

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N :

**ANGELA PARKIN, OMER DZEHVEROVIC AND THE TRUSTEES OF THE DRYWALL
ACOUSTIC LATHING AND INSULATION LOCAL 675 PENSION FUND**

Plaintiffs

- and -

**THE TORONTO-DOMINION BANK, BHARAT B. MASRANI, LEOVIGILDO SALOM,
GREG BRACA, KELVIN VI LUAN TRAN, RIAZ AHMED, ALAN N. MACGIBBON,
MARY A. WINSTON, BRIAN M. LEVITT, MICHAEL BOWMAN, MIA LEVINE, KEVIN
DOHERTY, ALLEN LOVE AND NANCY TOWER**

Defendants

Proceeding under the *Class Proceedings Act, 1992*

STATEMENT OF CLAIM

(Notice of Action issued on May 24, 2024)

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiffs. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiffs' lawyers or, where the Plaintiff does not have a lawyer, serve it on the Plaintiffs, and file it, with proof of service, in this court office, **WITHIN TWENTY DAYS** after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

IF YOU PAY THE PLAINTIFFS' CLAIMS, and \$500.00 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the Plaintiffs' claims and \$100.00 for costs and have the costs assessed by the court.

Date: June 24, 2024

Issued by:

Local Registrar

393 University
Avenue, 10th Floor
Toronto, Ontario
M5G 1E6

TO: THE TORONTO-DOMINION BANK
Toronto-Dominion Centre
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AND TO: BHARAT B. MASRANI
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AND TO: LEOVIGILDO SALOM
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AND TO: NANCY TOWER
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I. RELIEF SOUGHT

1. The Plaintiffs claim, on their own behalf and on behalf of the Class Members, from the Defendants, jointly and severally:

- (a) An order pursuant to s. 138.8 of the *Securities Act*, R.S.O. 1990, c. S.5 (“*OSA*”), and, if necessary, the analogous provisions of the other Canadian Securities Legislation, as defined below, granting leave to proceed with this action under s. 138.3 of the *OSA*;
- (b) An order certifying this action as a class proceeding and appointing the Plaintiffs as Representative Plaintiffs pursuant to the *Class Proceedings Act, 1992*, S.O. 1992, c. 6 (“*CPA*”);
- (c) An order declaring that the Defendants are liable to Class Members for statutory misrepresentations pursuant to s. 138.3 of the *OSA* and the analogous provisions of the Other Canadian Securities Legislation;
- (d) An order declaring that certain Defendants have liability to the Class Members pursuant to ss. 130 and 130.1 of the *OSA* and the analogous provisions of the Other Canadian Securities Legislation and that the Plaintiffs are entitled to aggregate damages pursuant to ss. 130 and 130.1;
- (e) Aggregate damages pursuant to ss. 138.5 and 138.6 of the *OSA* and s. 24(1) of the *CPA* as a result of statutory misrepresentations in the sum of CAD \$11,504,562,341 or in such other amount and as determined by the Court;
- (f) Compound pre-judgment and post-judgment interest pursuant to the *Courts of Justice Act*, RSO 1990, c C.43 (“*CJA*”);
- (g) Costs of this action on a substantial indemnity basis and the costs of notice and the costs of administering the plan distribution of the recovery in this action plus applicable taxes; and
- (h) Such further and other relief as this Honourable Court may deem just.

II. DEFINITIONS

2. In this Claim, in addition to the terms that are defined elsewhere below, the following capitalized terms have the following meaning:

- (a) “**AML**” means anti-money laundering;
- (b) “**AML Controls**” means anti-money laundering controls, procedures, and policies;

- (c) **“Annual Financial Statement”** means the audited annual financial statement filed on SEDAR during the Class Period;
- (d) **“Annual CEO Certification”** means the certification of annual filings by the CEO, made pursuant to NI 52-109 and filed on SEDAR during the Class Period;
- (e) **“Annual CFO Certification”** means the certification of annual filings by the CFO, made pursuant to NI 52-109 and filed on SEDAR during the Class Period;
- (f) **“Annual MD&A”** means the annual Management Discussion and Analysis filed on SEDAR during the Class Period;
- (g) **“Annual Report”** means the annual report filed on SEDAR and EDGAR during the Class Period, which contained the Annual MD&A, Annual Financial Statement, Ten-year Statistical Review and other shareholder and investor information;
- (h) **“Audit Committee”** means Alan N. MacGibbon and Mary A. Winston;
- (i) **“Average Market Price”** means the daily average of weighted average prices for trades of board lots of common shares of TD during each of the five trading before the relevant dividend is payable;
- (j) **“Bank Act”** means the *Bank Act*, SC 1991, c. 46, as amended;
- (k) **“Board”** means the Board of Directors of TD;
- (l) **“BSA”** means the *Bank Secrecy Act*, Pub. L. No. 91-508, 84 Stat. 1114 (1970);
- (m) **“CDS”** means credit default swap;
- (n) **“CEO”** means Chief Executive Officer;
- (o) **“CFO”** means Chief Financial Officer;
- (p) **“CGU”** means Cash Generating Units;
- (q) **“CJA”** means the Ontario *Courts of Justice Act*, RSO 1990, c C-43, as amended;
- (r) **“Core Documents”** means every prospectus or other offering documents, management’s discussion analysis, annual information form, information circular, Annual Reports, interim financial reports issued by TD during the Class Period;
- (s) **“Corporate Governance Committee”** means Brian M. Levitt, Karen E. Maidment and Alan N. MacGibbon;
- (t) **“CSA”** means Canadian Securities Administrators;
- (u) **“CTF”** means counter-terrorist financing;

- (v) “**DCF**” means discounted cash flow;
- (w) “**DC&P**” means disclosure controls and procedures, as defined in section 1(1) of the National Instrument 52-109;
- (x) “**DEA**” means the US Drug Enforcement Administration;
- (y) “**DOJ**” means the US Department of Justice;
- (z) “**DRIP Plan**” means TD’s Dividend Reinvestment Plan whereby holders of TD common shares reinvested cash dividends in additional common shares of TD;
- (aa) “**EDGAR**” mean the Electronic Data Gathering, Analysis, and Retrieval database administered by the SEC;
- (bb) “**FCAC**” means the Financial Consumer Agency of Canada;
- (cc) “**FDIC**” means the Federal Deposit Insurance Corporation;
- (dd) “**FinCEN**” means the Financial Crimes Enforcement Network;
- (ee) “**FINTRAC**” means the Financial Transactions and Reports Analysis Centre of Canada;
- (ff) “**GAAP**” means Generally Accepted Accounting Principles;
- (gg) “**GAML**” means Global Anti-Money Laundering;
- (hh) “**IAS 36**” means the prescribed disclosure requirements for recognizing or reversing an impairment loss during the reporting period and the requirements for disclosing information used in estimating the recoverable amount where goodwill or indefinite life intangible assets have been allocated to a CGU for impairment review purposes.
- (ii) “**ICFR**” means Internal Control over Financial Reporting;
- (jj) “**IFRS**” means International Financial Reporting Standards;
- (kk) “**Individual Defendants**” means Bharat B. Masrani, Leovigildo Salom, Greg Braca, Kelvin Vi Luan Tran, Riaz Ahmed, Brian M. Levitt, Karen E. Maidment, Alan N. MacGibbon, Mary A. Winston, Michael Bowman, Mia Levine, Kevin Doherty, and Allen Love;
- (ll) “**Certification**” means the certification of interim and annual filings pursuant to NI 52-109 and filed on SEDAR during the Class Period;
- (mm) “**Interim Financial Statements**” means the unaudited interim financial statements filed on SEDAR during the Class Period;
- (nn) “**National Bank Act**” means the *National Bank Act* June 20, 1874, ch. 343, § 1, 18 Stat. 123

- (oo) “**NI 52-109**” means CSA National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*;
- (pp) “**Non-Core Documents**” means all press releases, official statements and other representations made by TD and/or its senior employees, officers, directors, executives and Board members during the Class Period;
- (qq) “**NYSE**” means the New York Stock Exchange;
- (rr) “**OCC**” means the Office of the Comptroller of the Currency, an independent bureau of the US Department of the Treasury;
- (ss) “**Offering**” means the primary distribution in Canada of TD’s Securities that occurred during the Class Period, namely, the public offering or distribution of TD’s common shares pursuant to the Prospectuses and Circulars;
- (tt) “**Offering Document**” means Prospectus, Offering Memorandum or Offering Circular;
- (uu) “**OM**” means Offering Memoranda;
- (vv) “**OSFI**” means the Office of the Superintendent of Financial Institutions;
- (ww) “**Other Canadian Securities Legislation**” means, collectively, the *Securities Act*, RSA 2000, c S-4, the *Securities Act*, RSBC 1996, c 418, *The Securities Act*, CCSM c S50, the *Securities Act*, SNB 2004, c S-5.5, the *Securities Act*, RSNL 1990, c S-13, the *Securities Act*, SNWT 2008, c 10, the *Securities Act*, RSNS 1989, c 418, the *Securities Act*, S Nu 2008, c 12, the *Securities Act*, RSPEI 1988, c S-3.1, the *Securities Act*, RSQ, c V-1.1, *The Securities Act*, 1988, SS 1988-89, c S-42.2, and the *Securities Act*, SY 2007, c 16, all as amended;
- (xx) “**PPP**” means Paycheck Protection Program;
- (yy) “**Proceeds of Crime (Money Laundering) and Terrorist Financing Act**” means *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (S.C. 2000, c. 17);
- (zz) “**Prospectus**” or “**Prospectuses**” means the Prospectuses for TD Securities filed on SEDAR, EDGAR and posted on the TD website between February 21, 2002 and the date of this action;
- (aaa) “**SEC**” means the US Securities and Exchange Commission;
- (bbb) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;
- (ccc) “**TD**” or “**Company**” means as the context requires, either the defendant Toronto-Dominion Bank or Toronto-Dominion Bank and its affiliates and subsidiaries, collectively, including the TD Bank Group;

