**IN THE MATTER OF**

**THE MUTUAL FUND DEALER RULES**[i]

**and**

**Shawn Michael Obradovic Mollons**

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# SETTLEMENT AGREEMENT

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## I. INTRODUCTION

1. The Canadian Investment Regulatory Organization, a consolidation of IIROC and the MFDA ("CIRO") will announce that it proposes to hold a hearing (the "Settlement Hearing") to consider whether, pursuant to Mutual Fund Dealer Rule 7.4.4.3, a hearing panel of the Manitoba District Committee (the "Hearing Panel") of CIRO should accept the settlement agreement (the "Settlement Agreement") entered into between Staff of CIRO ("Staff") and Shawn Michael Obradovic Mollons (the "Respondent").

2. Staff and the Respondent consent and agree to the terms of this Settlement Agreement.

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

## II. CONTRAVENTIONS

4. The Respondent admits to the following violations of the Mutual Fund Dealer Rules:[1]

Between August 30, 2021 and November 16, 2021, the Respondent signed the signatures or initials of five clients on six account forms and submitted them to the Dealer Member for processing, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).

## III. TERMS OF SETTLEMENT

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

(a) the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of CIRO registered as a mutual fund dealer for a period of two months, commencing on the date that this settlement agreement is accepted by a Hearing Panel, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);

(b) the Respondent shall pay a fine in the amount of $13,000 ("Fine"), pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

(c) the Respondent shall pay costs in the amount of $2,500 ("Costs"), pursuant Mutual Fund Dealer Rule 7.4.2;

(d) payment by the Respondent of the Fine and Costs shall be made to and received by the Corporation in certified funds as follows;

i) $6,000 ($3,500 fine and $2,500 costs) upon acceptance of the Settlement Agreement;

ii) $3,500 (fine) on or before the last business day of the first month following the date of the Settlement Agreement;

[1]At the time of the conduct addressed in this proceeding, MFDA Rule 2.1.1 was in effect and is now incorporated into Mutual Fund Dealer Rule 2.1.1 referred to in this proceeding.

iii) $3,500 (fine) on or before the last business day of the second month following the date of the Settlement Agreement; and

iv) $2,500 (fine) on or before the last business day of the third month following the date of the Settlement Agreement;

(e) if the Respondent fails to make any of the payments described above in subparagraph (d), then any outstanding balance of the Fine and Costs shall become immediately due and payable to the CIRO;

(f) the Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1; and

(g) the Respondent shall attend by videoconference 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 this Settlement Agreement herein and consent to the making of an Order in the form attached as Schedule "A".

## IV. AGREED FACTS

### Registration History

7. Commencing February 19, 2021, the Respondent was registered in the securities industry.

8. Between February 19, 2021 and April 7, 2022, the Respondent was registered in Manitoba as a dealing representative with Scotia Securities Inc. (the "Dealer Member"), a Dealer Member of CIRO (formerly a Member of the MFDA).

9. On April 7, 2022, the Dealer Member terminated the Respondent as a result of the conduct described herein, and the Respondent is currently not registered in the securities industry in any capacity.

10. At all material times, the Respondent conducted business in the Winnipeg, Manitoba area.

**The Respondent Signed Client Signatures and Initials**

11. At all material times, the Dealer Member's policies and procedures prohibited the falsification of signatures and engaging in unethical business practices.

12. Between August 30, 2021 and November 16, 2021, the Respondent signed the signatures or initials of five clients on six account forms and submitted them to the Dealer Member for processing. The account forms consisted of:

- four Tax-free Savings Account Applications - Account Change Form, which were used to update the personal information of the clients, such as client contact information, identifying information, and account information; and
- two Scotia Investment Selector Overview Forms, which were used to collect Know Your Client information, including risk tolerance, investment objectives, net worth and investor knowledge.

**The Dealer Member's Investigation**

13. During the review of a client file maintained by the Respondent, the Dealer Member discovered that the Respondent signed a client signature on one of the account forms described above. Subsequently, it completed a full review of the client files maintained by the Respondent and discovered the remaining account forms described above.

14. The Dealer Member contacted the impacted clients, confirmed the information on the account forms described above, and obtained the clients' signatures and initials on new versions of the account forms.

15. On April 7, 2022, the Dealer Member terminated the Respondent as a result of the conduct described herein.

**Additional Factors**

16. There is no evidence that the Respondent received any financial benefit from the conduct set out above beyond the commissions or fees the Respondent would ordinarily be entitled to receive had the transactions been carried out in the proper manner.

17. There is no evidence of client financial loss or lack of authorization for the underlying transactions, and no clients have complained to Staff or the Dealer Member.

18. The Respondent has not previously been the subject of MFDA or CIRO disciplinary proceedings.

19. By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources and expenses that would have otherwise been necessary to conduct a contested hearing of the allegations.

