



**CIRO · OCRI**

Canadian Investment  
Regulatory  
Organization

Organisme canadien  
de réglementation  
des investissements

**Notice of Hearing**

**File No. 202333**

**IN THE MATTER OF  
THE MUTUAL FUND DEALER RULES<sup>i</sup>**

**and**

**Juan Carlos Saavedra**

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**NOTICE OF HEARING**

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**NOTICE** is hereby given that a disciplinary proceeding has been commenced by the Canadian Investment Regulatory Organization (“CIRO”) against Juan Carlos Saavedra (the “Respondent”). The first appearance will take place electronically by videoconference before a hearing panel of the Alberta District Hearing Committee of CIRO (the “Hearing Panel”) on February 12, 2024 at 10:00 am (Mountain Time) 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@ciro.ca](mailto:hearings@ciro.ca) to obtain particulars.

**DATED** this 27<sup>th</sup> day of November 2023.

“Michelle Pong”

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

Canadian Investment Regulatory Organization  
121 King Street West, Suite 2000  
Toronto, ON M5H 3T9  
Telephone: 416-945-5134  
Email: [hearings@ciro.ca](mailto:hearings@ciro.ca)

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

**Allegation #1:** Between July 2021 and October 2021, the Respondent misappropriated or otherwise failed to account for monies that the Respondent obtained from a client, contrary to Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).<sup>1</sup>

**Allegation #2:** Commencing in December 2022, the Respondent failed to cooperate with an investigation by the MFDA into his conduct, contrary to Mutual Fund Dealer Rule 6.2.1 (formerly section 22.1 of MFDA By-Law No. 1).

### **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. Between March 2018 and October 2021, the Respondent was registered in Alberta as a dealing representative with PFSL Investments Canada Ltd. (the “Dealer Member”), a Dealer Member of CIRO (formerly a Member of the MFDA).<sup>2</sup>
2. Between July 2020 and October 2021, the Dealer Member designated the Respondent as a branch manager.

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<sup>1</sup> Staff alleges that, at the time of the misconduct, the Respondent contravened MFDA Rule 2.1.1 and section 22.1 of MFDA By-Law No. 1, which are now incorporated into Mutual Fund Dealer Rules 2.1.1 and 6.2.1 referred to in this proceeding.

<sup>2</sup> Between February 2021 and October 2021, the Respondent was also registered with the Dealer Member in the province of Saskatchewan.

3. Between November 2008 and November 2021, the Respondent was also licensed to sell insurance, and offered segregated funds through an insurance company affiliated with the Dealer Member (the “Insurance Affiliate”).

4. On or about October 29, 2021, the Dealer Member terminated the Respondent as a result of the conduct described herein, and the Respondent is not currently registered in the securities industry in any capacity.

5. At all material times, the Respondent carried on business in the Calgary, Alberta area.

#### **Allegation #1 – The Respondent Misappropriated or Failed to Account for Monies**

6. At all material times, client WF was a client of the Dealer Member whose account was serviced by the Respondent.

7. Between July 2021 and October 2021, the Respondent misappropriated or otherwise failed to account for at least \$56,065 obtained from client WF.

8. The Respondent obtained the monies from client WF by processing a total of six redemptions from client WF’s Tax-Free Savings Account (“TFSA”) at the Dealer Member. The Respondent redeemed the monies from client WF’s TFSA by signing client WF’s signature on the account documentation without his knowledge.

9. The Respondent deposited the proceeds received from the unauthorized redemptions into the Respondent’s personal bank account.

10. On or about July 15, 2021, the Respondent set up Pre-Authorized Contributions (the “PAC”) in client WF’s TFSA without his knowledge and authorization, and over the span of six months deposited a total of \$105 into client WF’s account.

11. By setting up the PAC, the Respondent associated the Respondent’s personal bank account information with the account of client WF.

