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**IN THE MATTER OF** the *Insurance Act*, R.S.O. 1990, c.l.8, as amended (the “Act”), in particular sections 392.5, 407.1, 441.2 and 441.3;

**AND IN THE MATTER OF** Murteza Mohamedali

**NOTICE OF PROPOSAL TO REVOKE LICENCE AND  
IMPOSE ADMINISTRATIVE PENALTIES**

**TO:** Murteza Mohamedali

**TAKE NOTICE THAT** pursuant to sections 392.5 and 407.1 of the Act, and by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), the Director, Litigation and Enforcement, (the “Director”) is proposing to revoke the life insurance and accident and sickness insurance agent licence issued to Murteza Mohamedali (“Mohamedali”).

**AND TAKE NOTICE THAT** pursuant to section 441.3 of the Act, and by delegated authority from the Chief Executive Officer, the Director is proposing to impose two (2) administrative penalties in the total amount of \$50,000 on Mohamedali as follows:

- i. An administrative penalty in the amount of \$25,000 for contravening section 2(1) of Ontario Regulation 7/00 (in force at the time) by indirectly making an agreement with a person applying for insurance in respect of life, person, or property in Ontario as to the premium to be paid for a policy that is different from the premium set out in the policy; and
- ii. An administrative penalty in the amount of \$25,000 for contravening section 17(c) of Ontario Regulation 347/04 (“O. Reg. 347/04”) by making a false or misleading representation in the solicitation or registration of insurance.

**Details of these contraventions and reasons for this proposal are described below. This Notice of Proposal includes allegations that may be considered at a hearing.**

**SI VOUS DÉSIREZ RECEVOIR CET AVIS EN FRANÇAIS**, veuillez nous envoyer votre demande par courriel immédiatement à: [contactcentre@fsrao.ca](mailto:contactcentre@fsrao.ca).

**YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SECTIONS 407.1(2), 407.1(3), 441.3(2) AND 441.3(5) OF THE ACT.** A hearing by the Tribunal about this Notice of Proposal may be requested by completing the enclosed Request for Hearing Form (Form 1) and delivering

it to the Tribunal within fifteen (15) days after this Notice of Proposal is received by you. The Request for Hearing Form (Form 1) must be mailed, delivered, faxed or emailed to:

Address: Financial Services Tribunal  
25 Sheppard Avenue W, Suite 100  
Toronto, ON M2N 6S6

Attention: Registrar

Fax: 416-226-7750

Email: [contact@fstontario.ca](mailto:contact@fstontario.ca)

For additional copies of the Request for Hearing Form (Form 1), visit the Tribunal's website at [www.fstontario.ca](http://www.fstontario.ca).

**TAKE NOTICE THAT if you do not deliver a written request for a hearing to the Tribunal within fifteen (15) days after this Notice of Proposal is received by you, orders will be issued as described in this Notice of Proposal. TAKE FURTHER NOTICE of the payment requirements** in section 5 of Ontario Regulation 408/12, which state that the penalized person or entity shall pay the penalty no later than thirty (30) days after the person or entity is given notice of the order imposing the penalty, after the matter is finally determined if a hearing is requested, or such longer time as may be specified in the order.

The hearing before the Tribunal will proceed in accordance with the *Rules of Practice and Procedure for Proceedings before the Financial Services Tribunal* ("Rules") made under the authority of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended. The Rules are available at the website of the Tribunal: [www.fstontario.ca](http://www.fstontario.ca). Alternatively, a copy can be obtained by telephoning the Registrar of the Tribunal at (416) 590-7294, or toll free at 1-800-668-0128 extension 7294.

At a hearing, your character, conduct and/or competence may be in issue. You may be furnished with further and/or other particulars, including further or other grounds, to support this proposal.

## REASONS FOR PROPOSAL

### I. INTRODUCTION

1. These are the reasons of the Director to revoke the insurance agent licence issued to Murteza Mohamedali (“Mohamedali”) and to impose administrative penalties on Mohamedali.

### II. BACKGROUND

2. Mohamedali is a licensed life insurance and accident and sickness insurance agent (licence # 14138228) under the Act. Mohamedali has been licensed since July 2, 2014. Mohamedali was employed with Sun Life Assurance Company (“Sun Life”) from August 25, 2014 until January 20, 2020 when he resigned. Mohamedali’s licence has an expiry date of July 1, 2024.
3. On April 8, 2021, the Financial Services Regulatory Authority of Ontario (“FSRA”) received a Life Agent Reporting Form (“LARF”) from Sun Life regarding Mohamedali. The LARF alleged that Mohamedali engaged in misconduct that violated Sun Life’s policies and procedures. Specifically, Sun Life alleged that Mohamedali violated procedures regarding the payment of premiums.