(ddd) “TSX” means the Toronto Stock Exchange;

(eee) “US DEA” means the United States Drug Enforcement Administration; and

(fff) “US DRIP Prospectus” means the Dividend Reinvestment Plan Prospectus dated February 21, 2002.

III. THE PARTIES

A. The Plaintiffs And The Class Members

3. The Plaintiffs, Angela Parkin and Omer Dzehverovic, are husband and wife and reside in Toronto, Ontario.

4. Angela Parkin purchased 62 TD shares on November 27, 2023 on the TSX at an average price of CAD \$82.83 and continued to hold some of those shares at the end of the Class Period.

5. Omer Dzehverovic purchased a total of 62 TD shares on December 8 and 13, 2023 on the TSX at an average price of CAD \$80.83 per share and continued to hold some of those shares at the end of the Class Period.

6. The Plaintiff, the Trustees of the Drywall Acoustic Lathing and Insulation Local 675 Pension Fund (the “Trustees”), acquired 9,600 TD shares during the Class Period between November 4, 2022 and March 17, 2023 for an average price of CAD \$86.66, holding these shares through two corrective disclosures as described below. The Trustees sold these shares on November 6, 2023.

7. The Drywall Acoustic Lathing and Insulation Local 675 Pension Fund (“DALI”) is a multi-employer pension plan established on November 1, 1977, for the benefit of its current and retired members and beneficiaries.

8. Drywall, Acoustic Lathing & Insulation, Local 675 of the United Brotherhood of Carpenters and Joiners of America (“675”) is a trade union which represents over 6,800 Drywall, Acoustic Lathing and Insulation professionals within the Greater Toronto Area.

9. The Trustees, DALI and 675 share the same business premises in Woodbridge, Ontario.

10. The Plaintiffs bring this action on their own behalf and on behalf of the following class of persons (“Class Members”):

All persons or entities, wherever they are resident, who acquired TD securities during the period from May 27, 2021 to May 3, 2024 (“Class Period”) and held some or all of those securities through one or more of the public correction dates: May 8, 2023, August 24, 2023, January 8, 2024, April 30, 2024, May 2, 2024 or May 3, 2024.

The Class excludes the Defendants’ subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors, assignees, and the immediate family members of the Individual Defendants.

B. The Defendants

(i) TD

11. The Defendant, TD, is a Chartered Bank and financial services and products provider having its head office in Toronto, Ontario, Canada. It is incorporated pursuant to the Bank Act, is a reporting issuer pursuant to the *OSA*, and is a responsible issuer pursuant to *OSA* Part XXIII.1.

12. TD is a Schedule I bank under the Bank Act and is regulated by OSFI, FCAC and FINTRAC, which all monitor compliance with AML and CTF laws.

13. In the United States, TD operates through its subsidiaries, TD Bank, N.A., and TD Bank USA, National Association, which are chartered as national banks under the *National Bank Act*.

The OCC regulates TD's US operations to ensure compliance with US federal laws. As part of the US Federal Reserve System, TD Bank, N.A. is also overseen by the Federal Reserve for financial stability. The FDIC insures deposits and supervises risk management practices.

14. At all material times, TD's common shares traded on the TSX and the NYSE under the ticker symbol TD.

(ii) Individual Defendants

15. The Defendant, Bharat B. Masrani, was at all material times an Officer, Director Group President, and CEO of TD.

16. The Defendant, Leovigildo Salom, was an Officer of TD during the Class Period and President and CEO of TD Bank, America, a subsidiary of TD on January 1, 2022.

17. The Defendant, Greg Braca, was Salom's predecessor and was an Officer of TD during the Class Period. On January 1, 2022, he was appointed Vice-Chair of TD Bank, America.

18. The Defendant, Kelvin Vi Luan Tran, was an Officer of TD during the Class Period, and has been the Group Head and CFO of TD since March 9, 2023.

19. The Defendant, Riaz Ahmed, was Tran's predecessor and was an Officer of TD during the Class Period.

20. The Defendant, Brian M. Levitt, was a Director and the Chair of the Corporate Governance Committee of TD during the Class Period. He retired from the Board on April 18, 2024.

21. The Defendant, Alan N. MacGibbon, was a Director and the Chair of TD's Audit Committee during the Class Period until February 1, 2024, when he became the Chair of the Board

of Directors. He is a Designated Audit Committee Financial Expert. He was also a member of the Corporate Governance Committee during the Class Period.

22. The Defendant, Michael Bowman, was an Officer and TD's Chief Global AML Officer during the Class Period.

23. The Defendant, Mia Levine, was an Officer and TD's US Bank Secrecy Officer during the Class Period.

24. The Defendant, Kevin Doherty, was an Officer and TD's Head of Fraud Risk Management and Global Security & Investigations during the Class Period.

25. The Defendant, Allen Love, was an Officer and TD's former Head of Fraud Risk Management and Global Security & Investigations during the Class Period.

26. The Individual Defendants made, authorized, permitted, controlled or acquiesced in the misrepresentations made by TD in the Core and Non-Core Documents and public oral statements during the Class Period.

IV. NATURE OF THE ACTION

27. This Claim arises from the Defendants' misrepresentations of material facts, both expressly through misstatements and by omission in Core and Non-Core Documents and public oral statements during the Class Period, relating to:

- a) the adequacy and effectiveness of TD's AML Controls;
- b) the non-disclosure of serious investigations into TD's deficient AML Controls by US regulators and the US DOJ, which made it highly unlikely that regulators would approve TD's acquisition of the US bank First Horizon and made it highly likely that US and Canadian regulators would impose monetary penalties and other sanctions against TD;

- c) the non-disclosure of criminal charges and or convictions against TD employees for facilitating and participating in money laundering activities through TD branches in the US; and
- d) TD's compliance with ICFR and that its ICFR and DC&P were functioning and Certifications of such compliance in TD's financial reports of the same.

V. FACTS RELATING TO THE MATERIALITY OF TD'S AML CONTROLS DURING THE CLASS PERIOD

28. Canadian and US banks are highly regulated by authorities in both jurisdictions. Prior to and during the Class Period, banks have been required, by the relevant legislation and regulatory framework, to have and implement effective and rigorous controls, policies and procedures to detect and prevent money laundering. The existence of such AML Controls, TD's compliance with strict AML Controls requirements in both jurisdictions, and most significantly, the effectiveness of TD's AML Controls was extremely important for Canadian and US banks. The existence and effectiveness of these AML Controls for TD during the Class Period and TD's AML Controls' compliance with the regulatory requirements in both the US and Canada was material to shareholders during the Class Period.

29. As described below, TD had previously experienced challenges with its AML Controls, including its role in facilitating the laundering of billions of dollars in relation to Ponzi schemes, and criminal charges against TD's employees for facilitating money laundering. Against this backdrop, the Defendants' representations during the Class Period that TD's AML Controls were, by that time, completely compliant with regulatory requirements and operating effectively to prevent any money laundering was material information for shareholders and informed their decisions to buy, sell or hold TD shares.

30. As pleaded below, TD made significant misrepresentations of material fact relating to its AML Control deficiencies which continued throughout the Class Period. These misrepresentations were made expressly through untrue statements of material fact and by omission, as the Defendants repeatedly failed to state material facts required to be stated or necessary to make their statements not misleading in light of the circumstances in which they were made. As described below, the importance and materiality of the information about TD's AML Control deficiencies is reflected in the immediate and substantial share price drops that followed each of the pleaded partial public corrective disclosures over a one-year period from May 8, 2023 to May 3, 2024. Each of these partial public corrective disclosures caused a significant drop in TD's share price of either hundreds of millions or billions of dollars, with the cumulative negative impact to TD's shareholders of over CAD \$11.5 billion drop in TD's market capitalization. TD shareholders who bought TD shares during the Class Period at artificially inflated prices suffered massive losses. These losses were suffered by both Class Members who bought TD shares on the secondary markets on the TSX or NYSE, and those who bought TD shares pursuant to primary Offerings based on misleading Offering Documents.

