

**IN THE MATTER OF  
MARIA PSIHOPEDAS**

**AMENDED APPLICATION**  
(For Hearing and Review of a Decision Under  
Section 8 of the *Securities Act*, RSO 1990, c S.5)

**A. ORDER SOUGHT**

The Applicant, Maria Psihopedas, requests that the Ontario Securities Commission make the following order(s):

1. This is a request for a hearing and review of the decision of the Director of the Compliance and Registrant Regulation Branch, Debra Foubert, dated March 7, 2018 (the “Director’s Decision”) and for an order granting Ms. Psihopedas registration as a mutual fund dealing representative pursuant to section 8 of the *Securities Act*, RSO 1990, c S.5 (the “Act”).
1. On February 25, 2016 PFSL Investments Canada Ltd. (“PFSL”) submitted an initial application for Maria Psihopedas to be registered as a mutual fund dealing representative pursuant to section 8 of the *Act*.
2. On November 9, 2017, Staff of the Ontario Securities Commission (“Staff”) recommended to the Director that her registration be refused.
3. Ms. Psihopedas exercised her right to an opportunity to be heard (“OTBH”) pursuant to section 31 of the *Act*. The OTBH was conducted in person on February 9, 2018.
4. On March 7, 2018, the Director issued the Director’s Decision in which she accepted Staff’s recommendations and refused Ms. Psihopedas’ registration as a mutual fund dealing representative, sponsored by PFSL.
5. A copy of the Director’s Decision is attached as Schedule “A”. In summary, the Director’s Decision was based on finding that Ms. Psihopedas lacks the requisite integrity for registration and that her registration is otherwise objectionable.

**B. GROUNDS**

The grounds for the request and the reasons for seeking a hearing and review are:

1. The Director did not consider or failed to adequately consider plausible alternative explanations for the disclosure made on Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals*;
2. The Director failed to give due consideration and weight to the evidence of Ms. Psihopedas’ involvement with community and charitable organizations, and to the passage of time since the events giving rise to the refusal of her registration;
3. The Director failed to give due consideration and weight to the fact that Ms. Psihopedas has been licenced by the Financial Services Commission of Ontario and gainfully employed as a life insurance agent for the past four years, without any client complaints;

4. The Director failed to give due consideration and weight to the evidence of Ms. Psihopedas being forthcoming with PFSL about the matters giving rise to the refusal of her registration;
5. The Director failed to apply relevant precedents regarding the applicable principles of proportionality, integrity and penalty;
6. The Director failed to consider whether it would be appropriate to conditionally grant registration to Ms. Psihopedas;
7. The Director's refusal to grant registration to Ms. Psihopedas is punitive, excessive and not necessary to protect the public interest;
8. The Director's Decision was arrived at in the absence of clear and convincing evidence demonstrating how Ms. Psihopedas poses a threat to the integrity of the capital markets or to the public interest;
9. The OTBH was conducted in a manner that violated Ms. Psihopedas' right to procedural fairness and the standards of natural justice;
10. The Director erred by permitting Staff to lead evidence that was not probative, not reliable and was prejudicial; and
11. Such further and other grounds as counsel may advise and the Commission may permit.

### **C. DOCUMENTS AND EVIDENCE**

The Applicant intends to rely on the following documents and evidence at the hearing:

1. The Director's Decision;
2. The OTBH record, including a transcript of the hearing;
3. Oral evidence and/or affidavit of Maria Psihopedas, to be sworn;
4. Such further and other evidence as counsel may advise and the Commission may permit.

DATED this 20th day of April, 2018 (original submitted April 5, 2018)

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## Schedule "A"



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22e étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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### In the Matter of Staff's Recommendation To Refuse the Registration of Maria Psihopedas

#### Opportunity to be Heard by the Director under Section 31 of the *Securities Act* (Ontario)

#### Decision

1. For the reasons outlined below, my decision is to accept the recommendation of staff (**Staff**) of the Ontario Securities Commission (the **OSC** or the **Commission**) to refuse the registration of Maria Psihopedas (**Psihopedas** or the **Applicant**) as a mutual fund dealing representative, sponsored by PFSL Investments Canada Ltd. (**PFSL**).