### III. FACTS

#### A. Sun Life Investigation

4. Sun Life’s concerns with Mohamedali began when they identified a trend of policies he sold terminating shortly after 1-year. This indicated to Sun Life a potential commission manipulation scheme as Sun Life reduces commission paid on policies that terminate before 1-year. After 1-year, Sun Life does not reduce commissions.
5. Sun Life determined that:
  - a) Mohamedali personally purchased 35 bank drafts through his own bank account and utilized his own funds to pay premiums for 21 clients, 20 of whom were not his immediate family (“Bank Drafts”);
  - b) using the Bank Drafts, Mohamedali paid \$354,576 for 164 client policies (the “Policies”) between 2015 and 2019;
  - c) of the 164 Policies, 101 terminated at or shortly after 1-year; and
  - d) Mohamedali was paid \$308,814.62 in commissions for the Policies.
6. Sun Life had a policy that prohibited an advisor from using their own bank account to pay for clients’ premiums.

7. Advisor Statements for the Policies show the “Method of Payment” and “Amount paid to Advisor with Application”. In a substantial number of Advisor Statements, they show that Mohamedali, with his clients, input “annual” for method of payment and the monetary value of the premium in the “Amount paid to Advisor with Application”. As will be shown below, this was a misrepresentation as Mohamedali did not receive any money from clients with the applications.
8. Sun Life investigated Mohamedali’s insurance business and interviewed Mohamedali on November 20, 2019.
9. Sun Life provided FSRA with a copy of a recorded interview by Sun Life compliance officials of Mohamedali regarding the alleged misconduct and commission manipulation.
10. In this interview, Mohamedali was asked about 9 clients and 52 of the Policies paid by some of the Bank Drafts. Mohamedali was asked in the interview if he ever paid for the Bank Drafts. Mohamedali initially denied purchasing the Bank Drafts himself. When confronted in the interview with the fact that Sun Life confirmed with the banks that Mohamedali purchased the Bank Drafts, Mohamedali changed his story. Mohamedali claimed that his clients attended the bank with him when he purchased the Bank Drafts and provided the funds to put into his account to do so.
11. Mohamedali stated in this interview that he did not tell anyone at Sun Life that the Bank Drafts were purchased through his own bank account.
12. With respect to the issue of Policies terminating shortly after a year, Mohamedali admitted to instructing his clients that they needed to keep these Policies for at least 12 months or else Mohamedali would get in trouble. Sun Life noted that the Policies appear to have been issued to increase Mohamedali’s commission and not for a legitimate purpose.
13. In December 2019 and January 2020, Sun Life contacted 12 of Mohamedali’s clients to corroborate Mohamedali’s explanation regarding the Bank Drafts. Sun Life was able to speak with 5 of these clients.
14. One client, MA, stated that he was not certain of how he obtained a bank draft, but only had cash at the relevant time and got a bank draft at the time of signing up for the policy. Another client, AM, stated that he paid cash but did not remember any details of the transaction. Two other clients, (AR and MM) stated that they paid by personal cheque and one (AAW) stated that he paid monthly. None of these clients corroborated Mohamedali’s explanation that they attended the bank, provided Mohamedali with money to deposit in Mohamedali’s own account, and had a Bank Draft drawn from Mohamedali’s account.
15. Mohamedali resigned from Sun Life on January 20, 2020.