31. On January 1, 2021, the US Congress enacted the *Anti-Money Laundering Act of 2020*, which was the most important development in AML Controls in the US since the *Patriot Act* of 2001. The *Anti-Money Laundering Act* requires financial institutions to develop "risk-based" AML Controls and prioritize and direct resources to customers and activities that pose higher risks of money laundering. It not only increased penalties and sanctions for banks with inadequate AML Controls that failed to detect and deter money laundering, but it also made it easier for regulatory agencies to penalize banks.

32. As a result, the statements made by the Defendants during the Class Period that TD's AML Controls were effective and compliant with all legal and regulatory requirements were material to Class Members throughout the Class Period. TD's inadequate AML Controls and the corresponding criminal and regulatory investigations into these issues inevitably resulted in: a) increased operating costs to meet regulatory AML standards; b) non-monetary sanctions that may restrict the bank's ability to expand and grow in the US; c) monetary penalties in the range of billions of dollars that could and would be expected to have a significant adverse impact on the bank's future cash flows financial outlook; and d) significant reputational damage that could and would be expected to significantly impede future business expansion, especially in the very important US banking sector that has rigorous AML standards and strict AML regulations.

33. Throughout the Class Period, the Defendants were aware of TD's AML Control failures, but failed to adequately address, let alone correct, these significant deficiencies. The Defendants also failed to disclose this material information to the public and publicly dismissed and rejected the accuracy of reports relating to TD's AML Control deficiencies, thereby expressly misstating or failing to disclose material information to the Class Members and market analysts.

34. As stated above, the public disclosure of these previously undisclosed material facts, in a series of six partial public corrective disclosures, caused immediate and significant drops in the share price of TD which caused substantial damages to shareholders of over CAD \$11.5 billion.

VI. TD'S INADEQUATE AML CONTROLS PRIOR TO THE CLASS PERIOD AND THE DEFENDANTS' KNOWLEDGE

A. TD's Prior Involvement In Ponzi Schemes

35. Historically, TD experienced significant AML Controls deficiencies, resulting in, among other things, involvement in both the Rothstein and Stanford Ponzi schemes as described below. Given its past AML Control failures to detect and deter money laundering, TD's representations during the Class Period that it was, by then, fully compliant with heightened AML regulations and employed best practices was particularly important to investors, who relied upon TD's representations that TD's prior AML Control deficiencies and failures had been remediated. A brief history of TD's pre-Class Period AML Control issues is set out below.

36. In 2009, Scott Rothstein used TD to launder the proceeds of his USD \$1.2 billion Ponzi scheme. Through its investigation into the Rothstein Ponzi scheme, the OCC determined that TD's AML program had "failed to file suspicious activity reports" relating to USD \$900 million and thousands of transactions of suspicious activity in Mr. Rothstein's accounts. The US FinCEN Director, Jennifer Shasky Calvery, noted in a press statement, that "in the face of repeated alerts on Rothstein's accounts by the bank's anti-money laundering surveillance software over an 18-month period, *the bank did not do enough to prevent the pain and financial suffering of innocent investors*". In 2013, TD admitted that it had violated its suspicious activity reporting requirements and paid USD \$52.5 million in civil penalties to settle charges by US regulators for its alleged violations of US securities law in relation to the Rothstein Ponzi Scheme.

37. TD was also involved in the second largest Ponzi scheme in history, the multi-billion-dollar Stanford Ponzi Scheme, which occurred between 1999-2009. On February 7, 2023, TD paid a USD \$1.2 billion settlement in a lawsuit relating to its involvement in that scheme.

38. The Cullen Commission was a Commission established by the BC provincial government to investigate money laundering in the real estate, casinos and luxury goods sectors. On June 15, 2022, it released its Final Report which stated that it was “surprised” and “troubled” by TD’s delay in “address[ing] money laundering vulnerability flagged by law enforcement”. The report specifically criticized TD for being the only large Canadian bank that failed to implement basic AML Controls to detect and prevent money laundering. It also noted that “senior management in TD’s anti-money laundering unit” were “aware by at least May 2019 [prior to the start of the Class Period] that their bank was the single largest source of bank drafts flagged as suspicious” by Canadian authorities dating back to 2018. The Commission further observed that even though TD executives were “aware that TD risked being out of step with its peers if it did not take action to reduce the anonymity of its drafts”, it delayed in implementing changes for two years, and only when prompted to do so.

39. In the context of these two scandals and the BC Cullen Commission’s findings, TD’s representations, by the commencement of the Class Period, that its AML Controls met all legal and regulatory requirements amounted to misrepresentations that TD’s AML Controls were by that time effective at detecting and deterring money laundering at all of its branches and in all of its banking services. TD’s representations that it had effective and compliant AML Controls was material to the Class Members and market analysts.

VII. MATERIAL EVENTS DURING THE CLASS PERIOD RELATING TO TD’S AML CONTROL DEFICIENCIES AND NON-COMPLIANCE

A. TD Represented That It Had Effective AML Controls That Were Compliant With Legal And Regulatory Requirements

40. TD made numerous misrepresentations during the Class Period that it had adequate and fully compliant AML Controls as particularized below. It also repeatedly failed to disclose the

existence of serious DOJ, criminal, and regulatory investigations into these controls. TD misrepresented that its buyout of First Horizon, a US bank headquartered in Tennessee, for \$13.4 billion, as described further below, was sure to close, despite being aware, by at least November 2022, that the transaction faced significant, ultimately fatal, regulatory hurdles due to significant failures in TD's AML Controls. TD also failed to disclose criminal prosecutions of its employees for facilitating money laundering through TD branches and services in significant amounts of at least hundreds of millions of dollars.

41. Further, TD made multiple accounting misrepresentations concerning TD's ICFR, DC&P and related Certifications, including failing to account for the significant monetary penalties TD would receive for its deficient AML Controls and the material impact the non-monetary sanctions would have on its operations and growth, particularly in the US.

42. These misrepresentations were repeated in TD's Core and Non-Core Documents and public oral statements throughout the Class Period. These misrepresentations are further described below.

(i) TD was aware by no later than the fall of 2022 of criminal and regulatory investigations into TD's AML Control deficiencies and the likelihood that the First Horizon deal could not close

43. In November 2022, the OCC investigated and was highly critical of TD's AML Controls, and communicated this to the Defendants. At least four highly unusual, private meetings between TD executives, TDs internal and external counsel, the OCC and the Federal Reserve occurred in November 2022, where TD executives were told that multiple regulators had identified serious issues with TD's AML Controls, that TD's deficient AML Controls were the focus of an ongoing DOJ investigation, and as a result the First Horizon deal would likely be rejected.

44. According to a *Capitol Forum* report released on January 8, 2024, by November 2022, TD

executives “were aware that multiple federal law enforcement agencies had found such serious lapses” in AML Controls that “U.S. regulators might reject” the First Horizon merger. *Capitol Forum* reported that by November 2022 “leading bank regulators were aware of problems at TD Bank and the DOJ probe” and the officials from the Federal Reserve and the OCC “discussed the alleged AML failings openly with TD Bank executives in November 2022”.

45. TD failed to disclose the existence of the DOJ and regulatory AML investigations and the significant likelihood that the First Horizon deal would not be completed. Despite TD’s knowledge of these serious criminal and regulatory investigations into TD’s AML Controls, TD bank executives continued to represent that TD was in compliance with all AML legal and regulatory requirements, repeatedly expressed confidence about closing the First Horizon deal, and denied the existence of any US legal and regulatory concerns. On a December 1, 2022, earnings call, TD Bank CEO Masrani extended the closing date for the First Horizon deal to the first half of fiscal 2023. However, when an analyst asked Masrani about whether regulators were “taking a closer look at anything”, Masrani misrepresented, and concealed his awareness of these regulatory issues, stating: “I’m not aware of anything of the sort you’re mentioning”.

46. In February 2023, the closing date for the First Horizon deal was again extended to May 27, 2023, with no disclosure of the significant challenges faced by TD as a result of the ongoing, but undisclosed, criminal and regulatory AML investigations.

47. On May 3, 2023, TD and First Horizon issued a joint press release, confirming that TD and First Horizon were terminating their merger agreement due to “uncertainty as to when and if [the necessary] regulatory approvals would be obtained”. In this press release, however, TD did not disclose the specifics of TD’s AML criminal and regulatory challenges – namely, the US regulatory

concerns about TD's significant AML Control deficiencies – that blocked the deal from closing.

