

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

AND IN THE MATTER OF Muhammad Bajwa.

NOTICE OF PROPOSAL TO IMPOSE ADMINISTRATIVE PENALTIES

TO: Muhammad Bajwa

TAKE NOTICE THAT pursuant to sections 441.2 and 441.3 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”)** proposes to impose an administrative penalty of \$52,000 on Muhammad Bajwa for:

1. contravening section 392.2(6) of the Act and section 2(1) of Ontario Regulation 347/04 by engaging in unlicensed insurance activity; and
2. contravening section 401 of the Act by representing himself to the public as an insurance agent without a licence.

Details of these alleged 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.

YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SECTIONS 441.2 and 441.3 OF THE ACT. A hearing before the Tribunal about this Notice of Proposal may be requested by completing the enclosed Request for Hearing (Form 1) and submitting it to the Tribunal within 15 days after the 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 West, Suite 100
Toronto ON M2N 6S6

Attention: Registrar

Fax: 416-226-7750

Email: contact@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 served on you, an order 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 states 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. The Rules are available at the website of the Tribunal: 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 ext. 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 for the proposal by the Director to impose an administrative monetary penalty of \$52,000 on Muhammad Bajwa (“Bajwa”).

II. BACKGROUND

2. On June 10, 2019, Sonnett Insurance Company (“Sonnett”) submitted a complaint to the Financial Services Regulatory Authority of Ontario (“FSRA”) alleging Bajwa was engaged in unlicensed insurance activities. Sonnett is a licensed insurer under the Act.
3. Sonnett alleged that Bajwa had submitted applications online to the insurer, on the behalf of Bajwa’s customers, in which he provided false rating information. Sonnett alleged Bajwa had also falsely held himself out as affiliated or associated with Sonnett. At the material times, Sonnett did not employ any insurance brokers.
4. On February 28, 2019, the Financial Services Tribunal (“FST”) issued a decision directing the Superintendent of Financial Services to refuse Bajwa’s application for a licence in the regulated mortgage sector. The FST reasoned that Bajwa was ineligible, at least in part, due to false information that he provided on his licensing applications to the Financial Services Commission of Ontario (“FSCO”). This included omitting his prior criminal conduct of fraud and uttering forged documents.
5. Bajwa is not currently licensed as an insurance agent or broker. Bajwa has never held a licence under the Act to conduct insurance business in Ontario.

III. UNLICENSED ACTIVITIES

6. In the summer of 2018, Bajwa attended the site of automotive dealer Access Motors Inc. (“Access Motors”), and began to pass out business cards to its employees, such as to AB. On the reverse of these business cards, Bajwa listed, amongst other services, that he was able to offer “cheap car insurance for bad drivers”.
7. Bajwa introduced himself as an insurance agent and a mortgage broker. Bajwa informed AB that he would offer him, or anyone else at Access Motors, a referral fee of about \$150 to \$200 if they would send him customers in need of insurance.

8. Bajwa referred to himself as the Chief Executive Officer of King's Financial Services Inc. ("King's Financial"). King's Financial was a numbered Ontario corporation and Bajwa was its sole director from its incorporation in October 2011 to July 2020.
9. PJ, another Access Motors salesperson, began working alongside AB to bring customers to Bajwa in need of auto insurance. Generally, PJ or AB acted as intermediaries and they would collect documents from the customers, passing them to Bajwa. Bajwa would receive these customer materials and, in turn, provide PJ or AB with the pink slips, proof of insurance, or other Sonnett materials to give to the customer.

Customer IG

10. In February 2019, IG learned of Bajwa's insurance services from a friend, DK, who had attended Access Motors. IG had recently moved to Toronto. IG approached PJ and was told that PJ could connect him with an insurance contact, "Muhammad", to set up IG's insurance. IG paid \$790 to PJ and gave PJ information about his driver's licence and his vehicle's registration, make, and model.
11. On February 9, 2019, PJ made an e-transfer of \$450 through his partner's account to an e-mail address that belonged to Bajwa. PJ referred to IG in the e-transfer's comments. Sonnett approved a policy with IG that was effective the same day.
12. IG was concerned that he could not see charges on his accounts paying Sonnett's premiums. IG reached out to PJ who sent IG a photograph, via WhatsApp's text services, of a liability slip from Sonnett with IG's name. PJ directed IG to speak with Bajwa, giving him the number on Bajwa's business card. IG called but Bajwa did not answer.
13. IG called Sonnett to discuss his coverage status. Sonnett informed IG that his policy had been cancelled for misrepresentation. Sonnett told IG that the insurer had no brokers.

