



NEWS RELEASE

For immediate release

For further information, please contact:

Shaun Devlin
Vice-President, Enforcement
416-943-4672 or sdevlin@mfd.ca

MFDA issues Notice of Hearing regarding The Investment House of Canada Inc., Sanjiv Sawh and Vlad Trkulja

December 15, 2009 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada (“MFDA”) today announced that it has commenced disciplinary proceedings against Investment House of Canada Inc., Sanjiv Sawh and Vlad Trkulja (the “Respondents”).

MFDA staff alleges in its Notice of Hearing that the Respondents engaged in the following conduct contrary to the By-laws, Rules or Policies of the MFDA:

Allegation 1: Between October 2005 and February 2007, Sanjiv Sawh (“Sawh”) and Vlad Trkulja (“Trkulja”) recommended, sold or facilitated the sale of securities sold pursuant to exemptions under applicable securities legislation (“exempt securities”) to clients without ensuring that:

- (a) 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
- (b) the clients qualified as accredited investors in accordance with Ontario Securities Commission Rule 45-501 and subsequently 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.

Allegation 2: Between October 2005 and February 2007, The Investment House of Canada Inc. (“The Investment House”) approved and allowed the sale of exempt securities to 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 its clients, contrary to MFDA Rule 2.2.1 and 2.1.1.

Allegation 3: Between October 2005 and February 2007, The Investment House failed to 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.

Allegation 4: Between October 2005 and February 2007, The Investment House failed to maintain adequate books, records, documentation and other information regarding clients of The Investment House who purchased exempt securities, contrary to MFDA Rule 5.6.

Allegation 5: Commencing in or around May 2009, The Investment House failed to produce for inspection and provide copies of documents and information requested by the MFDA for the purpose of investigating a client complaint made against The Investment House, contrary to s. 22.1 of MFDA By-law No. 1.

Allegation 6: Between June 2006 and September 2006, The Investment House, Trkulja and Sawh failed to ensure that a conflict or potential conflict between their interests and those of The Investment House's clients in relation to the sale of exempt securities in which the Investment House might have a direct or indirect interest was addressed by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rule 2.1.4.¹

Allegation 7: In or about July 2007, The Investment House breached an Agreement and Undertaking entered into with MFDA Staff in which The Investment House undertook and agreed, among other things, that it would not increase its non-allowable assets without first receiving written approval from the MFDA, by advancing \$60,511 to a related company without receiving authorization from the MFDA, thereby engaging the authority of the Hearing Panel to impose a penalty on The Investment House pursuant to s. 24.1.2 of MFDA By-law No. 1.

Allegation 8: Between May 1, 2006 and January 31, 2009, The Investment House failed to establish, implement and maintain a two-tier compliance structure consisting of adequate supervision at the head office level of client account activity, contrary to MFDA Rule 2.5 and MFDA Policy No. 2.

Allegation 9: Between May 1, 2006 and January 31, 2009, The Investment House failed to conduct adequate trade supervision at the branch office level, contrary to MFDA Rule 2.5 and MFDA Policy No. 2.

Allegation 10: Between May 1, 2006 and January 31, 2009, The Investment House failed to ensure that trades in 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.

Allegation 11: Between May 1, 2006 and January 31, 2009, The Investment House failed to collect complete New Account Application Form ("NAAF") and Know-Your-Client ("KYC") information for client accounts, and permitted trading in such accounts, contrary to MFDA Rules 2.2.1, 2.2.2 and 2.2.3.

¹ MFDA Rule 2.1.4 was amended effective February 27, 2006. It is alleged The Investment House, Trkulja and Sawh contravened the requirements of MFDA Rule 2.1.4 both pre-amendment and post-amendment.

Allegation 12: Between May 1, 2006 and January 31, 2009, The Investment House failed to establish, implement and maintain an adequate branch review program in accordance with the requirements of MFDA Policy No. 5 (Branch Review Requirements), contrary to MFDA Rule 2.5 and MFDA Policy No. 5.

Allegation 13: Between October 2005 to January 31, 2009, Trkulja and Sawh, as directors and officers of The Investment House, engaged in business conduct or practice that was unbecoming or detrimental to the public interest by failing to ensure that The Investment House 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 failed to ensure that The Investment House complied with MFDA By-laws, Rules and Policies as set out in Allegations 2 to 12 inclusive, contrary to MFDA Rules 2.1.1(c) and 2.5.1 and MFDA Policy 2.

The first appearance in this matter will take place by teleconference before a Hearing Panel of the MFDA's Central Regional Council on January 14, 2010 at 10:00 a.m. (Eastern), or as soon thereafter as the appearance can be held. The purpose of the first appearance is to schedule the date for the commencement of the hearing of this matter on its merits and to address any other procedural matters and will be open to the public, except as may be required for the protection of confidential matters.

A copy of the [Notice of Hearing](#) is available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 143 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

-30-