48. On May 8, 2023, the *Wall Street Journal* reported that “concern over TD anti-money laundering practices helped scuttle First Horizon deal”. Specifically, the *Wall Street Journal* reported that the “biggest obstacle” was TD's handling of transactions related to money laundering. In particular, the *Wall Street Journal* article attributed regulators' refusal to approve the deal to TD's “handling of suspicious customer transactions” and “the way TD handled unusual transactions in recent years, and the speed at which some of them were brought to the attention of U.S. authorities”. On that same day, *Bloomberg* also reported that US regulators' scrutiny of TD's “handling of suspicious transactions” was the reason that the banks “abandoned the deal”. Specifically, *Bloomberg* detailed that the “regulators' concerns were related to anti-money laundering practices”. The TD share price fell significantly and immediately after the disclosure of this information.

(ii) The Defendants delayed disclosing facts relating to the DOJ and Regulatory investigations into their AML Controls deficiencies

49. Although the Defendants had been fully aware of the existence of serious investigations by both regulators and the DOJ into TD's AML Controls by, at the latest, November 2022, they failed to disclose for months that TD was being formally investigated by the DOJ and US regulators, and that TD's regulatory challenges were specifically in relation to its AML Controls. Once made, these disclosures caused an immediate and material drop in TD's share price as discussed below.

50. On August 24, 2023, TD finally disclosed in its 2023 Q3 Results Report to Shareholders that it had received “formal and informal inquiries from regulatory authorities and law enforcement” concerning its AML Controls, including “an investigation by the United States Department of Justice” and that it “expected” monetary and non-monetary penalties to be imposed.

The 2023 Q3 Results Report stated:

The Bank has been responding to *formal and informal inquiries from regulatory authorities and law enforcement concerning its Bank Secrecy Act/anti-money laundering compliance program*, both generally and in connection with specific clients, counterparties or incidents in the US, including in connection with an investigation by the United States Department of Justice. The Bank is cooperating with such authorities and is pursuing efforts to enhance its Bank Secrecy Act/anti-money laundering compliance program. While the ultimate outcomes of these inquiries and investigations are unknown at this time, *the Bank anticipates monetary and/or non-monetary penalties to be imposed*. [Emphasis added]. (2023 Q3 Results Report at p. 79).

51. The TD share price fell materially and immediately after the disclosure of this information.

52. However, it was not until January 8, 2024 that an article published by *Capitol Forum* publicly disclosed the facts that, by November 2022, TD's executives "were aware that multiple federal law enforcement agencies had found such serious lapses in anti-money laundering (AML) controls that U.S. regulators might reject the merger". According to the January 8, 2024, *Capitol Forum* article, "leading bank regulators were aware of problems at TD Bank and the DOJ probe" and officials from the Federal Reserve and the OCC "discussed the alleged AML failings openly with TD Bank executives" in November 2022. *Capitol Forum* revealed that TD had immediate and ongoing "systemic" problems and that "regulators have determined that the company's failings go back many years." This disclosure also caused a further immediate and material drop in the TD share price as discussed below.

(iii) The prospect of or actual financial sanctions imposed on TD by US and Canadian regulators as a result of TD's deficient AML Controls

53. On April 30, 2024, after the close of trading, TD announced that it was taking a \$450 million reserve against possible regulatory sanctions for its AML Control deficiencies. This disclosure caused a significant drop in TD share price when markets opened on May 1, 2024, a day on which

all Canadian bank stocks rose in value.

54. On May 2, 2024, FINTRAC announced that it was imposing its largest-ever monetary penalty on TD, nearly \$9.2 million, for five violations of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its associated regulations. FINTRAC's compliance examination revealed that TD had failed to submit suspicious transaction reports, failed to assess and document money laundering/terrorist activity financing risks, and failed to apply "prescribed special measures" for high-risk customers, among other things.

55. In addition, that same day, multiple media reports surfaced regarding the magnitude and extent of the investigations and money laundering operations, as well as the revelation that TD was in fact the "Financial Institution-1" or "FI-1" listed in multiple US criminal indictments against individuals, including the May 2021 criminal indictments, which involved the laundering of over USD \$650 million. These disclosures caused a further immediate and significant drop in the TD share price.

56. On May 3, 2024, TD's CEO finally admitted that there were "serious" issues with TD's AML Controls and that TD did not meet "its regulatory obligations to effectively monitor, detect, report or respond" to suspected money laundering, calling the issues "simply appalling". Defendant Masrani acknowledged the materiality of TD's AML Control deficiencies, stating it was "unacceptable" that TD was not able to prevent money laundering from occurring. At that time, it was reported by multiple media outlets that the fine assessed by US regulators could exceed USD \$2 billion. These disclosures caused a further immediate and significant drop in the TD share price.

(iv) Criminal charges involving TD employees demonstrated that TD's AML Controls were inadequate during the Class Period

57. During the Class Period, several TD employees were criminally prosecuted based on allegations that they had facilitated and participated in money laundering activities through certain US TD Bank accounts, and there were other criminal prosecutions against non-TD employees that related to the use of TD banks and services to launder hundreds of millions of dollars. These prosecutions made clear to the Defendants that TD's AML program was undoubtedly lacking even the most basic AML Controls as TD failed, time and time again, to respond to numerous, glaringly obvious red flags of fraudulent activity. The prosecution of TD employees also made clear that, contrary to its representations during the Class Period, TD was not fully compliant with all AML related regulations and failed to employ best practices, and that TD employees did not comply with TD's Codes of Conducts filed on SEDAR and EDGAR that related to detecting and deterring money laundering.

58. On May 6, 2021, charges were brought against six individuals – Da Ying Sze, a man from Queens, New York, and his five co-conspirators – for laundering more than USD \$653.3 million of proceeds of illegal drug sales between 2016 and 2021. Specifically, the indictment alleged that Da Ying Sze and his co-conspirators conspired to commit money laundering, including by bribing a TD bank employee. As of May 20, 2021, when law enforcement agencies seized cheques deposited into TD accounts by Da Ying Sze's and/or his co-conspirators, TD was aware that its AML Controls had failed to detect and deter money laundering, and that its employee(s) had knowingly laundered money through TD accounts and services.

59. In the Da Ying Sze indictment, the financial institution where the money laundering occurred – TD – was anonymized. TD was simply referred to as a “financial institution”, or “F-1”.

It was therefore not publicly known that the money laundering in the indictment was taking place at TD until May 2, 2024, when the *Wall Street Journal* published an article revealing that TD was in fact the financial institution referred to in the Da Ying Sze indictment as “F-1”.

60. During one day of surveillance, US DEA agents observed members of Sze’s organization successfully depositing multiple large bags of cash over the counter at various TD branches. Sze allegedly provided gift cards and other valuable items to TD employees to ensure these suspicious transactions were not reported. TD’s AML Controls failed to detect these suspicious transactions and its employees failed to deter money laundering. In February 2022, Da Ying Sze pleaded guilty to, among other things, conspiracy to commit money laundering and bribing a bank employee in relation to charges brought against him and five others, including a TD employee.

61. On December 21, 2022, Daniel Hernandez, a TD Regional Vice President who oversaw 80 bank employees and more than 20 branches throughout South Florida, pleaded guilty to wire conspiracy charges and was sentenced to 120 months in prison. From April 2020 through July 2021, Hernandez had obtained USD \$15 million in fraudulent PPP loans, by directing customers to submit falsified paperwork. Despite the obvious signs of fraud, such as mismatched names and IRS records, TD’s AML Controls did not flag Hernandez’s suspicious transactions and internal concerns raised by TD employees and managers about these transactions were ignored.

62. On February 24, 2023, Diappe Seck, a TD employee, was convicted of conspiracy to commit bank fraud, among other offences. Between January 2019 and 2020, Diappe Seck and his co-conspirators opened approximately 412 TD chequing accounts, relying on purported Romanian passports and drivers license information. Seck and his associates deposited cheques payable to religious institutions into many of these TD accounts. Ultimately, Diappe Seck obtained or

attempted to obtain almost USD \$2 million through fraud. The federal judge in Seck's trial found, on February 24, 2023, that TD had failed to stop the fraud, noting “*the TD Bank people were either asleep at the switch or were happy they were getting these accounts*”. As a result of TD Bank's complicity, Seck received a reduced sentence.

63. On October 27, 2022, TD employee Oscar Nunez-Flores was charged by the US DEA with one count of conspiracy to launder money instruments for more than a year and one count of receiving bribes in his capacity as a TD bank employee. Nunez-Flores allegedly “repeatedly and corruptly accepted bribes” in exchange for laundering millions of dollars related to the manufacture and distribution of illegal narcotics for Colombian drug cartels.

64. Nunez-Flores allegedly created accounts under shell companies with owners that he was aware were not controlling the accounts. He also allegedly provided numerous debit cards to access the accounts online. Within two weeks of opening one account, Nunez-Flores allegedly approved 28 debit cards that accomplices in Colombia used to withdraw cash. This activity should have triggered suspicious activity alerts and been caught immediately by TD's AML Controls. The DEA has alleged that between May and August 2022, more than 17,000 international ATM withdrawals were conducted and about USD \$1.9 million was routed from the US to Colombia and other countries from the TD debit cards approved by Nunez and through TD services.

