



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

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**Re: The Investment House of Canada Inc.,
Sanjiv Sawh and Vlad Trkulja**

ORDER

WHEREAS on November 30, 2009, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to sections 20 and 24 of By-law No. 1 in respect of The Investment House of Canada Inc., Sanjiv Sawh (“Sawh”) and Vlad Trkulja (“Trkulja”) (collectively, the “Respondents”);

AND WHEREAS the Respondents entered into a settlement agreement with Staff of the MFDA, dated April 8, 2010 (the “Settlement Agreement”), in which the Respondents agreed to a proposed settlement of matters for which the Respondents could be disciplined pursuant to ss. 20 and 24.1 of By-law No. 1;

AND WHEREAS the Hearing Panel is of the opinion that:

- (a) Between October 2005 and February 2007, Sawh and Trkulja sold securities pursuant to exemptions under applicable securities legislation (“exempt securities”) to some clients without ensuring that:

- I. the exempt securities were suitable for the clients, and in keeping with their investment objectives, contrary to MFDA Rules 2.2.1 and 2.1.1; and/or
 - II. the clients qualified as accredited investors in accordance with National Instrument 45-106, contrary to MFDA Rule 2.1.1, thereby engaging the jurisdiction of the Hearing Panel to impose a penalty pursuant to s. 24.1.1(h) of MFDA By-law No. 1.
- (b) Between October 2005 and February 2007, The Investment House of Canada Inc. approved and allowed the sale of exempt securities to some clients without having conducted reasonable due diligence on the nature and the appropriate risk ranking of the exempt securities and without having made reasonable inquiries to determine whether the exempt securities were suitable for sale to the clients, contrary to MFDA Rule 2.2.1 and 2.1.1.
- (c) Between October 2005 and February 2007, The Investment House of Canada Inc. did not establish, implement and maintain policies and procedures to adequately and effectively supervise the sale of exempt securities to its clients, contrary to MFDA Rules 2.5.1 and 2.1.1 and MFDA Policy No. 2.
- (d) Between October 2005 and February 2007, The Investment House of Canada Inc. did not maintain adequate books, records, documentation and other information regarding clients of The Investment House of Canada Inc. who purchased exempt securities, contrary to MFDA Rule 5.6.
- (e) Between February 2006 and February 2007, The Investment House of Canada Inc., Trkulja and Sawh did not ensure that actual or potential conflicts between their interests and those of The Investment House of Canada Inc.'s clients were addressed by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rule 2.1.4.
- (f) Between May 1, 2006 and January 31, 2009, The Investment House of Canada Inc. did not maintain evidence of adequate supervision at the head office level,

contrary to MFDA Rule 2.5 and MFDA Policy No. 2.

- (g) Between May 1, 2006 and January 31, 2009, The Investment House of Canada Inc. did not maintain evidence of adequate trade supervision at the branch office level, contrary to MFDA Rule 2.5 and MFDA Policy No. 2.
- (h) Between May 1, 2006 and January 31, 2009, The Investment House of Canada Inc. did not ensure that trades in some client accounts in mutual funds and other securities were suitable for the clients and consistent with the clients' documented investment objectives and KYC information, contrary to MFDA Rule 2.2.1.
- (i) Between May 1, 2006 and January 31, 2009, The Investment House of Canada Inc. did not collect complete New Account Application Forms and Know-Your-Client information for some client accounts, and permitted trading in such accounts, contrary to MFDA Rules 2.2.1, 2.2.2 and 2.2.3.
- (j) Between May 1, 2006 and January 31, 2009, The Investment House of Canada Inc. did not establish, implement and maintain an adequate branch review program, contrary to MFDA Rule 2.5 and MFDA Policy No. 5.
- (k) Between October 2005 to January 31, 2009, Trkulja and Sawh, as directors and officers of The Investment House of Canada Inc., did not ensure that The Investment House of Canada Inc. maintained a compliance program that identified and addressed material risks of non-compliance and that appropriate supervision and compliance procedures to manage those risks had been implemented, and more specifically caused The Investment House of Canada Inc. to breach MFDA By-laws, Rules and Policies, as described in the Settlement Agreement, contrary to MFDA Rules 2.1.1(c) and 2.5.1 and MFDA Policy 2.

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

1. The Investment House of Canada Inc.'s membership in the MFDA shall be

subject to the following terms and conditions commencing on the seventh (7th) day after the date of this Order, pursuant to section 24.1.2(f) of MFDA By-law No. 1:

- (a) The Investment House of Canada Inc. is prohibited from accepting any new clients;
- (b) The Investment House of Canada Inc. is prohibited from selling any securities pursuant to any exemptions under applicable securities legislation; and
- (c) The Investment House of Canada Inc. is prohibited from recommending or facilitating any leveraged investing strategies.

2. The rights and privileges of membership of The Investment House of Canada Inc. in the MFDA shall be suspended on the thirtieth (30th) day after the date of this Order. The Investment House of Canada Inc. shall immediately tender its resignation and shall remain suspended until such time as its resignation is approved by the MFDA or its rights and privileges of membership are otherwise terminated by the MFDA or a Hearing Panel pursuant to section 24.1.2(c) of MFDA By-law No. 1;

3. Sawh and Trkulja agree with the MFDA to provide their full cooperation in the orderly resignation of The Investment House of Canada Inc.;

4. Sawh shall pay a fine in the amount of \$10,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1;

5. Trkulja shall pay a fine in the amount of \$10,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1;

6. Sawh is prohibited for a period of three (3) years from acting in the capacity of a branch manager, compliance officer or UDP;

7. Trkulja is prohibited for a period of three (3) years from acting in the capacity of a branch manager, compliance officer or UDP;

8. Sawh and Trkulja shall complete an investment funds course acceptable to Staff

of the MFDA, within six (6) months, from the date of this Order, pursuant to section 24.1.1(f) of MFDA By-law No. 1;

9. In the event that Trkulja or Sawh seeks to become registered as a partner, director or officer of a Member of the MFDA, then Trkulja or Sawh, or both as the case may be, shall successfully complete the Partners Directors and Senior Officers course (or other course acceptable to the MFDA) prior to becoming so registered;

10. The Respondents shall together pay costs in the amount of \$10,000, attributable to conducting the investigation and settlement of this matter, pursuant to section 24.2 of MFDA By-law No. 1;

11. Sawh and Trkulja shall in the future comply with all MFDA By-laws, Rules and Policies, and all applicable securities legislation and regulations made thereunder.

DATED this 9th day of April, 2010.

“Terrance A. Sweeney”

Terrance A. Sweeney,
Chair

“Cheryl Hamilton”

Cheryl Hamilton,
Industry Representative

“Paola Cifelli”

Paola Cifelli,
Industry Representative