#### Overview

2. On February 25, 2016, PFSL submitted an initial registration application for Psihopedas by submitting a Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* (**Form F4**).
3. Question 2 of Item 14 Criminal disclosure of Form F4 asks: "Have you ever been found guilty, pleaded no contest to, or been granted an absolute or conditional discharge from any criminal offence that was committed?" If the response is "yes", then the applicant is required to complete a Schedule K.
4. The Applicant submitted a Schedule K disclosing the following: "1. Two Charges under \$1,000.00; 2. March 04/1996; 3. Plead Guilty 2 months community service."<sup>1</sup>
5. Through background checks, it was discovered that, while the Applicant had accurately reported the guilty plea, the disposition was falsely reported. Instead of two months of community service, as provided in the application, Psihopedas was sentenced to 80 days of imprisonment, to be served intermittently on each charge concurrently, and to three years of probation.<sup>2</sup>
6. When questioned by Staff as to the false information provided, the Applicant stated that she did not remember serving the 80 days of imprisonment.<sup>3</sup>
7. The OSC administers the registration process for firms and individuals applying for registration as a mutual fund dealer or as a dealing representative of a mutual fund dealer.
8. Pursuant to section 31 of the *Securities Act* (Ontario) (the **Act**), the Applicant is entitled to an opportunity to be heard (**OTBH**) before the Director makes a decision on Staff's recommendation. An in-person OTBH took place on February 9, 2018.

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<sup>1</sup> Affidavit of Azmeer Hirani, sworn January 10, 2018, at 49 (Exhibit A).

<sup>2</sup> *Ibid* at 58 (Exhibit B).

<sup>3</sup> *Ibid* at 130, paras 5-15 (Exhibit I - Interview of Maria Psihopedas, September 21, 2017)

9. My decision is based on the written and oral submissions of Mark Skuce, Senior Legal Counsel, OSC and the Applicant.

#### **Law and Reasons**

10. Subsection 27(1) of the Act provides that the Director shall register a person, unless it appears to the Director that the person is not suitable for registration under the Act, or that the registration is otherwise objectionable. Subsection 27(2) states that in considering whether a person is suitable for registration, the Director shall consider the requirements prescribed in the regulations relating to proficiency, solvency and integrity.
11. Subsection 2.2(1) of National Instrument 33-109 *Registration Information* requires an individual applying for registration to submit a completed Form F4, which requests information relating to criminal disclosures and includes a warning that it is an offence under securities legislation to give false or misleading information on the form.

#### *Staff's Submissions*

12. The basis of Staff's recommendation to refuse the registration of Psihopedas is a lack of integrity. This is based on the untruthful statements made by the Applicant in her communications with Staff relating to her past criminal record. Staff submits that Psihopedas was untruthful about her criminal conviction and failed to accurately provide the details on her Form F4.
13. In 2015, Psihopedas applied for an insurance license with the Financial Services Commission of Ontario (FSCO). In her initial application to FSCO, Psihopedas answered "no" to the question: "Have you ever been convicted or charged ...with any offence under any law of any province, territory, state or country...?"<sup>4</sup>
14. During FSCO's review of Psihopedas' application, they discovered the Applicant's unreported criminal conviction and the disposition of that matter. On January 29, 2015, FSCO informed Psihopedas that they had information that, on March 4, 1996, she may have been convicted or charged on two counts of fraud under \$1,000.00 and that the sentence was 80 days imprisonment to be served intermittently and three years of probation on each charge.<sup>5</sup>
15. In her communications with FSCO, Psihopedas expressed a belief that she had received a pardon in 2006 and that she would not have to disclose the conviction. However, the pardon was not officially granted, as she believes she was a victim of fraud by a paralegal. Prior to approving the insurance registration, FSCO requested that Psihopedas inform her superiors at Primerica Life Insurance Company of Canada (Primerica), her sponsoring firm, of the criminal conviction.<sup>6</sup> However, when Psihopedas informed Primerica of the prior criminal conviction, as per the evidence provided, she did not include any details of the sentence she received.<sup>7</sup> On February 6, 2015, FSCO issued a license to Psihopedas.<sup>8</sup>