65. On August 24, 2023, TD disclosed in its Q3 2023 Results Report to Shareholders that there were ongoing investigations by, among others, “law enforcement” in relation to, among other things, “specific clients, counterparties or incidents in the US ...”. This was TD's first public disclosure related to the existence of potentially criminal investigations in relation to TD employees. This disclosure caused an immediate and significant drop in the TD share price.

66. On January 8, 2024, the *Capitol Forum* published an article entitled “TD Bank/First Horizon: Buyer Knew It Faced a Serious Money-Laundering Probe Months Before Deal Collapsed”. This article disclosed the charges against former TD employees Nunez-Flores for laundering millions of dollars in illegal drug sales. This disclosure caused an immediate and significant drop in the TD share price.

67. On May 2, 2024, the *Wall Street Journal* published an article entitled “TD Bank Probe tied to Laundering of Illicit Fentanyl Profits: The Canadian bank is contending with three other US probes into its anti-money laundering controls”. This article disclosed the charges against Da Ying Sze. This disclosure caused an immediate and significant drop in the TD share price.

68. On May 3, 2024, TD’s CEO finally admitted that there were “serious” issues with TD’s AML Controls and that TD did not meet “its regulatory obligations to effectively monitor, detect, report or respond” to suspected money laundering, calling the issues “simply appalling”. Defendant Masrani acknowledged the materiality of TD’s AML Control deficiencies, stating it was “unacceptable” that TD was not able to prevent money laundering from occurring. At that time, it was reported by multiple media outlets that the fine assessed by US regulators could exceed USD \$2 billion. These disclosures caused a further immediate and significant drop in the TD share price.

VIII. THE PROSPECTUS OFFERINGS

A. Common Shares Distributed Under TD’s Dividend Reinvestment Plan

69. Throughout the Class Period, TD distributed common shares from its treasury to Class Members under its DRIP Plan whereby holders of TD common shares reinvested cash dividends in additional common shares of TD.

70. For Canadian residents, common shares were distributed under the DRIP Plan pursuant to short form base shelf prospectuses (described below), and an Offering Circular, dated February 20, 2002, that incorporated documents that contained misrepresentations.

71. For US residents, common shares were distributed under the DRIP Plan pursuant to a February 21, 2002, US Prospectus (described below) that incorporated documents that contained misrepresentations.

72. Based on TD's Annual Reports, the total amount of common shares issued under the DRIP Plan from November 1, 2020, to October 31, 2023, was as follows:

- a) **November 1, 2020, to October 21, 2021:** 5 million shares for an aggregate amount of CAD \$414,000,000;
- b) **November 1, 2021, to October 31, 2022:** 17 million shares for an aggregate amount of CAD \$1,442,000,000; and
- c) **November 1, 2022, to October 31, 2023:** 20.5 million shares for an aggregate amount of CAD \$1,720,000,000.

(i) **Short Form Base Shelf Prospectuses filed on SEDAR**

73. Throughout the Class Period, TD distributed securities, including common shares under the DRIP Plan, pursuant to Prospectuses filed on SEDAR. The following two Prospectuses are of relevance:

- a) **The January 4, 2021, Short Form Base Shelf Prospectus** (the "January 2021 Prospectus") that was in effect up to and including February 28, 2023; and
- b) **The March 1, 2023, Short Form Base Shelf Prospectus** (the "March 2023 Prospectus") that remains in effect until April 2025.

74. Pursuant to the January 2021 Prospectus, TD was authorized to distribute debt securities, common shares, Class A preferred shares, warrants to purchase preferred shares and subscription receipts for up to an aggregate initial offering price of CAD \$15,000,000,000.

75. The January 2021 Prospectus incorporated by reference, among others, the following documents:

- a) Annual Information Forms for the fiscal year ended October 31, 2021 (dated December 1, 2021), and October 31, 2022 (dated November 30, 2022);
- b) management proxy circulars dated February 7, 2020, February 4, 2021, February 14, 2022, and February 21, 2023;
- c) Annual Reports for the fiscal year ended October 31, 2021 (released December 1, 2021) and October 31, 2022 (released November 30, 2022);
- d) Interim Financial Statements filed after January 4, 2021;
- e) any material change reports filed after January 4, 2021; and
- f) any business acquisition report filed after January 4, 2021.

76. As discussed above and below, these documents incorporated by reference in the January 2021 Prospectus contained misrepresentations.

77. Masrani and Ahmed each signed the January 2021 Prospectus, and certified that the January 2021 Prospectus together with the documents incorporated by reference in that Prospectus, constituted full, true and plain disclosure of all material facts relating to the securities offered thereby. This was a misrepresentation.

78. Pursuant to the March 2023 Prospectus, TD is authorized to distribute debt securities, common shares, Class A preferred shares, warrants to purchase preferred shares and subscription receipts. The March 2023 Prospectus does not provide the aggregate initial offering price of the

securities. The March 2023 Prospectus incorporated by reference, *inter alia*, the following documents:

- a) Annual Information Forms for the fiscal years ended on October 31, 2022 (dated November 30, 2022) and October 31, 2023 (dated November 29, 2023);
- b) management proxy circulars dated February 14, 2022, February 21, 2023, and February 20, 2024;
- c) Annual Reports for the fiscal year ended October 31, 2022 (dated November 30, 2022) and October 31, 2023 (released November 29, 2023);
- d) Interim Financial Statements filed after March 1, 2023;
- e) any material change reports filed after March 1, 2023; and
- f) any business acquisition reports filed after March 1, 2023.

79. As discussed above and below, these documents incorporated by reference in the March 2023 Prospectus contained misrepresentations.

80. Masrani and Tran each signed the March 2023 Prospectus, and certified that the March 2023 Prospectus together with the documents incorporated by reference in that Prospectus, constituted full, true and plain disclosure of all material facts relating to the securities offered thereby. This was a misrepresentation.

(ii) Common shares issued under TD's DRIP Plan to Canadian residents

81. As described in the DRIP Plan Offering Circular, effective February 20, 2002, TD issued common shares from its treasury to Canadian residents on the following dates and at the following prices:

- a) July 31, 2021: shares were purchased at the Average Market Price;
- b) October 31, 2021: shares were purchased at the Average Market Price;

- c) January 31, 2022: shares were purchased at the Average Market Price;
- d) April 30, 2022: shares were purchased at the Average Market Price;
- e) July 31, 2022: shares were purchased at the Average Market Price discounted by 2%;
- f) October 31, 2022: shares were purchased at the Average Market Price discounted by 2%;
- g) January 31, 2023: shares were purchased at the Average Market Price discounted by 2%;
- h) April 30, 2023: shares were purchased at the Average Market Price discounted by 2%;
- i) July 31, 2023: shares were purchased at the Average Market Price;
- j) October 31, 2023: shares were purchased at the Average Market Price;
- k) January 31, 2024: shares were purchased at the Average Market Price; and
- l) April 30, 2024: shares were purchased at the Average Market Price.

82. The shares purchased by Class Members under the DRIP Plan were issued pursuant to either the January 2021 Prospectus or the March 2023 Prospectus (depending on the date the dividend was issued). As discussed above and below, the documents incorporated by reference in the January 2021 Prospectus and the March 2023 Prospectus contained misrepresentations.

(iii) Common shares issued under TD's DRIP Plan to US residents

83. The US DRIP Prospectus applied to common shares distributed to US residents under the DRIP Plan. It incorporated by reference, among other documents, Annual Reports for the fiscal years ended on October 31, 2021 (released December 1, 2021), October 31, 2022 (released November 30, 2022), and October 31, 2023 (released November 29, 2023).

84. As discussed above and below, the documents incorporated by reference in the US DRIP Prospectus contained the misrepresentations described above and below which were contained in the Core Documents which were incorporated by reference.

85. Throughout the Class Period, TD distributed common shares from its treasury to US residents pursuant to supplements to the US DRIP Prospectus as set out below:

- a) **Prospectus Supplement No. 8, dated August 27, 2020:** 1,200,000 TD common shares to be purchased under the DRIP Plan at the Average Market Price for dividends payable on
 - i. July 31, 2021;
 - ii. October 31, 2021;
 - iii. January 31, 2022;
 - iv. April 30, 2022;
- b) **Prospectus Supplement No. 9, dated May 26, 2022:** 1,200,000 TD common shares to be purchased under the DRIP Plan at the Average Market Price, discounted by 2%, for dividends payable on:
 - i. July 31, 2022;
 - ii. October 31, 2022;
 - iii. January 31, 2023;
 - iv. April 30, 2023;
- c) **Prospectus Supplement No. 10, dated May 25, 2023:** 1,200,000 TD common shares to be purchased under the DRIP Plan at the Average Market Price for dividends payable on:
 - i. July 31, 2023;
 - ii. October 31, 2023;
 - iii. January 31, 2024; and
 - iv. April 30, 2024.

