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Canadian Investment
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des investissements

Notice of Hearing

File No. 202312

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULESⁱ**

and

Samantha Cauvier

NOTICE OF HEARING

NOTICE is hereby given that a disciplinary proceeding has been commenced by the Canadian Investment Regulatory Organization (“CIRO”) against Samantha Jane Cauvier (the “Respondent”). The first appearance will take place electronically by videoconference before a hearing panel of the Ontario District Hearing Committee of CIRO (the “Hearing Panel”) on July 17, 2023, at 10:00 a.m. (Eastern) or as soon thereafter as the hearing can be held. The Hearing on the Merits will take place at a time and venue to be announced. Members of the public who would like to attend the first appearance by videoconference as an observer should contact hearings@mfd.ca to obtain particulars.

DATED this 9 day of June, 2023.

“Michelle Pong”

Michelle Pong
Director, District Hearing Committees,
Mutual Fund Dealer Division

Canadian Investment Regulatory Organization
121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Telephone: 416-945-5134
Email: corporatesecretary@mfd.ca



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NOTICE is further given that CIRO alleges the following violations of the Mutual Fund Dealer Rules¹:

Allegation #1: Between February 2021 and June 2021, the Respondent:

- a) instructed a client to falsely inform the Dealer Member that the client was a resident of Ontario; or
- b) in respect of a second client, falsely recorded on account opening documentation that the client was a resident of Ontario,

thereby enabling the Respondent to circumvent the Dealer Member's prohibition against transacting business in provinces where the Respondent was not registered, contrary to the Member's policies and procedures and Mutual Fund Dealer Rules 2.1.1, 2.2.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 2.1.1, 2.2.1, 1.1.2, and 2.5.1).

Allegation #2: Between February 2021 and June 2021, the Respondent opened a new account and processed the purchase of mutual funds in respect of a client who resided in a province in which the Respondent was not registered, contrary to the Member's policies and procedures and Mutual Fund Dealer Rules 1.1.5, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 1.1.5, 2.1.1, 1.1.2, and 2.5.1).

¹ Staff alleges that, at the time of the misconduct, the Respondent contravened MFDA Rules 1.1.2, 1.1.5, 2.1.1, 2.2.1 and 2.5.1, which are now incorporated into Mutual Fund Dealer Rules 1.1.2, 1.1.5, 2.1.1, 2.2.1 and 2.5.1 referred to in this proceeding. On July 7, 2022, amendments to MFDA Rule 1.1.2 came into effect. As the conduct addressed in this proceeding pre-dated the amendment to that Rule, the version of MFDA Rule 1.1.2 that was in effect prior to July 7, 2022 is applicable to this proceeding. On December 31, 2021, amendments to MFDA Rule 2.2.1 came into effect. As the conduct addressed in this proceeding pre-dated the amendment to that Rule, the version of MFDA Rule 2.2.1 that was in effect prior to December 31, 2021 is applicable to this proceeding.

PARTICULARS

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

Registration History

1. Since February 2017, the Respondent has been registered as a dealing representative with PFSL Investments Canada Ltd. (the “Dealer Member”), a Dealer Member of the Corporation (formerly a Member of the MFDA).
2. Between February 2017 and August 2018, the Respondent was registered in British Columbia with the Dealer Member.
3. Since March 2017, the Respondent has been registered in Ontario with the Dealer Member, and has not been registered to conduct securities related business in any other province or territory in Canada.
4. At all material times, the Respondent carried on business in the Carleton Place, Ontario area.

Facts

5. At all material times, the Dealer Member’s policies and procedures restricted Approved Persons to soliciting, selling and transacting mutual fund business in provinces or territories where the Approved Person was registered and authorized to sell securities.

Client KH

6. At all material times, client KH was a client of the Dealer Member who resided in Alberta. Client KH’s accounts were serviced by another Approved Person who resided in Alberta.
7. On or about February 23, 2021, at the instruction of the Respondent, client KH requested that the Dealer Member update her address to an Ontario address at which client

KH did not reside and which belonged to SP, an individual who at that time was training under the Respondent in an unlicensed capacity.

8. At this time, the Respondent also instructed client KH to direct the Dealer Member to make the Respondent the dealing representative responsible for servicing her investment accounts.

9. The Respondent instructed client KH to falsely represent to the Dealer Member that client KH was an Ontario resident whose accounts could be serviced by the Respondent. This concealed from the Dealer Member that client KH was a resident of Alberta, a province in which the Respondent was not registered to conduct securities related business.

Client JM

10. At all material times, client JM resided in Alberta.

11. In or about February and March 2021, the Respondent met with client JM to discuss:

- a) opening a Registered Education Savings Plan (RESP) account on behalf of client JM at the Dealer Member (the “RESP Account”);
- b) transferring the proceeds of client JM’s existing RESP account, which was held at a different financial institution, to the RESP Account; and
- c) contributing \$45 per month to the RESP Account through pre-authorized contributions which would be applied towards the purchase of mutual funds.