Customer NP

14. In late 2018, NP went to Access Motors to seek a replacement car for her daughter, AP. AP had been in a recent car accident, and seen a sharp increase in insurance premiums. PJ suggested to NP that she work with him, on AP's behalf, to take advantage of a broker that specialized in this sort of situation. NP was not made aware of the broker's name.
15. NP bought a vehicle at a different dealer but contacted PJ anyway and inquired about the broker that PJ had mentioned earlier. PJ agreed to assist NP and

instructed NP to make a \$780 e-transfer to his partner's account, and to also provide PJ with credit card details for her first and last month's premiums.

16. On February 1, 2019, NP sent the e-transfer of \$780, as instructed by PJ. On the same day, PJ sent two e-transfers totaling \$450 to an e-mail address belonging to Bajwa. PJ referred to NP in the comments of both e-transfers.
17. On March 27, 2019, Sonnett sent a letter to NP informing her that Sonnet had identified inaccurate information in her policy application. This false information included AP's marital status and listing AP as the secondary driver instead of primary driver. Sonnett told NP that it did not deal with brokers. Sonnett cancelled the policy for misrepresentation.

Customer MM

18. MM was referred to Bajwa through her spouse – who had heard about Bajwa through a colleague at the auto dealership where he worked. In 2014, MM had been in a car accident and found to be partially at fault. Her insurance premiums with her then-insurer had risen, and MM was looking for a more economical rate.
19. MM called Bajwa at the telephone number that she received, which matched the telephone number on the business cards Bajwa handed out at Access Motors. Bajwa spoke directly to MM about her insurance needs. Bajwa asked MM about her licensing history, accident history, and tickets. Bajwa also informed her that she would need to send a picture of her driver's license to him, which MM proceeded to do. MM was under the impression from her conversation with Bajwa, and earlier referral to Bajwa, he was an insurance broker.
20. On December 7, 2019, MM made an e-transfer to Bajwa for his quoted fee of \$300. MM sent this e-transfer to an e-mail address belonging to Bajwa.
21. Bajwa created an online account for MM with her name but a different email address. He filed out her application information to Sonnet, through their online system.
22. After the e-transfer, Bajwa would not return MM's call. Bajwa and MM communicated via WhatsApp's text services, in which Bajwa sent MM a photo of her pink slip. Later, MM got the pink slip in the mail from Sonnett.
23. MM would later call Sonnett because her premiums were higher than had been quoted to her by Bajwa. Sonnett informed MM of misrepresentations that had been made about her rating information, including that MM had been driving for about 20 years – rather than 5 to 6 years. Bajwa had also listed her 2014 collision as a "minor" conviction.

24. In part due to this false information, Sonnett cancelled MM's insurance policy with them. Sonnett refunded MM for the insurance premium charges on her credit card.
25. As of April 15, 2021, MM was no longer seeking insurance. MM has decided to cease to drive altogether after her incident with Bajwa.

Other E-Transfers

26. Between October 2018 and June 2019, Bajwa received 23 e-transfer payments into his Bank of Montreal ("BMO") account referring to Sonnett policies, Bajwa Insurance, King's Car Insurance, or that contained a similar indicator of insurance activities. These e-transfers to Bajwa totalled over \$11,000.

IV. REGULATORY ACTIONS

27. On August 27, 2019, FSRA staff issued a warning letter to Bajwa. In this letter, Bajwa was asked to provide a written confirmation that he understood that he did not have a licence as either an insurance agent or an insurance broker in Ontario.
28. On August 28, 2019, Bajwa replied by e-mail to FSRA. Bajwa acknowledged that he was not licensed and stated he was not holding himself out as an agent. Bajwa sent this e-mail from the same address that he was receiving the e-transfer fees for IG, NP, and MM.
29. On April 7, 2021, FSRA issued a Summons to Bajwa to appear for an examination, to be taken under oath, pursuant to section 444.1 of the Act. Bajwa made a request that FSRA delay the appearance to seek legal representation. This request was accommodated.
30. On April 28, 2021, FSRA issued another Summons to Bajwa to appear for an examination, to be taken under oath, pursuant to section 444.1 of the Act. Bajwa was to appear before FSRA for this appearance on June 7, 2021.
31. On June 7, 2021, FSRA investigators attended the in-person and virtual meeting rooms that had been set up for Bajwa, as per the Summons. Bajwa did not appear before FSRA. Bajwa made no further contact with FSRA's investigators.

V. CONTRAVENTIONS OR FAILURES TO COMPLY WITH THE ACT

32. Section 392.2(6) of the Act provides that every person who acts as an insurance agent in Ontario without being issued a licence, under the Act, authorizing that person to act as an insurance agent is guilty of an offence.