#### *The Applicant's Submissions*

16. During the OTBH, the Applicant submitted that the criminal conviction was over 22 years ago and that she did not know she was working for a fraudulent company. She also believed that she did not

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<sup>4</sup> *Ibid* at 5, para 13.

<sup>5</sup> *Ibid* at 96 (Exhibit F).

<sup>6</sup> *Ibid* at 101 (Exhibit G).

<sup>7</sup> *Ibid* at 100 -101 (Exhibit G)

<sup>8</sup> *Ibid* at 104 (Exhibit H).

have adequate representation from a legal aid lawyer and that she was led to believe she would have been better off to plead guilty.

17. She repeatedly stated to Staff and the Director that she did not remember serving the 80 days of jail time. She remembered some events from that time, but was not able to remember any of the jail time, other than the initial arrest.
18. Further, after the conviction, Psihopedas submitted that she had worked in the restaurant industry for many years in increasingly senior roles and with increasing responsibilities. Moreover, she received an honorary plaque from the police for helping them during the years she operated a restaurant. Additionally, the Applicant submitted that she had joined a non-profit organization in 2005, and held elected positions with the organization in subsequent years as a treasurer, vice-president, and president. She had raised funds for a number of charities through the work of this non-profit organization.<sup>9</sup>
19. Finally, Psihopedas submitted that the conviction from 1996 was the only criminal conviction that she has had, and that she has not had any other trouble with the law.<sup>10</sup>

#### *Findings*

20. I believe that the arrest, conviction and serving of jail time was a traumatic event in Psihopedas' life. However, even though she says that she does not remember serving the jail time, I have no evidence to show that the sentence was changed in any respect. In fact, the records from the Brampton Courthouse, including the probation order, were obtained and provides that the sentence was 80 days of imprisonment and three years of probation. I have to rely upon the records from the court as true and accurate. Therefore, based on this information, I do not find it credible for Psihopedas to say that she does not remember serving 80 days in jail on an intermittent basis.
21. Furthermore, regardless of whether she remembers serving the jail time or not, in January 2015, FSCO informed her that they discovered the unreported criminal conviction from March 1996 and that the sentence was 80 days imprisonment and three years of probation.
22. Therefore, in January 2015, the Applicant knew the terms of her sentence and the fact that she had not officially been granted a pardon. However, approximately 13 months later, her sponsoring firm, PFSL, submitted a Form F4 to the OSC that disclosed the criminal conviction, but did not truthfully disclose the sentence. On the Form F4, the Applicant stated that the disposition was two months of community service.

#### *Integrity*

23. The meaning of integrity has been established by Commission decisions. In *Re Sawh* (2012), 35 OSCB 7431 [*Sawh*], a recent decision at the Commission level which was later upheld by the Divisional Court in *Sawh v Ontario Securities Commission*, 2013 ONSC 4018. At paragraph 264 of *Sawh*, *ibid*, the Commission wrote:

In determining the integrity of the Applicants, however, we are guided by the principle that the Commission shall consider in pursuing the purposes of the Act which, as set out in [*Re Istanbul* (2008), 31 OSCB 3799[*Istanbul*]], at para. 68 and subparagraph 2(iii) of section 2.1 of the Act, excerpted at paragraph [152] above, is "the maintenance of *high standards of fitness and business conduct* to ensure *honest and responsible conduct* by market participants" [Emphasis in original].

<sup>9</sup> OTBH Transcript in the Matter of Maria Psihopedas (9 February 2018), at 24-25 [OTBH Transcript].