86. The Prospectus Supplements did not correct, modify, or supersede the misrepresentations in the documents incorporated by reference in the US DRIP Prospectus, pursuant to which the TD common shares were distributed under the DRIP Plan. The misrepresentations described below were repeated and contained in the Core Documents incorporated by reference.

B. Preferred Shares Issued Pursuant To A Prospectus Supplement To The January 2021 Prospectus

87. Pursuant to a Prospectus Supplement, dated March 9, 2022, to the January 2021 Prospectus, TD issued 850,000 non-cumulative 5-year fixed rate reset preferred shares (“Series 27”) at a price of CAD \$1000 per share for an aggregate amount of CAD \$850,000,000.

88. The Prospectus Supplement incorporated by reference the following documents:

- a) The Annual Report for the fiscal year ended on October 31, 2021 (released December 1, 2021);
- b) The Annual Information Form for the fiscal year ended on October 31, 2021 (dated December 1, 2021);
- c) The management proxy circular dated as of February 7, 2022; and
- d) The First Quarter 2022 Results Report to Shareholders for the three months ended on January 31, 2022 (dated March 2, 2022).

89. As discussed above and below, these incorporated documents, as well as the documents incorporated in the January 2021 Prospectus, contained the misrepresentations described above and below.

C. Senior Medium Term Notes Issued Pursuant To A Preliminary Short Form Base Shelf Prospectus

90. Pursuant to a Preliminary Short Form Base Shelf Prospectus dated July 22, 2022 (the “July 2022 Prospectus”), TD distributed senior medium-term notes of up to an aggregate principal amount of CAD \$5,000,000,000. The July 2022 Prospectus applies to Offerings of new issue senior medium-term notes issued in the 25 months commencing from July 22, 2022. The July 2022 Prospectus incorporated by reference the following documents:

- a) Management proxy circulars dated as of February 7, 2022, February 21, 2023, and February 20, 2024;

- b) Annual information forms for the fiscal years ended October 31, 2021 (dated December 1, 2021), October 31, 2022 (dated November 30, 2022), and October 31 (dated November 29, 2023);
- c) Annual Reports for the fiscal years ended October 31, 2021 (released December 1, 2021), October 31, 2022 (released November 30, 2022), and October 31 (released November 29, 2023);
- d) Any interim unaudited financial statements filed after July 22, 2022;
- e) Any material change reports filed after July 22, 2022; and
- f) Any business acquisition reports filed after July 22, 2022.

91. As discussed above and below, these incorporated documents contained the misrepresentations described below.

92. Each of Masrani and Tran signed the July 2022 Prospectus, and certified that the July 2022 Prospectus together with the documents incorporated by reference in that Prospectus constituted full, true and plain disclosure of all material facts relating to the securities offered thereby. This was a misrepresentation

IX. THE MISREPRESENTATIONS

93. Throughout the Class Period, in both its Core and Non-Core Documents and public oral statements, TD made multiple misrepresentations through misstatements of material facts and omission. TD repeatedly misrepresented:

- a) that it had strong AML Controls that met regulatory and legal AML requirements;
- b) failed to disclose for many months the material facts that it was the subject of DOJ and regulatory investigations concerning AML Controls, and in some instances denied that any such investigations existed;
- c) failed to disclose the material facts that criminal charges had been brought against TD employees and others for laundering millions of dollars through TD accounts; and

- d) misstated its financial results in quarterly and annual financial reports and misstated that it had fully functioning ICFR, DC&P in the Certifications of those financial results

94. TD's misrepresentations were made in its Core Documents including its Offering Documents, which it filed with both SEDAR, EDGAR and disseminated publicly, pursuant to which TD distributed securities to Class Members. The Offering Documents, including documents incorporated by reference in the Offerings Documents, contained misrepresentations by commission and omission.

95. The Individual Defendants who signed these Offering Documents certified that the Offering Documents together with the documents incorporated by reference, constituted full, true and plain disclosure of all material facts relating to these securities. However, these certifications were false and as a result the Individual Defendants, together with TD, are liable for misrepresentation pursuant to ss. 130 and 130.1 of the *OSA* and the equivalent Other Canadian Securities Legislation.

A. First Misrepresentation - TD Repeatedly Misrepresented That It Had Effective AML Controls That Complied With AML Legislative And Regulatory Requirements

96. In TD's Core and Non-Core Documents and public oral statements throughout the Class Period, the Defendants repeated the misrepresentation that TD had strong AML Controls, prioritized meeting regulatory AML expectations, and had an effective GAML Department, despite being aware that TD's AML Controls were seriously deficient. At all material times, the Defendants were aware that TD routinely failed to detect and report suspicious transactions that raised serious "red flags", including the laundering of hundreds of millions of dollars. The Individual Defendants repeated these misrepresentations in Core and Non-Core Documents and public oral statements, such as in earnings and other conference calls, throughout the Class Period. Class Members suffered significant damage once the truth about TD's ineffective AML Controls

emerged in the third (January 8, 2024), fifth (May 2, 2024) and sixth (May 3, 2024) partial corrective disclosures discussed below.

(i) **Core Document misrepresentations**

Annual Reports

97. In its Annual Reports for the fiscal years ended October 31, 2021 (released December 1, 2021), October 31, 2022 (released November 30, 2022), and October 31, 2023 (released November 29, 2023), TD misrepresented that it had AML Controls that ensured that money laundering was detected and prevented.

98. TD represented that its GAML Department was “responsible for regulatory compliance” and “broader prudential risk management” across the Bank “***so that money laundering ... risks are appropriately identified and mitigated***” the (“GAML Statement”):

Global Anti-Money Laundering

GAML is responsible for the oversight of TD’s regulatory compliance with Anti-Money Laundering (AML), Anti-Terrorist Financing, Economic Sanctions, and Anti-Bribery/Anti-Corruption regulatory compliance and broader prudential risk management across the Bank in alignment with enterprise AML policies so that the money laundering, terrorist financing, economic sanctions, and bribery and corruption risks are appropriately identified and mitigated. [Emphasis added]

Annual Report 2021 at p. 87; Annual Report 2022 at p. 84; Annual Report 2023 at p. 85

99. This GAML statement misrepresented that TD had an effective and operative GAML Department that ensured TD had effective AML Controls and complied with legal and regulatory AML requirements. This misstatement constituted a misrepresentation by commission. In addition, TD misrepresented material facts that were necessary to be stated by failing to state that TD did not, in fact, comply with AML regulations, and did not “appropriately identify and

mitigate” money laundering, but rather, routinely failed to detect the money laundering that occurred across retail branches in Canada and the US. These omitted material facts were required to be stated, as their non-disclosure made the GAML Statement misleading and inaccurate.

100. It was necessary to disclose that TD’s GAML Department was ineffective, and TD’s AML Controls were deficient and non-compliant with legal and regulatory requirements. It was known or ought to have been known that this information would be highly material information to investors and would have a significant impact on the share price of TD shares. TD’s failure to disclose that its AML Controls were ineffective and failed to comply with AML, legal, and regulatory requirements made the GAML Statement misleading. The GAML Statement was an untrue statement of fact, the correction of which would objectively be expected to have a significant effect on the market price or value of the security.

Annual Information Forms

101. In its Annual Information Form for the fiscal years ended October 31, 2021 (dated December 1, 2021), October 31, 2022 (dated November 30, 2022), and October 31, 2023 (dated November 29, 2023), TD misrepresented that it had effective AML Controls and that it complied with legal and regulatory AML requirements.

102. TD represented that its AML Controls, particularly the Audit Committee’s oversight and monitoring thereof, were “designed so that the Bank is in compliance with the laws and regulations that apply to it as well as its own policies ...” (the “Audit Statement”):

The Committee shall oversee and monitor the establishment, maintenance and ***ongoing effectiveness of the Anti-Money Laundering / Anti-Terrorist Financing / Economic Sanctions/ Anti-Bribery and Anti-Corruption Program (“AML Program”) that is designed so that the Bank is in compliance with the laws and regulations*** that apply to it as well as its own policies, [Emphasis added].

(AIF 2021 at p. 39; AIF 2022 at p. 41; AIF 2023 at p. 41)

103. The Audit Statement misrepresented that TD had an effective and operative AML Controls and complied with legal and regulatory AML requirements. It omitted to state that TD did not, in fact, comply with AML regulations, and that TD did not “appropriately identify and mitigate” money laundering, but rather, routinely failed to detect the money laundering that occurred across its retail branches in Canada and the US.

104. It was necessary for TD to disclose that the Audit Committee’s control and oversight of money laundering was ineffective, and TD’s AML Controls were deficient and non-compliant with legal and regulatory requirements. It was known or ought to have been known that this information would be highly material information to investors and would have a significant impact on the share price of TD shares. TD’s failure to disclose that its AML Controls were ineffective and that it failed to comply with AML legal and regulatory requirements made the Audit Statement misleading. The Audit Statement was an untrue statement of fact, the correction of which would objectively be expected to have a significant effect on the market price or value of the security.