## V. ADDITIONAL TERMS OF SETTLEMENT

20. This settlement is agreed upon in accordance with Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure.

21. The Settlement Agreement is subject to acceptance by the Hearing Panel. At or following the conclusion of the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement. Settlement Hearings are typically held in the absence of the public pursuant to Mutual Fund Dealer Rule 7.3.5 and Rule 15.2(2) of the Mutual Fund Dealer 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.

22. 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 agreed, 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.

23. 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 at the settlement hearing, subject to Rule 15.3 of the Mutual Fund Dealer Rules of Procedure;

b. the Respondent agrees to waive any rights to a full hearing, a review hearing or appeal, including before the Board of Directors of the Corporation 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. except for any proceedings commenced to address an alleged failure to comply with this Settlement Agreement, Staff will not initiate any proceeding under the Mutual Fund Dealer Rules against the Respondent in respect of the facts and 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, 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

d. the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to Mutual Fund Dealer Rule 7.4.1.1 for the purpose of giving notice to the public thereof in accordance with Mutual Fund Dealer Rule 7.4.5; 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.

24. 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 Mutual Fund Dealer Rule 7.4.3 against the Respondent based on, but not limited to, the facts set out in this 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.

25. 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 Mutual Fund Dealer Rules 7.3 and 7.4, unaffected by the Settlement Agreement or the settlement negotiations.

26. 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. The terms of the Settlement Agreement, including the attached Schedule "A", will be released to the public if and when the Settlement Agreement is accepted by the Hearing Panel.

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

**DATED** this 1 day of August, 2023

"Shawn Michael Obradovic Mollons"
Shawn Michael Obradovic Mollons

"Witness"
Witness - Signature

"Witness"
Witness - Print name

"Charles Toth"
Staff of CIRO
Per: Charles Toth
Canadian Investment Regulatory Organization, Vice-President, Enforcement (Mutual Fund Dealers)

[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 that is called the Canadian Investment Regulatory Organization (referred to herein as "CIRO") and is recognized under applicable securities legislation. CIRO 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. Pursuant to Mutual Fund Dealer Rule 1A and s. 14.6 of By-law No. 1 of CIRO, contraventions of former MFDA regulatory requirements may be enforced by CIRO.

**Schedule "A"**

**IN THE MATTER OF**

**THE MUTUAL FUND DEALER RULES**

**and**

**Shawn Michael Obradovic Mollons**

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## ORDER

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**WHEREAS on [date],** the Canadian Investment Regulatory Organization ("CIRO") issued a Notice of Settlement Hearing pursuant to Mutual Fund Dealer Rule 7.4.4 in respect of a disciplinary proceeding against Shawn Michael Obradovic Mollons (the "Respondent");

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of the Corporation ("Staff"), 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 Mutual Fund Dealer Rules 7.3 and 7.4.1;

**AND WHEREAS** based upon the admissions of the Respondent in the Settlement Agreement, the Hearing Panel is of the opinion that:

> Between August 30, 2021 and November 16, 2021, the Respondent signed the signatures or initials of five clients on six account forms and submitted them to the Dealer Member for processing, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).

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

1. The Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of the Corporation registered as a mutual fund dealer for a period of two months, commencing on [DATE/the date that this settlement agreement is accepted by a Hearing Panel], pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);

2. The Respondent shall pay a fine in the amount of $13,000 ("Fine"), pursuant to Mutual Fund Dealer Rule 7.4.1.1(b);

3. The Respondent shall pay costs in the amount of $2,500 ("Costs"), pursuant Mutual Fund Dealer Rule 7.4.2;

4. Payment by the Respondent of the Fine and Costs shall be made to and received by CIRO in certified funds as follows;

i) $6000 ($3,500 fine and $2,500 costs) upon acceptance of the Settlement Agreement;
ii) $3,500 (fine) on or before [DATE];
iii) $3,500 (fine) on or before [DATE]; and
iv) $2,500 (fine) on or before [DATE];

5. If the Respondent fails to make any of the payments described above in paragraph 4, any outstanding balance of the Fine and Costs shall become immediately due and payable to the Corporation;

6. The Respondent shall in the future comply with Mutual Fund Dealer Rule 2.1.1; and

7. If at any time a non-party to this proceeding, with the exception of the bodies set out in Mutual Fund Dealer Rule 6.3, requests production of or access to exhibits in this proceeding that contain personal information as defined by CIRO's Privacy Policy, then the Corporate Secretary's Office, Mutual Fund Dealer Division of CIRO 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 Mutual Fund Dealer Rules of Procedure.

**DATED** this [day] day of [month], 2023.

Name,
Chair

Name,
Industry Representative

Name,
Industry Representative