<sup>10</sup> *Ibid* at 28, paras 13-14.

24. Based on this principle reiterated in *Sawh, supra*, integrity includes honest and responsible conduct.
25. I appreciate that this event occurred over 22 years ago, was traumatic, and the Applicant wants to distance herself from it so that she can move forward with her life. However, when it came time to disclose the information to the regulator on her Form F4, she did not truthfully disclose the information. She disclosed the conviction, but she failed to truthfully disclose the disposition of the criminal matter. In fact, by downplaying the sentence to be only two months of community service instead of the 80 days of imprisonment and three years of probation, it appears to me that the Applicant was attempting to mislead the regulator.
26. During the OTBH, the Applicant was asked why she did not truthfully disclose the information and her response was she did not know why.<sup>11</sup> She knew that the regulators had access to criminal background information, since FSCO informed her of the unreported criminal conviction. She also stated that "there was no intent there for me to hide it or to be deceitful in any way."<sup>12</sup>
27. Based on a pattern of conduct, I do not believe Psihopedas' statement that she did not intend to hide the information. She repeatedly stated to Staff and the Director that she did not remember serving the jail time, but provided no evidence that the terms of the sentence were modified. In a letter to Primerica, the sponsor of her insurance license, she disclosed the conviction but not the terms of the sentence. Finally, on her Form F4 she downplayed the severity of the sentence. Having failed to truthfully disclose information, I find that Psihopedas' conduct was not of a high standard of fitness, nor is it honest and responsible conduct. Therefore, I conclude that Psihopedas lacks integrity.

*Registration is a privilege not a right*

28. For registration matters, there is a proposition of law that provides that: "Registration is a privilege, not a right, that is granted to individuals and entities that have demonstrated their suitability for registration."<sup>13</sup> Integrity, proficiency and solvency are the factors that are considered in determining suitability for registration.<sup>14</sup>
29. Having concluded above that Psihopedas lacks integrity, which is an integral element of suitability for registration, I cannot approve the registration of the Applicant. Therefore, Psihopedas' registration as a mutual fund dealing representative is refused.

*Otherwise objectionable*

30. Determining whether an applicant's registration may be otherwise objectionable goes beyond the suitability criteria for registration, and looks to the Commission's mandate, as expressed in section 1.1 of the Act, to provide protection to investors from unfair, improper or fraudulent practices; and to foster fair and efficient capital markets and confidence in capital markets.<sup>15</sup>
31. In *Re Mithras Management Ltd.* (1990), 13 OSCB 1600 at 10, the Commission stated that: "the role of this Commission is to protect the public interest by removing from the capital markets... those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets."

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<sup>11</sup> OTBH Transcript, *supra* note 8 at 57, paras 21-22.

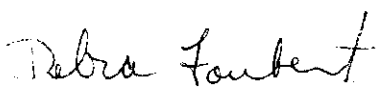
<sup>12</sup> *Ibid* at 57, paras 25-26.

<sup>13</sup> *Sawh, supra* at para 142; *Istanbul, supra* at para 60.

<sup>14</sup> See para 10, *above*.

<sup>15</sup> *Sawh, supra* at para 289.

32. Investors place a great deal of trust in registrant's ability to assist them with financial matters. Registrants help clients evaluate their financial needs and objectives, assist with developing a plan to meet those objectives and recommend products that are suitable for the client. Clients expect registrants to have high standards of fitness and business conduct and act honestly and responsibly.
33. Considering the Applicant's recent conduct relating to her registration application, I am not confident that she will uphold the principles of integrity and act in an honest and responsible manner when faced with a client issue that requires her to act honestly, responsibly and with high standards of business conduct.
34. Therefore, I find the Applicant's registration to be otherwise objectionable. Based on the foregoing, my decision is to accept Staff's recommendation to refuse the registration of Psihopedas.



Debra Foubert, J.D.  
Director, Compliance and Registrant Regulation Branch  
Ontario Securities Commission

March 7, 2018