(ii) Non-Core Document and public oral statement misrepresentations

105. In an “AML Statement” released on its website on March 2022 and March 2023, TD misrepresented that its AML Controls were effective. Specifically, it represented that its AML Controls were “designed to detect and report suspected money laundering” and that TD was “committed to detecting and deterring persons engaged in money laundering or terrorist financing from using TD products or services”:

The Toronto-Dominion Bank and its subsidiaries (collectively known as “TD”) are *committed to detecting and deterring persons engaged in money laundering or terrorist financing from using TD products or services*. TD is

equally committed to compliance with economic sanctions laws and regulations.

This commitment is formalized through the enterprise-wide ***Anti-Money Laundering/Anti-Terrorist Financing (AML/ATF) and Sanctions risk and compliance management program (Global AML Program)*** that is designed to ***detect and report suspected money laundering and terrorist financing and activity prohibited by sanctions.*** [Emphasis added].

106. The AML Statement was a misrepresentation by commission and omission. It misrepresented that TD had effective AML Controls that detected and reported suspected money laundering. It omitted to state that TD's AML Controls did not, in fact, "detect and report" money laundering, but rather, routinely failed to detect the money laundering that occurred across retail branches in Canada and the US.

107. It was necessary to disclose that the TD's AML Controls failed to detect and deter money laundering. It was known or ought to have been known that this information would be highly material information to investors and would have a significant impact on the share price of TD shares. TD's failure to disclose that its AML Controls were ineffective made the AML Statement misleading. The AML Statement was an untrue statement of fact, the correction of which would objectively be expected to have a significant effect on the market price or value of the security.

108. TD's Codes of Conduct for the years 2022, 2023 and 2024, filed with the SEC (on March 7, 2022, February 14, 2023 and March 14, 2023) and on SEDAR (on February 1, 2022, February 13, 2023, and February 5, 2024), misrepresented that TD took "all reasonable and appropriate steps to detect and deter persons engaging in money laundering from utilizing TD products or services to do so" (the "Codes of Conduct Statement"):

Money Laundering – TD is committed to taking ***all reasonable and appropriate steps to detect and deter persons engaged in money laundering from utilizing***

TD products or services to do so. Making the proceeds of criminal activity appear as if they came from legitimate sources is a criminal offence, and so is knowingly failing to report transactions or activities where it is suspected they relate to money laundering.

We must not ***knowingly initiate or be party to money laundering and must promptly report suspected money laundering situations*** in accordance with The Toronto-Dominion Bank Enterprise Anti-Money Laundering and Anti-Terrorist Financing Policy and the escalation procedures established for our business or region. [Emphasis added].

(Code of Conduct 2022 at p. 8; Code of Conduct 2023 at p. 8; Code of Conduct 2024 at p. 8)

109. The Codes of Conduct Statement was a misrepresentation by commission and omission. It misrepresented that TD had effective AML Controls that detected and reported suspected money laundering. It omitted to state that TD's AML Controls did not, in fact, "detect and report" money laundering, but rather, routinely failed to detect the money laundering that occurred across retail branches in Canada and the US.

110. It was necessary to disclose that the TD's AML Controls failed to detect and deter money laundering. It was known or ought to have been known that this information would be highly material information to investors and would have a significant impact on the share price of TD shares. TD's failure to disclose that its AML Controls were ineffective made the Codes of Conduct Statement misleading.

111. On June 15, 2022, after *Capitol Forum* released a report stating that the DOJ was investigating TD. TD issued a public statement denying the truth of the information contained in the report and expressly representing that TD "follow[ed] industry best practices that are designed to detect and help prevent fraud" (the "Public Statement"):

"The allegations in the Capitol Forum article are unfounded. Our business is built on a foundation of ethics, integrity and trust. At TD Bank, we put our

customers first and are proud of our culture of delivering legendary experiences to customers. *As part of routine and ongoing monitoring, TD Bank has not identified systemic sales practice issues at any time,*

...

“Our compensation practices — which place a heavy emphasis on customer satisfaction — are carefully and actively managed. *We vehemently object to any allegations of systemic sales practice issues, or any other claims alleged in the article.*”

...

“Finally, *we strongly disagree with the article’s characterization* of information presented as facts regarding TD Bank’s fraud procedures. At TD Bank, protecting the security of our customers’ accounts and personal information is a top priority. *We follow industry-best practices that are designed to detect and help prevent fraud.*” [Emphasis added].

112. The Public Statement was a misrepresentation by commission and omission. It misrepresented that TD had effective AML Controls that detected and reported suspected money laundering and that TD did not have systemic deficiencies in its AML Controls. It omitted to state that TD’s AML Controls did not “detect and report” money laundering and were not in line with industry best practices. It further omitted to state that TD’s AML Controls routinely failed to detect the money laundering that occurred across retail branches in Canada and the US.

113. It was necessary to disclose that the TD’s AML Controls failed to detect and deter money laundering. It was known or ought to have been known that this information would be highly material information to investors and would have a significant impact on the share price of TD shares. TD’s failure to disclose that its AML Controls were ineffective, its outright denial of the allegations in the *Capitol Forum* report, and its representations that TD “followed[ed] industry-best practices designed to detect and help prevent fraud” were false and misleading. The

Defendants had knowledge of the falsity of the representations and omissions made in the Public Statement.

114. The same misrepresentations – that TD had strong AML Controls, that it complied with regulatory requirements and that it took a proactive approach to risk management – were repeated many times throughout the Class Period, using similar language, in both Core and Non-Core Documents. These misrepresentations were repeated in:

- a) all three TD Annual Reports during the Class Period for the fiscal years ended on October 31, 2021 (released December 1, 2021), October 31, 2022 (released November 30, 2022) and October 31, 2023 (released November 29, 2023);
- b) all four of TD’s Proxy Circulars during the Class Period, from 2021 to 2024 (released on February 4, 2021, February 14, 2022, February 21, 2023 and February 20, 2024, respectively),
- c) all three of TD’s Codes of Conduct throughout the Class Period (dated November 30, 2021, November 29, 2022 and November 28, 2023, respectively); and
- d) in TD’s “AML Statement” posted on its website in March 2022 and March 2023.

115. The Defendants knew, at the time these documents were released, or public oral statement was made, that the document or public oral statement contained misrepresentations. TD knew its AML Controls were deficient given the number of TD employees that were criminally prosecuted, and the critical report of the Cullen Commission released in June of 2022. TD was also aware of the DOJ and regulatory investigations into TD’s AML Controls by, at the latest, November of 2022, as outlined above. TD, however, failed to disclose these material facts for months and, instead, actively concealed them from the Class Members.

B. Second Misrepresentation - TD Failed To Disclose That It Was Facing DOJ And Regulatory Investigations Regarding Its Serious AML Deficiencies

116. In November 2022, officials from the Federal Reserve and the OCC candidly discussed TD's AML failings openly with TD executives. TD also learned at this time that it was the subject of an ongoing DOJ investigation into possible criminal money laundering activity occurring through its branches in the US. By this time, TD executives were aware that multiple federal law enforcement agencies had found serious lapses in AML Controls and that it was unlikely US regulatory approval for the First Horizon merger would be granted. These sanctions could involve not only substantial monetary penalties of hundreds of millions or possibly billions of dollars, but could also result in other serious regulatory sanctions. One of those was the significant possibility that US regulatory approval for the First Horizon merger would not be granted.

117. Nevertheless, throughout the Class Period, TD misrepresented both that the First Horizon merger would close, and that TD was not facing regulatory scrutiny relating to its AML Controls. In fact, when the CEO of TD was asked, during the Q4 2022 Earnings Conference Call held on December 2, 2022, if regulators were "taking a closer look" at anything, as discussed below, the CEO of TD responded by stating he "was not aware of anything of the sort". TD further stated that *Capitol Forum* reports of the DOJ investigating TD were "unfounded".

118. The misrepresentation regarding the First Horizon transaction not being approved as a result of regulatory concerns over TD's AML Controls was corrected by the first partial corrective disclosure by the press on May 8, 2023, while the existence and extent of the DOJ and regulatory investigations was incrementally corrected over the remaining five partial public corrective disclosures (August 24, 2023; January 8, 2024; April 30, 2024; May 2, 2024; and May 3, 2024).

(i) **Core Document misrepresentations by omission of these material facts**

119. TD was required, but failed, to disclose, in any of its Core Documents that, by at least November 2022, it was under regulatory scrutiny by the OCC and the DOJ and that these regulators had identified deficiencies in TD's AML Controls.

