Re Tejpal

IN THE MATTER OF:

The Mutual Fund Dealer Rules

and

Sanjeev Kumar Tejpal

2026 CIRO 19

Canadian Investment Regulatory Organization
Hearing Panel (Pacific District)

Heard: May 21, 2026, in Vancouver, British Columbia
Decision: May 21, 2026
Reasons for Decision: June 9, 2026

Hearing Panel:
Linda J. Murray, Chair, Richard Thomas, and Barb Fraser

Appearances:
Tyler Beazer, Enforcement Counsel
Chilwin Cheng, for Sanjeev Kumar Tejpal
Sanjeev Kumar Tejpal (present)

REASONS FOR DECISION ON ACCEPTANCE OF SETTLEMENT

INTRODUCTION

[1] On April 28, 2026, the Canadian Investment Regulatory Organization (CIRO) issued a Notice of Application for a hearing requesting that the hearing panel accept a Settlement Agreement between Enforcement Staff and Sanjeev Kumar Tejpal (the Respondent) pursuant to Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure and Mutual Fund Dealer Rule 7.4.4.

[2] In the Settlement Agreement, the Respondent admitted that he contravened MFDA Rules 2.2.1, 2.2.6, 2.4.4, and 1.1.2 (as those Rules were in place at the time of the contraventions[1]) in March 2021 by failing to ensure that mutual fund purchases subject to a deferred sales charge schedule that he recommended to and processed for a client were suitable for the client.

[3] In the Settlement Agreement, the Respondent agreed to the following sanctions:

a) a fine of $20,000, and

b) payment of costs in the amount of $5,000

i. both amounts to be paid by the Respondent immediately upon acceptance of the

[1] On December 31, 2021, MFDA Rule 2.2.1 was amended. As the conduct addressed in this contravention pre dated the amendments to this Rule, the version of MFDA Rule 2.2.1 that was in effect prior to December 31, 2021, is applicable.
On December 31, 2021, MFDA Rule 2.4.4 was amended. As the conduct addressed in this contravention occurred before and after the amendments to this Rule, the versions of MFDA Rule 2.4.4 that were in effect before December 31, 2021 and between December 31, 2021 and December 31, 2022, are applicable.
On July 7, 2022, MFDA Rule 1.1.2 was amended. As the conduct addressed in this contravention pre-dated the amendments to this Rule, the version of MFDA Rule 1.1.2 that was in effect prior to July 7, 2022, is applicable.

Settlement Agreement unless otherwise agreed between Enforcement Staff and the Respondent, and

c) the Respondent agreed to comply in the future with Mutual Fund Dealer Rules 2.2.1, 2.2.6, 2.4.4, and 1.1.2.

[4] The issues for this Panel to determine were whether:

a) the facts admitted by the Respondent in the Settlement Agreement amounted to misconduct and breached the Rules; and

b) the agreed sanctions fall within a reasonable range of appropriateness given the circumstances and the nature and extent of the Respondent's admitted conduct.

BACKGROUND

[5] The relevant facts are set out in Part III, paragraphs 3 to 47 of the Settlement Agreement, which is attached as Schedule A to this Decision.

[6] In addition to the facts set out in the Settlement Agreement, counsel for the Respondent advised the Panel that the Respondent has also been an insurance industry registrant since at least 2008.

ANALYSIS

Summary of Agreed Facts

[7] The Respondent has been a registrant since 2008.

[8] The Respondent met with a new client in March 2021. The client advised the Respondent that she planned to invest her spouse's life insurance proceeds of about $450,000 to purchase a home and for retirement savings. The client advised the Respondent that she intended to purchase a home within three years, while the Respondent's recollection was three to five years.

[9] On March 22, 2021, the Respondent opened the non-registered account for the client. On the New Account Application Form for the client the Respondent recorded KYC information including an investment time horizon of "10 + years".

[10] The Respondent recommended that the client purchase $390,000 of mutual funds that were subject to a six-year DSC schedule. The Respondent made the recommendation despite the fact that the client's investment time horizon was shorter than the DSC schedule for those mutual funds.

[11] The Respondent did not disclose the DSC schedule to the client or that DSC fees would be charged if she redeemed the mutual funds prior to the expiry of the DSC schedule.

[12] At the time that the Respondent obtained the client's signature on the Purchase Trade Ticket, the DSC fee schedule section was blank. The Respondent filled in the DSC fee schedule section after the client signed it.

[13] The mutual fund purchase was reversed as the purchase amount was not clearly specified on the Purchase Trade Ticket. The Respondent entered the purchase amount on the version of the Purchase Trade ticket initially signed by the client, on which the DSC fee schedule section was blank. The Respondent then obtained the client's initials for the purchase amount. The trade was then processed for the client's account.

[14] The Respondent received commissions totaling $10,904.27 for the client's mutual fund purchase.

[15] In March 2022, the client advised the Respondent that she purchased a home and asked that he redeem $300,000 of the mutual funds for her down payment. The Respondent processed the redemption but failed to disclose to the client that DSC fees would be charged for the redemption.

[16] In order to process the redemption of the mutual funds, the Respondent obtained the client's signature on the Redemption Trade Ticket. The DSC redemption fee section of the Redemption Trade Ticket was blank when the Respondent obtained the client's signature. The Respondent filled in the DSC redemption fee section after the client signed it. The Respondent also wrote "client is aware of DSC charges app[roximately] $15,000" and then submitted the Redemption Trade Ticket for processing.

