



Citation: 2021 BCSECCOM 418

## Settlement Agreement

**Jeffrey Dean Mushaluk**

*Securities Act, RSBC 1996, c. 418*

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Jeffrey Dean Mushaluk (Mushaluk) agree as follows:

### **Agreed Statement of Facts**

1. Mushaluk is a resident of British Columbia.
2. Crystal Wealth Management System Limited (Crystal Wealth) is an Ontario corporation that acted as the investment fund manager for fifteen of its own proprietary funds (the Investment Funds) and was registered in British Columbia as an Exempt Market Dealer and a Portfolio Manager from August 2014 to April 2017.
3. From February 2014 to April 2017 (the Relevant Period), Mushaluk had a consulting agreement with Crystal Wealth.
4. Mushaluk was:
  - (a) registered under the Act to sell mutual fund securities between April 21, 2008 and August 1, 2014 with a registrant (the Firm) but not with Crystal Wealth;
  - (b) not registered under the Act from August 2, 2014 to the end of the Relevant Period; and
  - (c) licensed by the Insurance Council of British Columbia from February 14, 2011 to November 29, 2016.
5. Mushaluk's registration with the Firm did not permit him to trade and advise in Crystal Wealth securities because a registrant can trade and advise only on behalf of the firm that he is registered with.
6. Mushaluk declared bankruptcy in May 2018 and has no significant assets.

### **Misconduct**

#### ***Unregistered trading***

7. During the Relevant Period, Mushaluk was in the business of trading securities because he:



- (a) solicited and referred 96 investors to Crystal Wealth (the Mushaluk Investors);
  - (b) participated in two investment seminars where he provided information about Crystal Wealth and the Investment Funds;
  - (c) collected “Know Your Client” information for the Mushaluk Investors, including risk preferences, investment goals, and household income; and
  - (d) facilitated investments by the Mushaluk Investors by completing investment and other paperwork and acting as the primary point of contact for the Mushaluk Investors.
8. By engaging in this conduct, Mushaluk traded in securities without being registered, contrary to section 34(a) of the Act.

***Unregistered advising***

9. During the Relevant Period, Mushaluk was in the business of advising clients because he:
- (a) held himself out as an “investment advisor” for several months; and
  - (b) made investment recommendations to, or gave instructions for portfolio allocations for, 61 of the Mushaluk Investors to Crystal Wealth.
10. Between July 2014 and April 2017, Mushaluk was employed as an analyst and made recommendations for buying and selling securities in two of the Investment Funds.
11. By engaging in this conduct, Mushaluk acted as an adviser to clients and investment funds without being registered, contrary to section 34(b) of the Act.

**Mitigating Factors**

12. It is a mitigating factor that Mushaluk agreed to make the admissions with respect to the above-noted misconduct prior to the hearing.

**Aggravating Factors**

13. The following factors are aggravating:
- (a) Mushaluk is a former registrant under the Act and as such, is expected to have knowledge of the registration requirements of the Act, and comply with them;
  - (b) Mushaluk has one prior securities violation for acting outside his mutual funds registration, for which Mutual Funds Dealers Association (MFDA) banned him from conducting securities related business with any MFDA member for 3



years. The ban was in place during the Relevant Period when Mushaluk engaged in his activities for Crystal Wealth.

### **Public Interest**

14. It is in the public interest that the Executive Director issue orders under section 161 of the Act.

### **Undertaking**

13. Mushaluk undertakes to pay \$50,000 to the Commission in respect of settlement of this matter, which sum is due and payable immediately without further demand.

### **Order**

¶ 2 The Executive Director will issue an order (the Order) that:

1. Mushaluk is prohibited for 12 years:

- (a) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, except that he may trade in accounts in his own name through a registrant if he provides a copy of the Order to the registrant before any trade takes place;
- (b) under section 161(d)(iii), from becoming or acting as a registrant or promoter;
- (c) under section 161(1)(d)(iv), from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives markets; and
- (d) under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of
  - (i) an issuer, a security holder or party to a derivative, or
  - (ii) another person that is reasonably expected to benefit from the promotional activity.

### **Consent to Regulatory Orders**

¶ 3 Mushaluk consents to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the Orders set out in paragraph 2 above.

### **Waiver**

¶ 4 Mushaluk waives any right he may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this settlement.



Counterpart

¶ 5 This Settlement Agreement may be signed in counterpart and all such counterparts of signed copies, whether delivered electronically or otherwise, shall be read or construed together as if they formed one originally executed document.

¶ 6 November 9, 2021

¶ 7 Jeffrey Dean Mushaluk  
Jeffrey Dean Mushaluk

Redacted )  
Witness Signature )  
Redacted )  
Witness Name (please print) )  
Redacted )  
Redacted )  
Address )  
Redacted )  
Occupation )

*Peter J Brady*  
*Nov 15 2021 10:20 AM -08:00*

¶ 8 Peter J. Brady  
Executive Director