



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

**IN THE MATTER OF A DISCIPLINARY HEARING
PURSUANT TO SECTIONS 20 AND 24 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Azhar Ahmad Batla

NOTICE OF HEARING

NOTICE is hereby given that a first appearance will take place by teleconference before a hearing panel of the Central Regional Council (“Hearing Panel”) of the Mutual Fund Dealers Association of Canada (“MFDA”) on April 22, 2022 at 10:00 a.m. (Eastern), or as soon thereafter as the appearance can be held, concerning a disciplinary proceeding commenced by the MFDA against Azhar Ahmad Batla (“Respondent”). Members of the public who would like to listen to the teleconference should contact hearings@mfd.ca to obtain particulars.

DATED this 10th day of February, 2022.

“Michelle Pong”

Michelle Pong
Director, Regional Councils

Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Telephone: 416-945-5134
Email: corporatesecretary@mfd.ca

NOTICE is further given that the MFDA alleges the following violations of the By-laws, Rules or Policies of the MFDA:

Allegation #1: Between approximately May 2019 and June 2019, the Respondent misappropriated or obtained monies from a client and deposited the monies into his own account, contrary to MFDA Rules 2.1.1 and 2.1.4¹.

Allegation #2: In May 2019, the Respondent provided misleading information to the Member on an account form and in response to a Member compliance query, contrary to MFDA Rule 2.1.1.

PARTICULARS

NOTICE is further given that the following is a summary of the facts alleged and intended to be relied upon by the MFDA at the hearing:

Registration History

1. From January 2016 to September 2019, the Respondent was registered in Ontario as a dealing representative with Investors Group Financial Services Inc. (the “Member”), a Member of the MFDA.
2. On September 30, 2019, the Member terminated the Respondent as a result of the conduct described below, and the Respondent is not currently registered in the securities industry in any capacity.
3. At all material times, the Respondent conducted business in the Toronto, Ontario area.

Allegation #1 – The Respondent Obtained Monies from a Client and Deposited the Monies into His Own Accounts

4. At all material times, client MJ was a client of the Member. At all material times, client MJ was also a dealing representative with a different mutual fund dealer.

¹ On June 30, 2021, amendments to MFDA Rule 2.1.4 came into effect. As the conduct addressed in this proceeding, pre-dated the amendment to the Rule, the contravention of MFDA Rule 2.1.4 that is addressed in this Notice of Hearing is of the version of MFDA Rule 2.1.4 that was in effect between February 27, 2006 and June 30, 2021.

5. Beginning on or about May 29, 2019, client MJ's accounts were serviced by the Respondent. Client MJ had previously met the Respondent and requested that the Respondent begin servicing his investment accounts at the Member.
6. On or about May 21, 2019, client MJ provided the Respondent with a bank draft in the amount of \$70,000 (the "Bank Draft"), which was made payable to the Member. Client MJ instructed the Respondent to invest the proceeds into the non-registered investment account belonging to client MJ's spouse.
7. On or about May 21, 2019, the Respondent deposited the Bank Draft into the Respondent's personal investment account at the Member.
8. To process this transaction, the Respondent completed a Large Cash Transaction Record Form on which the Respondent indicated that the source of the monies deposited was savings from the Respondent's "spouse/common law partner's" income.
9. Between May 22, 2019 and June 13, 2019, the Respondent facilitated the processing of a series of purchases of mutual funds, redemptions or withdrawals in his own personal investment account using monies that he had obtained from client MJ by way of the Bank Draft as described in paragraph 6 above.
10. The Respondent earned \$900 in commissions from the mutual fund purchases that he processed in his own investment account using the monies that he had obtained from client MJ.
11. In total, the Respondent withdrew from his investment account \$69,320 from the monies that he had obtained from client MJ and deposited the monies into his personal bank account.
12. The Respondent used the monies obtained from client MJ for his personal expenses and repayment of his debts.
13. On January 3, 2020, client MJ complained to the Member about the Respondent's conduct described above.
14. The Respondent has repaid client MJ a total of \$11,500 of the amount that he obtained from client MJ.
15. The Member paid compensation to client MJ totaling \$56,224.54 to cover the amounts that the Respondent had obtained from client MJ that were not repaid.