[17] The mutual funds redemptions were processed on March 24, 2022, with a deduction for DSC fees of

$17,717.03.

[18] In September 2023, the client transferred the balance of $74,149.03 in mutual funds to another institution, for which she incurred DSC fees of $3,664.88. The Respondent was not involved in processing the transfer.

[19] In May 2024, the client complained to the Dealer Member that the Respondent had not disclosed that the mutual funds transactions were subject to DSC fees. The Dealer Member commenced an investigation and imposed internal disciplinary measures upon the Respondent.

[20] After an internal investigation, with which the Respondent cooperated, the Dealer Member paid compensation to the client of $21,381.91 to cover the fees on both redemptions, which it deducted from the Respondent's commissions. The Dealer Member also imposed and deducted an administrative penalty of $1,000 from the Respondent's commissions.

[21] The Dealer Member placed the Respondent on internal suspension and withheld all commissions for a period of six months. When the Dealer Member lifted the suspension it placed the Respondent on increased supervision. As of the date of the Settlement Agreement, the Respondent remains on increased supervision imposed by the Dealer Member.

DO THE AGREED FACTS CONSTITUTE MISCONDUCT

Dealer Member Policies and Procedures

[22] As noted in Enforcement Staff's submissions, at all material times, the Dealer Member's policies and procedures set out the following regarding the suitability of mutual funds subject to a DSC schedule:

a) "client purchases should be in keeping with client time horizon. i.e., if the client purchases funds on a DSC basis the client should have a 7 year plus time horizon";

b) "traditional DSC funds include a 6–7-year maturity schedule in which fees would be incurred by the client if the investment was sold prior to maturity [...]. Traditional DSC funds would generally not be considered to be appropriate or consistent with the client's interests if the client had a time horizon that was shorter than the DSC schedule";

c) "a client's stated time horizon is important when considering the fee structure of a mutual fund. Generally, it is considered unsuitable for a client to purchase into a DSC fee fund and have a time horizon that is shorter than the DSC schedule".

[23] The Dealer Member's policies and procedures also required the Respondent to disclose to the client information about the mutual fund's DSC schedule and fees when processing mutual fund transactions.

[24] The Dealer Member's policies and procedures prohibited the Respondent from using pre-signed account forms.

Relevant Regulatory Rules

[25] CIRO By-Law No. 1 (section 14.6) and Mutual Fund Dealer Rule 1A confirm that the Respondent remains subject to CIRO's jurisdiction regarding conduct that occurred while the Respondent was subject to MFDA Rules. The regulatory rules also confirm the Panel's jurisdiction to hear this matter and approve the Settlement Agreement.

[26] MFDA Rule 2.2.1 (now Mutual Fund Dealer Rule 2.2.1) and MFDA Rule 2.2.6 (now Mutual Fund Dealer Rule 2.2.6) codify the Respondent's know your client (KYC) and suitability obligations.

[27] Rule 2.2.1 requires that registrants take reasonable steps to learn the essential facts of the client and of each order to ensure that the registrant has sufficient information regarding the client's personal and financial circumstances, investment needs and objectives, investment knowledge, risk profile, and investment time horizon in order to meet the registrant's obligations under Rule 2.2.6.

[28] Rule 2.2.6 requires that before the registrant opens an account for a client or makes a recommendation that the registrant must determine that the action reasonably satisfies a number of criteria, including whether the action is suitable for the client based upon the client's KYC information, and that the registrant has taken

appropriate steps to understand the investment (Rule 2.2.5).

[29] Enforcement Staff pointed out in his submissions the importance of accurate KYC information. He noted that the KYC and suitability obligations have been recognized as "an essential component of the consumer protection scheme of [securities legislation] and a basic obligation of a registrant, and a course of conduct by a registrant involving a failure to comply with them is an extremely serious matter". Enforcement Staff referred the Panel to *Re DeVuono*[2], *Re Gordon*[3], *Re Popovich*[4], and the Suitability Guidelines[5].

[30] Enforcement Staff noted that the hearing panel in *Re Lamoureux*[6], found that KYC and suitability obligations are distinct concepts but in practice "they are so closely connected and interwoven that the terms are sometimes used interchangeably".

[31] Enforcement Staff noted that the Suitability Guidelines in MSN-0069 provide that a discrepancy between the KYC information and an investment generally means that the investment is not suitable or that the KYC information is not accurate and must be updated.

[32] Enforcement Staff submitted that Canadian securities authorities established and have adopted a three-stage KYC and suitability process that a registrant must complete in the following sequence:

a) Due Diligence – involves a registrant engaging in due diligence to know essential facts about the clients ("KYC information") whose accounts the registrant is servicing and important information about the products ("KYP information") including the associated risks of purchasing any product that the registrant may recommend;

b) Applying Judgment – involves a registrant applying "sound professional judgment" to identify and recommend investment products and strategies for particular clients that are suitable for the client bearing in mind the applicable KYC and KYP information obtained during the due diligence stage of the process; and

c) Disclosure of Material Risks and Benefits – involves a registrant making the client aware of the material negative and positive factors involved in any investment transaction that was recommended to or discussed with the client during the second stage of the process to ensure that the client is able to make an informed decision about whether to proceed.