12. On March 2, 2021, the Respondent prepared an RESP Account Application Form to open the RESP Account, and met with client JM to obtain client JM’s signature on the document.

13. Rather than recording client JM's actual Alberta address on the RESP Account Application Form, the Respondent falsely recorded an Ontario address which belonged to SP.

14. By recording that client JM resided in Ontario, the Respondent falsely represented to the Dealer Member that client JM was an Ontario resident whose accounts could be serviced by the Respondent. This concealed from the Dealer Member that client JM was a resident of Alberta, a province in which the Respondent was not registered to conduct securities related business.

15. On March 8, 2021, the initial pre-authorized contribution of \$45 was made to the RESP Account, which was applied towards the purchase of mutual funds.

16. Following the opening of the RESP Account at the Dealer Member, client JM spoke to a representative at another financial institution who informed client JM that Approved Persons are required to be registered in the province where they engage in securities related business.

17. On or about March 23, 2021, client JM complained to the Dealer Member about the Respondent's conduct and requested that the Dealer Member cancel her pre-authorized contributions and close the RESP Account.

18. On or around March 26, 2021, the Dealer Member reversed the initial \$45 pre-authorized contribution and subsequently closed the RESP Account.

19. By virtue of the foregoing, the Respondent instructed client KH to falsely inform the Dealer Member that the client was a resident of Ontario or, in respect of client JM, falsely recorded on account opening documentation that the client was a resident of Ontario, thereby enabling the Respondent to circumvent the Dealer Member's prohibition against transacting business in provinces where the Respondent was not registered, contrary to the Member's policies and procedures and Mutual Fund Dealer Rules 2.1.1, 2.2.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 2.1.1, 2.2.1, 1.1.2, and 2.5.1).

20. By virtue of the foregoing, the Respondent opened a new account and processed the purchase of mutual funds in respect of client JM who resided in a province in which the Respondent was not registered, contrary to the Member's policies and procedures and Mutual Fund Dealer Rules 1.1.5, 2.1.1 and 1.1.2 (as it relates to Rule 2.5.1) (formerly MFDA Rules 1.1.5, 2.1.1, 1.1.2, and 2.5.1).

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 pursuant to Mutual Fund Dealer Rule 1A that any person subject to the jurisdiction of the Mutual Fund Dealers Association of Canada prior to January 1, 2023 remains subject to the jurisdiction of CIRO in respect of any action or matter that occurred while that person was subject to the jurisdiction of the Mutual Fund Dealers Association of Canada at the time of such action or matter.

NOTICE is further given that the Mutual Fund Dealer Rules provide that if, in the opinion of the Hearing Panel, the Respondent:

- has failed to carry out any agreement with CIRO;
- has failed to comply with or carry out the provisions of any federal or provincial statute relating to the business of the Dealer Member or of any regulation or policy made pursuant thereto;
- has failed to comply with the provisions of the Mutual Fund Dealer Rules of CIRO;
- has engaged in any business conduct or practice which such Hearing Panel 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;
- (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, Mutual Fund Dealer Division within twenty (20) days from the date of service of this Notice of Hearing.

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

Canadian Investment Regulatory Organization

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 4 copies of the **Reply** to the Office of the Corporate Secretary, Mutual Fund Dealer Division by personal delivery, mail or courier to:

Canadian Investment Regulatory Organization

121 King Street West, Suite 1000

Toronto, ON M5H 3T9

Attention: Office of the Corporate Secretary, Mutual Fund Dealer Division; or

- (b) transmitting 1 electronic copy of the **Reply** to the Office of the Corporate Secretary, Mutual Fund Dealer Division 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 CIRO in the Notice of Hearing; or

- (ii) admit the facts alleged and conclusions drawn by CIRO 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 CIRO 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 CIRO in the Notice of Hearing as having been proven and may impose any of the penalties described in the Mutual Fund Dealer Rules.

End.

DM 905202

ⁱ On January 1, 2023, the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Mutual Fund Dealers Association of Canada (the “MFDA”) were consolidated into a single self-regulatory organization recognized under applicable securities legislation. The New Self-Regulatory Organization of Canada (referred to herein as the “Corporation”) adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the “Interim Rules”). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and certain by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation. Where the rules of IIROC and the by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation have been incorporated into the Interim Rules, Enforcement Staff have referenced the relevant section of the Interim Rules. Pursuant to Mutual Fund Dealer Rule 1A and s.14.6 of By-Law No.1 of the Corporation, contraventions of former MFDA regulatory requirements may be enforced by the Corporation.