16. By virtue of the foregoing, the Respondent misappropriated and or obtained monies from a client and deposited the monies into his own account, contrary to MFDA Rules 2.1.1 and 2.1.4.

Allegation #2 – Misleading the Member

17. As described in paragraph 8 above, on or about May 21, 2019, the Respondent completed a Large Cash Transaction Record Form when depositing the Bank Draft into his personal investment account at the Member.

18. The Respondent wrote on the Large Cash Transaction Record Form that the source of the monies for the deposit was “savings from spouse/common law’s income.” This information was false or misleading, as the true source of the monies was the Bank Draft obtained from client MJ as described above in paragraphs 6 and 7.

19. In addition, on or about May 24, 2019, the Member questioned the Respondent about the rationale for some of the withdrawals occurring within the Respondent’s investment account referred to in paragraph 9 above. In response to the Member’s queries, the Respondent represented to the Member that the monies deposited into his own account had been obtained from his spouse and that the withdrawals from his investment account were the result of a miscommunication between his spouse and himself about the original amount to be invested. The Respondent’s responses to questioning by the Member were false or misleading, as the Respondent had obtained these monies from client MJ and deposited the monies into his own account, as described above in paragraphs 6 and 7.

20. By virtue of the foregoing, the Respondent provided false or misleading information to the Member, contrary to MFDA Rule 2.1.1.

NOTICE is further given that the Respondent shall be entitled to appear and be heard and be represented by counsel or agent at the hearing and to make submissions, present evidence and call, examine and cross-examine witnesses.

NOTICE is further given that MFDA By-laws provide that if, in the opinion of the Hearing Panel, the Respondent:

- has failed to carry out any agreement with the MFDA;
- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Member or of any regulation or policy made pursuant thereto;
- has failed to comply with the provisions of any By-law, Rule or Policy of the MFDA;
- has engaged in any business conduct or practice which such Regional Council in its discretion considers unbecoming or not in the public interest; or
- is otherwise not qualified whether by integrity, solvency, training or experience,

the Hearing Panel has the power to impose any one or more of the following penalties:

- a) a reprimand;
- b) a fine not exceeding the greater of:
 - (i) \$5,000,000.00 per offence; and
 - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- d) revocation of the authority of such person to conduct securities related business;
- e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time; and
- f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel.

NOTICE is further given that the Hearing Panel may, in its discretion, require that the Respondent pay the whole or any portion of the costs of the proceedings before the Hearing Panel and any investigation relating thereto.

NOTICE is further given that the Respondent must **serve a Reply** on Enforcement Counsel and **file a Reply** with the Office of the Corporate Secretary within twenty days from the date of service of this Notice of Hearing.

A **Reply** shall be **served** upon Enforcement Counsel at:

Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Attention: Brendan Forbes
Email: bforbes@mfd.ca

A **Reply** shall be **filed** by:

- a) providing four copies of the **Reply** to the Office of the Corporate Secretary by personal delivery, mail or courier to:

The Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Attention: Office of the Corporate Secretary; or

- b) transmitting one electronic copy of the **Reply** to the Office of the Corporate Secretary by e-mail at corporatesecretary@mfd.ca.

A **Reply** may either:

- (i) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing; or
- (ii) admit the facts alleged and conclusions drawn by the MFDA in the Notice of Hearing and plead circumstances in mitigation of any penalty to be assessed.

NOTICE is further given that the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by the MFDA in the Notice of Hearing that are not specifically denied in the **Reply**.

NOTICE is further given that if the Respondent fails:

- a) to **serve** and **file** a **Reply**; or
- b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a **Reply** may have been served,

the Hearing Panel may proceed with the hearing of the matter on the date and the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without any further notice to and in the absence of the Respondent, and the Hearing Panel may accept the facts alleged or the conclusions drawn by the MFDA in the Notice of Hearing as having been proven and may impose any of the penalties described in the By-laws.

END.

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