[33] In support of his submission, Enforcement Staff referred the Panel to the following:

a) *Re Lamoureux*[7] and specifically to the ASC's reference to the "Three Stage Process";

b) *Re Gonzalez-Ticas*[8]

c) *Re Cappola*[9], 2025 CIRO 44

d) *Re DeVuono*[10]

e) *Re Davidson*[11], and

f) Suitability – Research Paper on Canadian Securities Regulatory Authority Decisions[12].

[34] Enforcement Staff noted that the panel in *Re Lamoureux*[13] found that if a registrant recommends securities that are not suitable for a particular client, then disclosure by the registrant during the third stage is

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[2] *Re DeVuono* 2012 MFDA 201102
[3] *Re Gordon* 2019 MFDA 201849
[4] *Re Popovich* 2015 MFDA 201240
[5] MFDA Staff Notice MSN-0069
[6] *Re Lamoureux* 2001 LNABASC 433
[7] Supra
[8] *Re Gonzalez-Ticas* 2025 CIRO 50
[9] *Re Cappola* 2025 CIRO 44
[10] Supra
[11] *Re Davidson* 2021 MFDA 202071
[12] MFDA Bulletin #0713-P issued on January 24, 2017
[13] Supra

irrelevant to the suitability obligation in stage two. It does not matter whether the registrant discloses the material negative factors, or whether the client claims to understand and accept the risks involved in the investment – the registrant failed to fulfill the obligations.

[35] Enforcement Staff submitted that the Respondent clearly did not follow the three-stage process.

[36] Enforcement Staff pointed out that KYC and suitability obligations are ongoing. If the registrant learns of a material change in the client's circumstances or that KYC information is inaccurate, the registrant must update the client's KYC information.

[37] Enforcement Staff submitted that it is the Respondent's obligation to ensure that an investment recommendation is suitable for the client and that this responsibility cannot be transferred in any way to the client.

[38] MFDA Rule 2.4.4(b), now Mutual Fund Dealer Rule 2.4.4(b), requires that prior to accepting an order for a client account the registrant must disclose to the client any transaction charges and, if deferred charges apply, that the client may be required to pay a DSC and that a fee schedule will apply.

[39] Enforcement Staff pointed out that the disclosure requirement applies to both the initial purchase and any subsequent redemptions. He noted that the objective of Rule 2.4.4(b) is to ensure clients are able to make informed decisions regarding transactions for their accounts. Enforcement Staff referred the Panel to *Re Sawwaf*[14], and MFDA Staff Notice MSN-0078.

[40] MFDA Rule 1.1.2 (now Mutual Fund Dealer Rule 1.1.2) requires that registrants comply with all By-Laws and Rules.

[41] Enforcement Staff submitted, and the Respondent admitted, that the Respondent contravened MFDA Rules 2.1.1, 2.2.6, 2.4.4, and 1.1.2 by:

a) failing to accurately record the client's KYC information, particularly the client's investment time horizon,

b) failing to meet his suitability obligations by failing to ensure that the mutual funds he recommended and processed, which were subject to a DSC charge, were suitable for the client given her stated investment time horizon, which was shorter than the DSC fee schedule, which was not disclosed to the client, and

c) failing to disclose to the client, both at the time of purchase and again when processing a redemption one year later, that the client would be charged DSC fees.

ROLE OF THE HEARING PANEL IN A SETTLEMENT AGREEMENT HEARING

[42] The role of a hearing panel when considering a settlement agreement is well-established. The hearing panel does not determine whether it would have imposed the same sanctions as those agreed by the parties through negotiation or a hearing panel after a contested hearing.

[43] Previous cases emphasize the importance of negotiated settlements to the efficiency of the administrative process and to the overall public interest. The role of a hearing panel when considering a settlement agreement is to determine whether the proposed sanctions fall within the criteria set in previous cases and if so, to accept the negotiated settlement.

[44] Enforcement Staff referred the Panel to Mutual Fund Dealer rule 7.4.4.3 and to *Re Sterling Mutuals Inc.*[15], *Re Canaccord Genuity Corp.*[16], *Re Sun Life Financial Investment Services (Canada) Inc.*[17], and *Re Milewski*[18]. Collectively, those hearing panels and others reviewed the standard to be applied by hearing panels when reviewing a settlement agreement. The panels in those cases noted that a panel should not reject a settlement unless it determines that the proposed penalties fall clearly outside a reasonable range, and that a settlement

[14] *Re Sawwaf* 2018 MFDA 201888
[15] *Re Sterling Mutuals Inc.* 2008 MFDA 200820
[16] *Re Canaccord Genuity Corp.* 2025 CIRO 37
[17] *Re Sun Life Financial Investment Services (Canada) Inc.* 2015 MFDA 201520
[18] *Re Milewski* [1999] IDACD No.17

agreement should be accepted if the agreed sanctions:

a) are fair and reasonable as proportional to the seriousness of the contraventions, considering all relevant circumstances,

b) are within an acceptable range taking into account previous cases, and

c) would serve as a specific and general deterrent.

[45] The hearing panels in *Re Canaccord*[19] and in *British Columbia Securities Commission v. Seifert*[20] noted that settlements are in the public interest as they avoid costly hearings, potentially increase the regulator's enforcement capacity and ability to focus on other matters, and allow respondents to focus on the conduct of their businesses and on remedial measures.