12. On or about October 19, 2021, client WF reviewed his account statement and became aware of the unauthorized redemptions described above. Client WF complained to the Respondent about the redemptions, and the Respondent told client WF that the withdrawals were the result of a cyber-attack. This was false or misleading, since the redemptions were processed by the Respondent, as described above.

13. On or about October 20, 2021, client WF reported the unauthorized redemptions to AGF Investments Inc., which then notified the Dealer Member.

14. The proceeds of the unauthorized redemptions obtained by the Respondent remain outstanding and unaccounted for by the Respondent.

15. The Dealer Member has compensated client WF for the monies owing due to the misappropriation by the Respondent.

16. The Respondent has also been convicted of uttering a forged document under s. 368(1)(a) of the *Criminal Code of Canada*, R.S.C., 1985, c. C-46, pertaining to the conduct described above involving client WF as well as client WF's spouse, a client of the Insurance Affiliate. The Respondent is required to pay \$73,515 in restitution as part of his sentence.

17. By virtue of the foregoing, the Respondent misappropriated or otherwise failed to account for monies that the Respondent obtained from a client, contrary to and Mutual Fund Dealer Rule 2.1.1 (formerly MFDA Rule 2.1.1).

## **Allegation #2 – Failure to Cooperate with Staff's Investigation**

18. On October 25, 2021, client WF submitted a written complaint to the MFDA regarding the Respondent's conduct, which stated that the Respondent misappropriated approximately \$85,000 from the accounts of client WF and client WF's spouse, a client of the Insurance Affiliate.

19. Staff of the MFDA ("Staff") commenced an investigation into the Respondent's conduct, and on December 20, 2022, Staff interviewed the Respondent. During the

interview, Staff requested that the Respondent provide a copy of the Respondent's banking records for both of the Respondent's bank accounts in order to, among other things, verify the amounts the Respondent obtained through the unauthorized redemptions and explain how the monies were used.

20. On December 21, 2022, Staff emailed the Respondent and requested that the Respondent provide the banking records by January 23, 2023.

21. On January 24, 2023, having not received the requested banking records, Staff emailed the Respondent, reiterating Staff's request and requiring the Respondent to provide the documents by no later than January 27, 2023.

22. On January 26, 2023, the Respondent provided partial records with respect to one of the Respondent's bank accounts, but failed to provide complete copies of the Respondent's bank records as requested.

23. On January 27 and March 9, 2023, Staff emailed the Respondent and reiterated Staff's request for the Respondent's banking records. The Respondent did not reply to Staff and has failed to provide the requested documentation.

24. As a result of the Respondent's failure to provide the documentation requested by Staff, Staff have been unable to determine the full nature and extent of the Respondent's conduct, including whether the Respondent engaged in similar misconduct with additional clients or other individuals, and how the monies which the Respondent misappropriated or failed to account for were used.

25. By engaging in the conduct described above, the Respondent failed to cooperate with an investigation into the Respondent's conduct by Staff, contrary to Mutual Fund Dealer Rule 6.2.1 (formerly section 22.1 of MFDA By-Law No. 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  
Mutual Fund Dealer Division  
121 King Street West, Suite 2000  
Toronto, ON M5H 3T9  
Attention: Maria Di Clemente  
Email: [mdiclemente@ciro.ca](mailto:mdiclemente@ciro.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  
Mutual Fund Dealer Division  
121 King Street West, Suite 2000  
Toronto, ON M5H 3T9  
Attention: Office of the Corporate Secretary; or

- (b) transmitting 1 electronic copy of the **Reply** to the Office of the Corporate Secretary, Mutual Fund Dealer Division by e-mail at [hearings@ciro.ca](mailto:hearings@ciro.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.**

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<sup>i</sup> 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 that is called the Canadian Investment Regulatory Organization (referred to herein as “CIRO”). 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. 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 CIRO, contraventions of former MFDA regulatory requirements may be enforced by CIRO.