## **B. FSRA Investigation**

16. On April 28, 2022, Mohamedali was interviewed by FSRA investigators.
17. In this interview, Mohamedali provided a different explanation for the purchase of the Bank Drafts. Mohamedali stated that he personally funded the Bank Drafts when they were purchased and was reimbursed by clients in cash within a couple of days or months. Mohamedali stated that he borrowed money from an RBC line of credit, transferred it into his RBC or TD chequing account, and purchased the Bank Drafts. Mohamedali also stated he purchased policies for one client whom he owed money for the purchase of jewellery.
18. Mohamedali provided his bank statements to evidence the alleged repayments by his clients. However, the deposits could not be correlated to specific Bank Drafts, Policies, or clients and did not support his explanation.
19. Mohamedali's Bank Draft list to FSRA flagged \$354,572.30 paid by the Bank Drafts provided to Sun Life between January 2015 to December 2018. Mohamedali provided a list of deposits between January 2015 to March 2019 totalling \$388,634.36, which he claimed were cash deposits from clients as repayment for the Bank Drafts.
20. However, the deposits do not correspond to the Bank Drafts. For example:
  - a) between January and May 2015, Mohamedali personally paid \$77,327.46 in premiums through the Bank Drafts. However, in the full calendar year of 2015 Mohamedali only received \$22,930.20;
  - b) Mohamedali identified eight deposits between January and March 2016 ranging from \$1000 to \$6000, totalling \$25,500 and a single deposit of \$30,000 on March 15, 2016. However, no individual client owed Mohamedali more than \$26,000 so it is not clear what Bank Draft the deposit of \$30,000 could relate to; and
  - c) between October and December 2016, Mohamedali personally paid \$21,464 in premiums through Bank Drafts. However, Mohamedali did not identify a deposit into his account for reimbursement until September 2017.
21. Further, the bank statements provided by Mohamedali do not substantiate his explanation to Sun Life that clients attended the bank with Mohamedali and provided funds for the Bank Drafts.
22. FSRA attempted to contact all of Mohamedali's clients identified by Sun Life to corroborate Mohamedali's explanation that he was fully reimbursed afterward. Only one client, AAW, provided an explanation similar to Mohamedali's explanation. However, AAW's explanation to FSRA differed from his explanation to Sun Life in several key respects. He told Sun Life that he paid monthly and FSRA that he paid annually, and he believed his premiums were \$1,500 when they were actually \$10,940.

23. Several other clients that FSRA spoke to stated that they paid Sun Life directly or paid Mohamedali directly with cheques made out to Sun Life.

#### **IV. CONTRAVENTIONS OR FAILURES TO COMPLY WITH THE ACT**

##### **A. Agreement as to Premium Payment**

24. Section 2(1) of O. Reg 7/00, as it was at the relevant time, stated that it is an unfair or deceptive act or practice when a person makes or attempts to make, directly or indirectly, an agreement with a person insured or applying for insurance in respect of life, person or property in Ontario as to the premium to be paid for a policy that is different from the premium set out in the policy.
25. The Director is satisfied that Mohamedali engaged in this conduct by using his own money to fund premiums. Based on the bank statements and explanation provided by Mohamedali, it appears that Mohamedali made indirect agreements with his clients to pay their premiums up front and be reimbursed, or partially reimbursed at a later date.

##### **B. False Information in the Registration of Insurance**

26. Subsection 17(c) of O. Reg 347/04 states that a life insurance agent is prohibited from making a false or misleading statement or representation in the solicitation or registration of insurance.
27. Sun Life policies prohibited advisors from using their personal accounts to make payments for their clients and prohibited advisors from taking cash and converting it to a money order. The Bank Drafts drawn from Mohamedali's funds misrepresented the source of funds and allowed Mohamedali to conceal his unauthorized agreements to pay premiums on behalf of his clients.
28. Additionally, Mohamedali completed and submitted numerous applications for the Policies to Sun Life which falsely stated that the client paid premiums to the advisor "with the application". Based on Mohamedali's own explanation to FSRA, it was false to inform Sun Life that the clients paid Mohamedali "with the application".
29. Mohamedali knew, or ought to have known, that his arrangement to pay premiums for his clients was contrary to the Act and against Sun Life's policies. He attempted to conceal this conduct by misrepresenting that he had received payment from his clients "with the application".

#### **V. GROUNDS TO REVOKE MOHAMEDALI'S LICENCE**

30. Section 392.5(1) of the Act states that the Chief Executive Officer may revoke or suspend an agent's licence to act as an insurance agent, if the agent has failed to comply with the Act, the regulations or a condition of the licence.