SUBMISSIONS REGARDING PENALTY

[46] Enforcement Staff referred to a number of general principles and relevant factors that panels may consider when determining whether proposed sanctions are appropriate, including the CIRO Sanction Guidelines:

a) CIRO's mandate as a national self-regulatory organization is to strengthen market integrity and public confidence, and to maintain efficient and competitive capital markets.

b) The purpose of the Sanction Guidelines is to assist CIRO staff and respondents in negotiating settlements, and hearing panels in determining whether to accept settlement agreements which include determining appropriate sanctions.

c) Although the Sanction Guidelines are not mandatory they provide a summary of principles and key factors (which are not exhaustive), including mitigating and aggravating factors, which panels may take into account when exercising discretion consistently and fairly.

d) In general, sanctions are preventive in nature and should:

i. protect the public, strengthen market integrity, and improve business standards,

ii. be an effective general and specific deterrent,

iii. be proportionate given the seriousness of the conduct and impact upon the Respondent,

iv. reflect industry expectations, and

v. be similar to other cases with similar facts and circumstances.

[47] Enforcement Staff submitted that the Panel should place emphasis upon the following factors in this case:

a) Nature of the misconduct. The Respondent's failure to comply with the three-stage KYC and suitability process and his failure to disclose the DSC fee schedule violated fundamental regulatory obligations. This was serious misconduct and an aggravating factor.

b) Past experience. The Respondent was registered since February 2008 and at the time of the misconduct had been registered for about thirteen years. As an experienced registrant, the Respondent ought to have been aware of the Dealer Member's policies and procedures, and the regulatory rules and guidance notices (including MSN-0069, MSN-0078, and Bulletin #0713-P) regarding the suitability and disclosure of DSC fee mutual funds. This was an aggravating factor.

c) Harm to the client. As a result of the Respondent's failure to comply with his regulatory obligations, the client incurred $21,381.91 in DSC fees (which were fully repaid by the Dealer Member). This demonstrates the negative consequences of failing to comply with the Respondent's suitability obligations. This was an aggravating factor.

d) Benefit received by the Respondent. The Respondent received commissions of $10,904.27 in

[19] *Re Canaccord Genuity Corp* 2025 CIRO 37

[20] *British Columbia Securities Commission v. Seifert* 2006 BCSC 174

connection with the mutual funds purchases. The Dealer Member took those commissions in order to repay the client, which amounted to a disgorgement of the Respondent's financial benefit. As a result, the Respondent did not benefit financially from his misconduct. Otherwise, this would have been an aggravating factor.

e) Recognition of seriousness of misconduct. The Respondent acknowledged that his conduct was a serious contravention. The Respondent accepted responsibility for his conduct and entered into the Settlement Agreement which saved time, resources, and expenses of conducting a full hearing. This was a mitigating factor.

f) Extent of the misconduct. The misconduct related to one client involving the purchase and redemption of mutual funds.

g) Internal disciplinary measures. The Respondent was the subject of substantial internal disciplinary measures by the Dealer Member. These measures included: (1) disgorgement of commissions from the client transactions in order to repay the client's DSC fees; (2) an additional administrative penalty of $1,000; (3) suspension for six months; and (4) ongoing increased supervision requirements. This was a mitigating factor.

h) Prior disciplinary history. The Respondent has no prior disciplinary history.

i) Specific deterrence. Given all of the circumstances of this case, the goal of specific deterrence will be achieved by the sanctions agreed to in the Settlement Agreement.

j) General deterrence. The well-established goal of general deterrence is to protect investors. Sanctions imposed should be sufficient to promote public confidence in the regulatory system and ensure that the misconduct is not repeated by others in the industry.

k) The proposed sanctions in this Settlement Agreement will serve as a general deterrent. The financial penalty is a meaningful sanction which reinforces the need for registrants to comply with fundamental KYC, suitability, and disclosure of all transaction fee requirements. The sanctions will send a clear message that this type of misconduct is serious and will not be tolerated.

l) The proposed sanctions will further CIRO's mandate to enhance investor protection and strengthen public confidence in the securities markets by ensuring high standards of conduct from market participants.

m) Payment of costs. Although costs do not serve as sanctions, they serve as a way to recover some of the costs incurred to enforce regulatory requirements. An award of costs also holds the Respondent accountable for a portion of the costs incurred by CIRO as a result of his misconduct. Enforcement Staff submitted that a cost award of $5,000, which is a discounted amount from the actual costs in this case, was reasonable and appropriate.

[48] Enforcement Counsel referred to a number of cases dealing with KYC/suitability principles including:

a) *Re Gonzalez-Ticas*[21],

b) *Re Cappola*[22],

c) *Re Tachauer*[23], and

d) *Re Salina*[24].

[49] Enforcement Staff noted that while all cases turn on their particular facts, the issues in the Respondent's case were similar and the Respondent's conduct and the proposed sanctions fell within the range of those cases.

[21] Supra
[22] *Re Cappola* 2025 CIRO 44
[23] *Re Tachauer* 2024 CIRO 17
[24] *Re Salina* 2022 MFDA 202081

[50] Counsel for the Respondent emphasized the following factors in his submissions:

a) This was a single incident in a long career of twenty plus years.

b) There are significant mitigating factors: (1) the client was made whole and there was no capital loss as in some of the other cases; (2) there was in effect disgorgement as the Dealer Member took the respondent's commissions to repay the client; and (3) there was significant and material internal disciplinary measures taken by the Dealer Member including an administrative fine of $1,000 and suspension of about six months with ongoing internal supervision of the Respondent.

c) The Respondent cooperated with the Dealer Member's internal investigation and with the CIRO investigation.

d) The Respondent does not intend to continue as a mutual fund registrant but rather as an insurance advisor. The Respondent intends as a legacy to pass along his mutual fund book to his children.

e) The "short, sharp rebuke" recommended is appropriate given the scale of the misconduct and the Respondent's background and meets the principles set out in the CIRO Sanction Guidelines. The penalty accomplishes the goal of specific deterrence and would also serve as a general deterrent to a reasonable reader.

