



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4s OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Mohamad Mohtaz Sawwaf

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada (“Staff”) and the Respondent, Mohamad Mohtaz Sawwaf (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 Mutual Fund Dealers Association of Canada (“MFDA”):

- a) between November 2007 and August 2012, the Respondent, or his assistant for whom he was responsible, obtained, possessed and, in some instances, used to process transactions, 7 pre-signed account forms in respect of 5 clients, contrary to MFDA Rule 2.1.1.
- b) between May 2012 and August 2015, the Respondent, or his assistant for whom he was responsible, altered and in some instances, used to process transactions, 3 account forms in respect of 3 clients, by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1.
- c) between July 18, 2013 and October 2016, the Respondent or his assistant, processed purchases and redemptions of mutual funds in the accounts of 19 clients which were subject to deferred sales charges, without the Respondent keeping records that the clients were informed of all fees and charges in accordance with MFDA Rules 2.4.4, contrary to Rule 5.1(b)(iv) and Rule 1.1.2.

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 \$10,000 in certified funds upon acceptance of the Settlement Agreement (the “Fine”), pursuant to s. 24.1.1(b) of MFDA By-law No.1;
- b) the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 3 months, commencing the date of the order of the Hearing Panel accepting the Settlement Agreement pursuant s. 24.1.1(e) of MFDA By-law No. 1;
- c) the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement (“Costs”), pursuant to s. 24.2 of MFDA By-law No. 1;

- d) the Respondent shall in the future comply with MFDA Rules 1.1.2, 2.1.1, 2.4.4 and 5.1(b)(iv);
- e) 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. From August 22, 2007 to October 3, 2016, the Respondent was registered in Ontario as a mutual fund salesperson (now known as a Dealing Representative) with Investors Group Financial Services Inc. (“Investors Group”), a Member of the MFDA.

8. Between January 14, 2010 and October 3, 2016, Investors Group designated the Respondent as a branch manager.

9. On October 3, 2016, Investors Group terminated the Respondent’s registration for the matters detailed herein. The Respondent is not registered in the securities industry in any capacity.

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

Pre-Signed Account Forms

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

12. Between November 2007 and August 2012, the Respondent, or his assistant for whom he was responsible, obtained, possessed and, in some instances, used to process transactions, 7 pre-signed account forms in respect of 5 clients.

13. The pre-signed account forms consisted of Pre-Authorized Contribution Agreements and Transfer Authorizations.

Altered Forms

14. Between May 2012 and August 2015, the Respondent, or his assistant for whom he was responsible, altered and in some instances, used to process transactions, 3 account forms in respect of 3 clients, by altering information on the account forms without having the clients initial the alterations.

15. The altered forms consisted of 3 Transfer Authorizations.

Failure to Keep Records of Disclosure of Deferred Sales Charge Fees

16. Between July 18, 2013 and October 2016, the Respondent or his assistant, processed purchases and redemptions of mutual funds in the accounts of 19 clients which were subject to Deferred Sales Charge (“DSC”), without the Respondent keeping records that the client was informed of all fees and charges.

Investors Group Response

17. Following the Respondent’s termination from Investors Group. From November 1, 2016 to April 27, 2017, Investors Group received a number of client complaints regarding the Respondent’s failure to inform the clients of DSC fees applicable to their purchase of mutual funds.

18. Investors Group contacted all of the above clients and reimbursed them for DSC fees paid and future DSC fees if and when they occur on the mutual funds that were subject of their client complaint. To date, Investors Group has repaid the clients \$46,899.65.

19. Following the termination of the Respondent, Investors Group reassigned the Respondent's client files to another Approved Person and directed them to review all client files for pre-signed forms and signature falsification issues. No further pre-signed or falsified forms were identified.

Additional Factors

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

21. There is no evidence that the Respondent received any benefit from the conduct set out above beyond the commissions or fees he would ordinarily be entitled to receive.

22. There is no evidence of client loss or lack of authorization related to the Respondent's use of pre-signed or altered forms as described above.

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

IV. ADDITIONAL TERMS OF SETTLEMENT

24. 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.

25. 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. 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. 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.

27. 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 contraventions described in this Settlement Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any 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.

28. 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.

29. 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.

30. 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 29th day of October 2018.

“Mohamad Mohtaz Sawwaf”

Mohamad Mohtaz Sawwaf

“CT”

Witness – Signature

CT

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.



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**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: Mohamad Mohtaz Sawwaf

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 Mohamad Mohtaz Sawwaf (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 November 2007 and August 2012, the Respondent, or his assistant for whom he was responsible, obtained, possessed and, in some instances, used to

process transactions, 7 pre-signed account forms in respect of 5 clients, contrary to MFDA Rule 2.1.1.

- b) between May 2012 and August 2015, the Respondent, or his assistant for whom he was responsible, altered and in some instances, used to process transactions, 3 account forms in respect of 3 clients, by altering information on the account forms without having the clients initial the alterations, contrary to MFDA Rule 2.1.1.
- c) between July 18, 2013 and October 2016, the Respondent or his assistant processed purchases and redemptions of mutual funds in the accounts of 19 clients which were subject to deferred sales charges, without the Respondent keeping records that the clients were informed of all fees and charges in accordance with MFDA Rules 2.4.4, contrary to Rule 5.1(b)(iv) and Rule 1.1.2.

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 \$10,000 upon acceptance of the Settlement Agreement (the “Fine”), pursuant to s. 24.1.1(b) of MFDA By-law No.1;
2. the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 3 months, commencing the date of the order of the Hearing Panel accepting the Settlement Agreement pursuant s. 24.1.1(e) of MFDA By-law No. 1;
3. the Respondent shall pay costs in the amount of \$2,500 in certified funds upon acceptance of the Settlement Agreement (“Costs”), pursuant to s. 24.2 of MFDA By-law No.1;
4. the Respondent will attend in person, on the date set for the Settlement Hearing; and
5. 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 645205