31. Section 392.5(2) of the Act states that the Chief Executive Officer may revoke or suspend an agent's licence if any prescribed grounds for revoking or suspending a licence, or for refusing to issue a licence, exist.
32. Section 8 of Ontario Regulation 347/04 states that the Chief Executive Officer may suspend or revoke a licence if, after due investigation and hearing, it appears to the Chief Executive Officer that the agent:
  - a) has violated any provision of the licence in the licensee's operations as an agent;
  - b) has made a material misstatement or omission in the application for the licence;
  - c) has been guilty of a fraudulent act or practice; or
  - d) has demonstrated incompetence or untrustworthiness to transact the insurance agency business for which the licence has been granted.
33. The Director is satisfied that Mohamedali contravened the Act as outlined above by entering into agreements for differing premium payments and by providing false or misleading information to Sun Life in the registration of insurance. In doing so, Mohamedali repeatedly contravened the Act.
34. The Director is further satisfied that Mohamedali demonstrated incompetence and untrustworthiness by providing three distinctly different explanations for his conduct, none of which appear to be truthful. This demonstrates a concerted effort by Mohamedali to conceal his misconduct. Additionally, by providing misleading information to Sun Life in the application, Mohamedali further demonstrated his untrustworthiness.
35. Based on the above, the Director is of the opinion that Mohamedali is not suitable to be licensed.

## **VI. GROUNDS FOR IMPOSING ADMINISTRATIVE PENALTIES**

36. Having identified the above contraventions, the Director is satisfied that imposing administrative penalties on Mohamedali under subsection 441.3(1) of the Act will satisfy one or both of the following purposes under subsection 441.2(1) of the Act:
  - i. To promote compliance with the requirements established under the Act; and
  - ii. To prevent a person from deriving, directly or indirectly, any economic benefit because of contravening or failing to comply with a requirement established under the Act.

37. The Director is satisfied that two (2) administrative penalties in the total amount of \$50,000 should be imposed on Mohamedali:
- a) An administrative penalty in the amount of \$25,000 for contravening section 2(1) of Ontario Regulation 7/00 (in force at the time) by indirectly making an agreement with a person applying for insurance in respect of life, person, or property in Ontario as to the premium to be paid for a policy that is different from the premium set out in the policy; and
  - b) An administrative penalty in the amount of \$25,000 for contravening section 17(c) of O. Reg. 347/04 by making a false or misleading representation in the solicitation or of insurance.
38. Both provisions are listed in *Schedule 1* of O. Reg. 408/12 and carry a maximum penalty of \$100,000 for an individual.
39. In determining the amount of the administrative penalties, the Director has considered the following criteria as required by section 4(2) of O. Reg. 408/12:
- i. The degree to which the contravention or failure was intentional, reckless or negligent;
  - ii. The extent of the harm or potential harm to others resulting from the contravention or failure;
  - iii. The extent to which the person or entity tried to mitigate any loss or take other remedial action;
  - iv. The extent to which the person or entity derived or reasonably might have expected to derive, directly or indirectly, any economic benefit from the contravention or failure; and
  - v. Any other contraventions or failures to comply with a requirement established under the Act or with any other financial services legislation of Ontario or of any jurisdiction during the preceding five years by the person or entity.
40. In respect of the **first criterion**, the Director is satisfied that Mohamedali's conduct was intentional. Mohamedali knew that the Bank Drafts were drawn from his personal funds but submitted them with the intention of deceiving Sun Life into believing it was his client's funds with a false representation that this was the case. Additionally, Mohamedali knew he was not being reimbursed in full for the premium payments. Mohamedali failed to demonstrate that he was paid back by his clients for the Policies and provided no documentation to evidence the arrangement with his clients. This pattern of misconduct took place over the course of 5 years. It was not an isolated incident or a momentary lapse in judgement.



41. In respect of the **second criterion**, the Director is satisfied that Mohamedali's activities caused harm to Sun Life. Sun Life paid commissions on Policies it assumed to be genuine and would be held by Mohamedali's clients beyond the period of commission reduction in the event of a lapse. Sun Life estimates that it suffered an economic loss of \$191,949.89 in commission payments to Mohamedali on Policies that were cancelled shortly after the one-year mark.
42. In respect of the **third criterion**, the Director is not aware of any mitigating actions taken by Mohamedali. Mohamedali was charged back \$116,864.73 by Sun Life. This was taken from Mohamedali as an off-set on future commission payments and was not voluntarily paid back by Mohamedali. As such, this was not mitigating action taken by Mohamedali.
43. In respect of the **fourth criterion**, Mohamedali received a significant financial benefit in the form of commissions of \$308,814.62 on the Policies, of which he retained \$191,949.89.
44. In respect of the **fifth criterion**, the Director is not aware of any other contraventions or failures to comply with the Act or with other financial services legislation.
45. Such further and other reasons as may come to my attention.

**DATED** at Toronto, Ontario, March 7, 2023

Elissa Sinha  
Director, Litigation and Enforcement

By delegated authority from the Chief Executive Officer