[51] Counsel for the Respondent agreed that the cases referenced by Enforcement Staff as being similar to this case represent a reasonable range, with *Re Gonzalez-Ticas*[25] and *Re Cappola*[26] most similar to this case. Counsel also noted that *Re Toews*[27] was similar to this case although there was no unsuitability finding and the fine was lower.

[52] Enforcement Staff and counsel for the Respondent acknowledged that there were factors in some of the cases which should be distinguished when comparing the penalties in those cases to those proposed for this Respondent:

a) The sanctions in *Re Gonzalez-Ticas*[28] included a $20,000 fine and a one-year prohibition. There was no prohibition in this case, although the Respondent was subject to a six-month suspension and ongoing supervision.

b) The loss in *Re Cappola*[29] was larger and involved two condominium corporations, the fine was $30,000.

c) *Re Tachauer*[30] involved leverage issues with a fine of $40,000.

d) *Re Salina*[31] involved other allegations of conflict of interest and the use of several pre-signed forms as a separate breach, with a fine of $30,000.

[53] The Respondent admitted that his conduct breached the MFDA Rules (now Mutual Fund Dealer Rules) and his Dealer Member's policies and procedures.

[54] Enforcement Staff and counsel for the Respondent jointly submitted that the Panel should accept the Settlement Agreement as being in the public interest, and that the proposed sanctions fall within a reasonable range of appropriateness and previous cases given the Respondent's specific circumstances.

PANEL ASSESSMENT

[55] The Respondent admitted, and the Panel finds, that the Respondent's conduct as set out in the

[25] Supra
[26] Supra
[27] *Re Toews* 2025 CIRO 15
[28] Supra
[29] Supra
[30] Supra
[31] Supra

Settlement Agreement amounted to serious misconduct.

[56] The KYC and suitability obligations are fundamental regulatory requirements and require registrants to follow a three-stage process. These obligations are ongoing and must be reviewed if there are material changes in the client's circumstances.

[57] The Respondent was required to ensure that the KYC investment time horizon information accurately reflected the client's stated objectives. The client said she told the Respondent that she intended to purchase a house within three years, which the Respondent recalled was three to five years. The Respondent recorded the client's investment time horizon as "10+ years". KYC information recorded by the Respondent for the client was inaccurate.

[58] The Respondent recommended and processed a mutual funds transaction for the client which was subject to a DSC fee schedule of six years. This did not match the client's stated investment objectives and investment time horizon. As a result, the Respondent failed to meet his regulatory obligations regarding suitability of the investment for this client.

[59] The Panel determined that the difference in recollections between the client and the Respondent as to the three or three to five year time horizon was not material, given the DSC fee schedule of six years.

[60] The Respondent did not update the KYC information when he became aware of the material change in the client's circumstances when she advised him of the house purchase and request for redemption one year later.

[61] The Respondent admitted, and the Panel finds, that the Respondent failed to advise the client of the DSC fee schedule at the time of the purchase and redemption of the mutual funds.

[62] The Respondent admitted, and the Panel finds, that the Respondent breached the Dealer Member's policies and procedures and other regulatory requirements prohibiting the use of blank forms. The Respondent admitted that the sections for DSC fees were blank on the trade tickets for the initial purchase and redemption of the mutual funds. The Respondent ought to have ensured that those sections were completed before the client signed and initialed the tickets.

[63] The Panel asked Enforcement Staff and counsel for the Respondent to provide further submissions regarding the facts set out in paragraph 35 of the Settlement Agreement. Both counsel advised the Panel that there was no evidence that the Respondent's conduct amounted to fraud or forgery, rather than inadvertence or an error regarding this issue. Both counsel advised that the totality of the underlying conduct was assessed and included in the Settlement Agreement negotiated by the parties. When the Settlement Agreement was negotiated, the facts were taken as a whole and considered as an aggravating factor. Counsel for the Respondent submitted that based upon the available facts, the inference to be made was that this was an error and not dishonesty. The Panel accepted the submissions of both counsel regarding this issue.

[64] The Respondent has not been the subject of any other CIRO or MFDA disciplinary proceeding.

[65] The Respondent accepted responsibility for the misconduct and cooperated with investigations by the Dealer Member and CIRO. The Respondent entered into the Settlement Agreement which saved time, resources, and expenses.

[66] The Respondent was subject to significant internal discipline by the Dealer Member. The client was made whole and did not suffer a loss as a result of the Respondent's conduct. There was disgorgement as the Dealer Member took the commissions paid to the Respondent for the transactions, levied an internal administrative fine of $1,000, and the Respondent was denied any further commissions during the Dealer Member's imposition of a six-month suspension. The Respondent remains subject to increased supervision by the Dealer Member.

[67] The Panel agrees that the sanctions negotiated in the Settlement Agreement will serve as a specific deterrent to this Respondent given all of the circumstances, including the significant internal disciplinary measures taken by the Dealer Member.

