.1; and
4. 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]