33. Section 2(1) of Ontario Regulation 347/04 provides that no individual, partnership, or corporation shall act as an agent unless they are licensed.
34. Section 401 of the Act provides that no person who, not being duly licensed as an agent or adjuster, shall represent himself, herself or itself out to the public as being such an agent or adjuster or as being engaged in the insurance business by means of advertisements, cards, circulars, letterheads, signs, or other methods.
35. Bajwa engaged in the activities of an insurance agent, while unlicensed, including soliciting Sonnett's insurance policies to customers, transmitting information about customers to Sonnett, providing his customers with a policy of insurance, and by assuming to act in the negotiation of such insurance for compensation. Bajwa has never held an insurance agent's licence, pursuant to the Act.
36. Bajwa also held himself out as an insurance agent, soliciting insurance business and offering his services to transmit, for a person other than Bajwa, applications for insurance policies concerning automotive liability.
37. Bajwa advertised that he was able to provide insurance services, including in-person solicitations at car dealerships, such as Access Motors. In his solicitation efforts, Bajwa distributed advertising materials – such as business cards – which represented to the public that Bajwa could offer cheap car insurance for customers with poor driving histories.

VI. GROUNDS FOR IMPOSING ADMINISTRATIVE PENALTIES

38. The Director is satisfied that imposing administrative penalties on Bajwa under section 441.3(1) of the Act will satisfy one or both of the following purposes under section 441.2(1) of the Act:
 1. To promote compliance with the requirements established under the Act.
 2. To prevent a person from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with a requirement established under this Act.
39. The Director is satisfied that an administrative penalty of \$52,000 should be imposed on Bajwa for contravening or failing to comply with the requirements of the Act, specifically sections 392.2(6) and 401 of the Act.
40. In determining the amount of the administrative penalty, the Director has considered the following criteria as required by section 4(2) of Ontario Regulation 408/12:

1. The degree to which the contravention or failure was intentional, reckless or negligent.
 2. The extent of the harm or potential harm to others resulting from the contravention or failure.
 3. The extent to which the person or entity tried to mitigate any loss or take other remedial action.
 4. 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.
 5. 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.
41. In respect of the **first criterion**, the Director is satisfied that Bajwa's insurance activities and solicitation were intentional. Bajwa was proactive in his solicitation of Access Motors' employees, representing and advertising himself as an insurance broker. At the material time, Bajwa was also contesting FSCO's rejection of his licence as a mortgage broker at the FST, which the FST would ultimately deny him. Bajwa was or ought to have been aware that broker activities in the financial services sectors required regulatory approval. Bajwa was also aware how false information on an application could nullify its benefits to the applicant.
42. In respect of the **second criterion**, the Director is satisfied that Bajwa's activities resulted in harm to members of the public. Customers put themselves and others at risk by driving, sometimes for month-on-end, without knowledge that their insurance policies had been cancelled. This was aggravated where the insurer (Sonnnett) was unable to reach them due to Bajwa's provision of false addresses or other contact information. Customers not only lost the fees they paid for Bajwa's services but had difficulty in finding replacement insurance, as these customers had been flagged by certain insurers for non-payment or misrepresentation. This resulted, in at least some cases, with higher premiums being paid by customers.
43. In respect of the **third criterion**, the Director is not aware of any effort by Bajwa to mitigate any loss or take other remedial action to address his misconduct. Bajwa failed to reply when affected customers, such as NP, attempted to communicate with him on discovering that their insurance policies with Sonnnett had been cancelled or otherwise become inactive. Further, Bajwa failed to appear as required by the Summons issued by FSRA.
44. In respect of the **fourth criterion**, the Director is satisfied that Bajwa received fees related to insurance business, generally via e-transfer. Bajwa's profited from his unlicensed activity in the amount of at least \$11,000 in fees, over 26 e-transfers or more, for his purported services of offering cheap Sonnnett policies to customers.

45. In respect of the **fifth criterion**, the FST issued a decision in February 2019 that rejected Bajwa's application for a mortgage broker licence. The FST's decision cited, as one of its reasons, that Bajwa had falsely stated his criminal history to FSCO on his 2016 licensing application. This criminal history included the omission of a 2016 conviction for fraud, and conspiracy to commit fraud, for the alleged staging of motor vehicle accidents in order to make fraudulent insurance claims for physiotherapy and other medical services.

VII. PROPOSAL

46. For all the foregoing reasons, and subject to further and other particulars, including further or other grounds that become available, the Director proposes to impose an administrative penalty of \$52,000 against Bajwa under the Act.

DATED at Toronto, Ontario, December 3, 2021

Elissa Sinha
Director, Litigation and Enforcement

By delegated authority from the Chief Executive Officer