[68] The Panel finds that the sanctions will also serve as a general deterrent in the public interest. The financial penalty is a meaningful sanction given the circumstances of this case and is consistent with other

cases involving similar misconduct. The sanctions will reinforce that KYC and suitability requirements, as well as disclosure of all fees and charges to clients, are fundamental obligations of registrants and that failure to comply with these obligations will not be tolerated and will result in serious sanctions. The sanctions will further CIRO's mandate to enhance investor protection and strengthen public confidence in the securities markets and regulatory system by ensuring high standards of conduct from market participants.

PANEL CONCLUSION

[69] The Panel took into account the authorities and submissions of Enforcement Staff and counsel for the Respondent regarding its role and the recommended sanctions in making its determination to accept the Settlement Agreement.

[70] The Panel accepted the joint submissions of Enforcement Staff and counsel for the Respondent that it was in the public interest to accept the Settlement Agreement given the specific facts of this case. The Panel advised that these written reasons would follow.

[71] The Panel determined that the agreed sanctions met the CIRO Sanction Guidelines and:

a) were fair and reasonable considering all the relevant circumstances,

b) were within an acceptable range taking into account similar cases, and

c) would serve as a specific and general deterrent in the public interest.

[72] The Hearing Panel unanimously accepted the Settlement Agreement and ordered the following sanctions:

a) a fine of $20,000, and

b) payment of costs in the amount of $5,000.00, to be paid by the Respondent immediately upon acceptance of the Settlement Agreement unless otherwise agreed between Enforcement Staff and the Respondent, and

c) the Respondent will comply in the future with Mutual Fund Dealer Rules 2.2.1, 2.2.6, 2.4.2, and 1.1.2.

DATED at Vancouver, British Columbia, on June 9, 2026.

"Linda J. Murray"

Linda J. Murray, Chair

"Richard Thomas"

Richard Thomas

"Barb Fraser"

Barb Fraser

CIRO · OCRI
Canadian Investment Regulatory Organization
Organisme canadien de réglementation des investissements

IN THE MATTER OF

THE MUTUAL FUND DEALER RULES

AND

SANJEEV KUMAR TEJPAL

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization ("CIRO")[i] will issue a Notice of Settlement Hearing to announce a settlement hearing pursuant to Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure ("Rules of Procedure") to consider whether a Hearing Panel should accept this Settlement Agreement between Enforcement Staff and Sanjeev Kumar Tejpal (the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Enforcement Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

Overview

4. As described in greater detail below, client LV met the Respondent to discuss investing the proceeds from her late spouse's life insurance policy.

5. Client LV informed the Respondent that she intended to purchase a home using the insurance proceeds within three years or, according to the Respondent, three to five years. Client LV also communicated that a portion of the monies from the life insurance policy

could be allocated towards savings for retirement. The Respondent recorded that client LV's investment time horizon was "10 + years", which did not accurately reflect all of her stated investment objectives.

6. The Respondent recommended that client LV purchase certain mutual funds (the "Mutual Funds") that were subject to a six-year deferred sales charge ("DSC") schedule.

7. The Respondent failed to ensure that the Mutual Funds were suitable for client LV. In particular, the Respondent recommended the Mutual Funds to client LV even though client LV's actual investment time horizon was shorter than the DSC schedule applicable to the Mutual Funds.

8. The Respondent also failed to disclose to client LV that the Mutual Funds purchased were subject to a DSC fee schedule and that she would be charged DSC fees if the Mutual Funds were redeemed prior to the expiry of the DSC schedule.

Registration History

9. Since February 2008, the Respondent has been registered in British Columbia as a dealing representative for WFG Securities Inc. (the "Dealer Member"), a Dealer Member of CIRO (formerly a Member of the MFDA).

10. At all material times, the Respondent conducted business in the Surrey, British Columbia area.

Failure to Accurately Record the Essential Facts Relative to a Client

11. In January 2021, client LV's spouse passed away, and client LV subsequently received approximately $450,000 from her spouse's life insurance policy.

12. On March 8 and 22, 2021, client LV met with the Respondent to discuss investing the proceeds of the life insurance policy.[1]

13. During the meetings, client LV informed the Respondent that:

[1] Prior to March 2021, the Respondent did not service client LV's accounts and client LV was not a client of the Dealer Member.

a) she rented her house;

b) she was not currently working as a result of an injury;

c) her only source of income was insurance benefits that she was receiving as a result of her injury;

d) she intended to purchase a home using the insurance proceeds within three years or, according to the Respondent, three to five years; and

e) her investment objectives also included allocating some of the monies towards retirement savings.

14. On March 22, 2021, the Respondent opened a non-registered account (the "Account") at the Dealer Member for client LV.

15. On the New Account Application Form ("NAAF") in respect of the Account, the Respondent recorded Know-Your-Client ("KYC") information in respect of client LV, including that client LV had an investment time horizon of "10 + years".

16. An investment time horizon of "10 + years" was inaccurate because client LV had informed the Respondent that she intended to purchase a home within three years or, according to the Respondent, three to five years. The Respondent ought to have ensured that the recorded investment time horizon accurately reflected all of client LV's stated investment objectives.

Failure to Ensure Suitability of Mutual Funds and Failure to Disclose DSC Fees

The Recommended Mutual Funds were Unsuitable due to the DSC Schedule and Charges

17. At all material times, the Dealer Member's policies and procedures stated the following regarding the suitability of mutual funds subject to a DSC schedule:

a) "Client purchases should be in keeping with client time horizon. i.e. if the client purchases funds on a DSC basis the client should have a 7 year plus time horizon."

b) "Traditional DSC funds include a 6-7 year maturity schedule in which fees would be incurred by the client if the investment was sold prior to maturity

[...] Traditional DSC funds would generally not be considered to be appropriate or consistent with the client's interests if the client had a time horizon that was shorter than the DSC schedule."

c) "A client's stated time horizon is important when considering the fee structure of a mutual fund. Generally, it is considered unsuitable for a client to purchase into a DSC fee fund and have a time horizon that is shorter than the DSC schedule."

18. In addition, at all material times, the Dealer Member's policies and procedures required its Approved Persons to disclose to clients information about a mutual fund's DSC schedule and DSC fees, when processing purchases or sales of mutual funds subject to a DSC schedule.

19. In addition, at all material times, the Dealer Member's policies and procedures prohibited its Approved Persons from using pre-signed account forms.

20. On March 22, 2021, the Respondent recommended to client LV and processed the purchase of Mutual Funds totaling $390,000 in client LV's Account.

21. The Mutual Funds were subject to a six-year deferred sales charge ("DSC") schedule.

22. The Respondent failed to ensure that the Mutual Funds, which were subject to a deferred sales charge schedule, were suitable for client LV. In particular, the Respondent recommended the Mutual Funds to client LV even though client LV's actual investment time horizon was shorter than the DSC schedule applicable to the Mutual Funds, and without disclosing the DSC schedule to client LV.

Failure to Disclose DSC Fees when Client LV Purchased the Mutual Funds

23. The Respondent failed to disclose to client LV that the Mutual Funds were subject to a DSC schedule, and failed to disclose to client LV that she would be charged DSC fees if she redeemed the Mutual Funds prior to the expiry of the DSC schedule.

24. In order to process the purchase of the Mutual Funds, the Respondent completed and obtained client LV's signature on a Dealer Member trade ticket (the "Purchase Trade Ticket").

25. The Purchase Trade Ticket included a section (the "DSC Fee Schedule Section") that set out the percentage of DSC fees that would be deducted upon a redemption of the Mutual Funds, depending on which year during the Mutual Funds' DSC schedule that the redemption took place.

26. When the Respondent provided the Purchase Trade Ticket to client LV to sign, the DSC Fee Schedule Section on the Purchase Trade Ticket was blank.

27. After client LV signed the Purchase Trade Ticket and returned it to the Respondent, the Respondent completed the DSC Fee Schedule Section on the Purchase Trade Ticket and submitted it to the Dealer Member for processing.

28. The Dealer Member subsequently informed the Respondent that the purchases of the Mutual Funds had been reversed because the purchase amount was not clearly specified on the Purchase Trade Ticket.

29. The Respondent then inputted the purchase amount on the version of the Purchase Trade Ticket that client LV had signed but on which the DSC Fee Schedule Section was blank, and requested that client LV initial the purchase amount on that version of the Purchase Trade Ticket.

30. After client LV initialed the purchase amount on the Purchase Trade Ticket described above in paragraph 29 and returned it to the Respondent, the Respondent submitted it to the Dealer Member, and the Mutual Fund purchases were processed in client LV's Account.

Failure to Disclose DSC Fees when Client LV Redeemed the Mutual Funds

31. In or about March 2022, client LV informed the Respondent that she had purchased a condo and requested that the Respondent redeem $300,000 from the Mutual Funds so that she could apply the redemption proceeds towards a down payment on the condo.

32. The Respondent then processed the redemption but failed to disclose to client LV that she would be charged DSC fees on the redemption.

33. In order to process the redemption, the Respondent completed and obtained client LV's signature on a Dealer Member trade ticket (the "Redemption Trade Ticket").

34. The Redemption Trade Ticket included a section (the "DSC Redemption Fee Section") where the Approved Person was required to indicate the amount of the DSC fees associated with the redemption. When the Respondent provided the Redemption Trade Ticket to client LV to sign, the DSC Redemption Fee Section on the Redemption Trade Ticket was blank.

35. After client LV signed the Redemption Trade Ticket and returned it to the Respondent, the Respondent completed the DSC Redemption Fee Section on the Redemption Trade Ticket and also wrote "client is aware of DSC charges app[roximately] $15,000" on the Redemption Trade Ticket, and submitted it to the Dealer Member for processing.

36. Client LV was not aware of the DSC charges because, as described above, the Respondent failed to disclose to client LV that the Mutual Funds were subject to a DSC schedule and that she would be charged DSC fees when she redeemed the Mutual Funds.

Client LV Incurred DSC Fees

37. On March 24, 2022, the redemptions totaling $300,000 (gross) were processed in client LV's Account. After the deduction of DSC fees totaling $17,717.03, client LV received net redemption proceeds of $282,282.97.

38. In September 2023, client LV transferred out $74,149.03 of the Mutual Funds from her Account to another institution, which reduced the balance in the Account to zero. Client LV incurred DSC fees totaling $3,664.88 on this transfer. The Respondent was not involved in the processing of this transfer.

39. By virtue of the foregoing, the Respondent failed to ensure that the Mutual Funds were suitable for client LV, and failed to disclose information to client LV about the Mutual Funds' DSC schedule and fees when processing purchases and redemptions of the Mutual Funds in her Account.

Additional Factors

40. The Respondent received compensation totaling $10,904.27 as a result of the purchases of the Mutual Funds by client LV as described above.

41. In May 2024, client LV complained to the Dealer Member that the Respondent had not disclosed to her that the Mutual Funds were subject to DSC fees.

42. After investigating the complaint, the Dealer Member paid compensation to client LV totaling $21,381.91. This consisted of compensation in respect of the DSC fees totaling $17,717.03 that client LV incurred as a result of the March 24, 2022 redemption that the Respondent processed as described above, and compensation in respect of the DSC fees totaling $3,664.88 that client LV incurred when the balance of her Account was transferred out of the Dealer Member in September 2023 as described above.

43. The Dealer Member deducted the compensation that it paid to client LV (i.e. $21,381.91) from the Respondent's commissions, and also deducted an administrative penalty in the amount of $1,000 from the Respondent's commissions.

44. On August 13, 2024, the Dealer Member placed the Respondent on an internal suspension during which it withheld all of the Respondent's commissions related to any business conducted through the Dealer Member, and during which the Respondent was prohibited from conducting any business through the Dealer Member.

45. On February 20, 2025, the Dealer Member lifted the internal suspension, and placed the Respondent on increased supervision. As of the date of this Settlement Agreement, the Respondent remains on increased supervision.

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

47. By entering into the Settlement Agreement, the Respondent has saved CIRO the time, resources, and expenses associated with conducting a contested hearing of the allegations.

PART IV – CONTRAVENTIONS

48. By engaging in the conduct described above, the Respondent committed the following contravention of CIRO requirements:

    (i) In March 2021, the Respondent failed to ensure that mutual fund purchases subject to a deferred sales charge schedule that he recommended to and processed for a client were suitable for the client, contrary to MFDA Rules 2.2.1[2], 2.2.6, 2.4.4[3] and 1.1.2.[4]

PART V – TERMS OF SETTLEMENT

49. The Respondent agrees to the following sanctions and costs:

    (i) a fine in the amount of $20,000; and

    (ii) costs in the amount of $5,000.

50. The Respondent also agrees to in the future comply with Mutual Fund Dealer Rules 2.2.1, 2.2.6, 2.4.4 and 1.1.2.

51. If this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees to pay the amounts referred to above immediately upon such acceptance, unless otherwise agreed between Enforcement Staff and the Respondent.

[2] On December 31, 2021, MFDA Rule 2.2.1 was amended. As the conduct addressed in this contravention pre-dated the amendments to this Rule, the version of MFDA Rule 2.2.1 that was in effect prior to December 31, 2021, is applicable.

[3] On December 31, 2021, MFDA Rule 2.4.4 was amended. As the conduct addressed in this contravention occurred before and after the amendments to this Rule, the versions of MFDA Rule 2.4.4 that were in effect before December 31, 2021 and between December 31, 2021 and December 31, 2022, are applicable.

[4] On July 7, 2022, MFDA Rule 1.1.2 was amended. As the conduct addressed in this contravention pre-dated the amendments to this Rule, the version of MFDA Rule 1.1.2 that was in effect prior to July 7, 2022, is applicable.

PART VI – STAFF COMMITMENT

52. If the Hearing Panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.

53. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Mutual Fund Dealer Rule 7 against the Respondent. These proceedings may be based on, but not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

54. This Settlement Agreement is conditional on acceptance by the Hearing Panel.

55. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with Mutual Fund Dealer Rule 7.4.4, and Rules of Procedure 14 and 15, in addition to any other procedures that may be agreed upon between the parties.

56. Enforcement Staff and the Respondent agree that this Settlement Agreement will form all the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the Hearing Panel.

57. If the Hearing Panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules and By-law No. 1 of CIRO, and any applicable legislation to any further hearing, appeal, and review.

58. If the Hearing Panel rejects this Settlement Agreement, Enforcement Staff and the Respondent may enter into another settlement agreement or Enforcement Staff may proceed to a disciplinary hearing based on the same or related allegations.

59. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

60. This Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and CIRO will post a copy of this Settlement Agreement on the CIRO website. CIRO will publish a notice and news release of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement and the Hearing Panel's written reasons for its decision to accept this Settlement Agreement.

61. If this Settlement Agreement is accepted, the Respondent agrees that neither they nor anyone on their behalf, will make a public statement inconsistent with this Settlement Agreement.

62. This Settlement Agreement is effective and binding upon the Respondent and Enforcement Staff as of the date of its acceptance by the Hearing Panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

63. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.

64. An electronic copy of any signature will be treated as an original signature.

DATED this 23rd day of April, 2026.

"Witness"
Witness

"Respondent"
Respondent

"Tyler Beazer"
Tyler Beazer
Enforcement Counsel on behalf of
Enforcement Staff of the
Canadian Investment Regulatory
Organization

The Settlement Agreement is hereby accepted this 21st day of May, 2026 by the following Hearing Panel:

Per: "Linda Murray"
Chair

Per: "Barb Fraser"
Industry Member

Per: "Richard Thomas"
Industry Member

[i] Where the rules, by-laws, and policies of the Mutual Fund Dealers Association of Canada (the "MFDA") that were in force immediately prior to amalgamation of the Investment Industry Regulatory Organization of Canada and the MFDA have been incorporated into the Mutual Fund Dealer Rules, Enforcement Staff have referenced the relevant section of the Mutual Fund Dealer Rules.