120. Although TD knew by at least November 2022 that it was under regulatory scrutiny, it omitted to disclose the existence of these regulatory investigations in its Annual Report for the fiscal year ended on October 31, 2022 (released December 1, 2022). Note 27 of the Consolidated Financial Statements regarding Provisions, Contingent Liabilities, Commitments, Guarantees, Pledged Assets and Collateral in the "Legal and Regulatory Matters" section, which spans from page 212 to 214, fails to disclose that TD was under scrutiny from the OCC and the DOC relating to its deficient AML Controls. This is despite the fact that, at page 75 of the Annual MD&A, under the heading "Risk Factors and Management, Risk Factors that May Affect Future Results", TD disclosed a variety of "top and emerging" risks such as geopolitical risks, risks posed by inflation, and risks posed by the COVID-19 pandemic, even going so far as to warn investors that the Bank may face "increased risk of litigation and governmental and regulatory scrutiny, customer disputes, negative publicity, or exposure to litigation (including class actions, or regulatory and government actions and proceedings) *as a result of the effect of the COVID-19 pandemic* on market and economic conditions." Nor were these material facts disclosed in any other manner in these Core Documents.

121. TD's failure to disclose the ongoing regulatory investigations into its ineffective AML Controls and the high risk of regulatory sanctions was a misrepresentation by omission. The fact that TD was under regulatory scrutiny by the OCC and the DOJ and that these regulators had identified deficiencies in TD's AML Controls was highly material information that was known or

should have been highly important to investors and would have a significant impact on the share price of TD shares. TD failed to disclose this material information until August 24, 2023, in a Report to Shareholders, when it stated that had received “formal and informal inquiries from regulatory authorities and law enforcement” concerning its AML Controls”.

(ii) Non-Core Document and public oral statement misrepresentations

122. Not only did TD make misrepresentations by omission by failing to state that it was under investigation by regulators when executives became aware of this fact in November 2022, but TD went a step further, and made misrepresentations by commission in public oral statements.

123. Officials from the Federal Reserve and the OCC had openly discussed TD’s AML failings with TD executives in November 2022. However, the very next month, TD CEO Masrani stated that he was “not aware if regulators were taking a closer look at anything”. Specifically, during the Q4 2022 Earnings Conference Call held on December 2, 2022, when Masrani was asked by an analyst if regulators were “taking a closer look at anything” relating to the First Horizon deal, Masrani misled investors by stating, “I’m not aware of anything of the sort you’re mentioning”:

Gabriel Dechaine – National Bank Financial – Analyst: Okay. We calculate it ourselves, it might be the compare methodology there. My real question is on the First Horizon. A subtle shift in timing expectations, I guess. Last quarter, you were expecting to close in fiscal Q1, now first half. ***What's prompting the delayed expectation of closing?***

Bharat Masrani – TD – Group President and CEO: We're already in December. And so we don't control the timing of all the regulatory approvals, but ***we are confident that we'll get closing within the time line that we've put out.***

Gabriel Dechaine – National Bank Financial – Analyst: ***I mean are they taking a closer look at anything?*** Are you anticipating having to make any adjustments to your product lineup or your fee schedule in advance of the close?

Bharat Masrani – TD – Group President and CEO - No, I'm not aware of

anything of the sort you're mentioning. [Emphasis added].

124. Masrani misrepresented that he was not aware that regulators were “taking a closer look at anything” when, in fact, TD executives had met with officials from the Federal Reserve and the OCC in November 2022 and openly discussed” the failings of TD’s AML Controls and TD was therefore evidently aware that regulators were “taking a closer look” at TD’s AML Controls. The Defendants knew, at the time this public oral statement was made, that it contained misrepresentations. The fact that regulators *were* taking a closer look at the First Horizon transaction and that they had already expressed that they had identified failings with TD’s AML Controls was highly material information that was known or should have been highly important to investors and would have a significant impact on the share price of TD shares.

125. This misrepresentation also benefitted the Individual Defendants. At TD’s Annual Meeting held on April 23, 2023, just weeks before it was finally announced the First Horizon deal would not close, TD shareholders approved millions of dollars of additional compensation, exceeding what executives received in prior years, for Defendants Marsani, Salom and Tran, for their role in facilitating the First Horizon Merger.

126. TD also made misrepresentations in press releases dated February 28, 2022, February 9, 2023 and May 4, 2023.

127. On February 8, 2022, TD and First Horizon issued a joint press release announcing the proposed merger. In the press release, TD announced the deal was “expected to close” in the first quarter of TD’s 2023 fiscal year “subject to customary closing conditions.”

128. In a joint press release with First Horizon dated February 9, 2023, TD stated that TD and First Horizon had agreed to extend the closing date for the transaction “in accordance with the terms of the merger agreement”, and that they were “fully committed to the merger and continue[d] to make significant progress in planning for the closing and integration of the companies.”

129. On May 4, 2023, TD and First Horizon released a joint press release stating that TD had “informed First Horizon that TD does not have a timetable for regulatory approvals to be obtained for reasons unrelated to First Horizon” and that because of the “uncertainty as to when and if these regulatory approvals can be obtained” the merger agreement had been terminated by the parties.

130. These three press releases, dated February 28, 2022, February 9, 2023 and May 4, 2023, contained misrepresentations by omission. TD did not disclose that it was facing, or was likely to face, regulatory scrutiny regarding its AML Controls and that as a result regulators were unlikely to approve the First Horizon deal. The fact that TD would likely face, or in fact had faced scrutiny from regulators, and that regulators would not or would likely not, due to TD’s deficient AML Controls, was material information that was known or should have been highly important to investors and that would have a significant impact on the share price of TD shares.

131. The first partial corrective disclosure revealed that the First Horizon transaction would not close because of TD’s AML Control problems, while the remaining five corrective disclosures revealed the existence and severity of numerous regulatory and criminal investigations into its AML issues. As pleaded below, the partial corrective disclosure all corresponded to the subject matter of the pleaded misrepresentations and revealed the existence of the previous misrepresentations made by the Defendants.

C. Third Misrepresentation - TD Failed To Disclose That Multiple TD Employees And Others Had Been Criminally Charged With Money Laundering Related Offences At TD During The Class Period

132. In TD's Core and Non-Core Documents throughout the Class Period, the Defendants failed to disclose that there were criminal proceedings against TD employees and other individuals for laundering money through TD accounts. Given the Defendants' representations in Core and Non-Core Documents that it had effective AML Controls that detected and deterred money laundering, the existence of criminal proceeding relating to failures in TD's AML Controls were material to investors. It was necessary to disclose that TD's AML Controls had failed and the events described in the criminal proceedings. TD's failure to make such disclosures was a misrepresentation by omission. Class Members suffered significant damage once the truth about the criminal proceedings were revealed in the second (August 8, 2023), third (January 8, 2024), and fifth (May 2, 2024) partial corrective disclosures discussed below.

(i) Core and Non-Core Document and public oral statement misrepresentations

133. While representing that its AML Controls were effective, TD did not disclose, in either its Core and Non-Core Documents or its public oral statements, that criminal charges had been brought against several of its employees and other individuals for laundering millions of dollars through TD accounts.

134. TD failed to disclose that multiple TD employees, Daniel Hernandez, Diappe Seck and Oscar Nunez-Flores, had been charged, and in some cases convicted, with money laundering related offences. Daniel Hernandez was convicted of wire conspiracy after he obtained USD \$15 million in fraudulent PPP loans by directing TD customers to submit falsified paperwork. Diappe Seck and his co-conspirators obtained almost USD \$2 million through fraud using 412 TD chequing accounts. Nunez-Flores was charged with conspiracy to launder money instruments and

receiving bribes after he laundered millions for Colombian cartels in his capacity as a TD employee. This was material information that should have been disclosed and would have inevitably had a material impact on the price of TD shares.

135. Further, TD did not disclose that a Queens, New York man, Da Ying Sze, and several others were charged with laundering over USD \$653 million through ***TD accounts***. Da Ying Sze, and five others, were charged with conspiracy to commit money laundering and bribing a bank employee on May 6, 2021. In Da Ying Sze's indictment, the financial institution where the money laundering occurred was anonymous. TD was simply referred to as a "financial institution", or "F-1". As a result, the fact that the money laundering was occurring at TD specifically was not public knowledge when the indictment was released.

136. TD's failure to disclose that TD itself was the anonymous institution in Da Ying Sze's indictment was a misrepresentation by omission. This was highly material information that was known or should have been highly important to investors and would have a significant impact on the share price of TD shares.

137. On August 24, 2023, TD disclosed for the first time the potential of criminal proceedings relating to TD's AML Controls, stating in its 2023 Q3 Results Report to Shareholders that TD was responding to "formal and informal inquiries from ... law enforcement concerning its Bank Secrecy Act/anti-money laundering compliance program ...". (p. 79). However, TD did not disclose the nature, extent, scope or number of these investigations by law enforcement.

138. It was not until May 2, 2024, almost three full years after Da Ying Sze's indictment, when the *Wall Street Journal* published an article revealing that TD was in fact the financial institution

referred to in the indictment, that the public became aware that a TD employee (who accepted bribes for his role in the conspiracy to launder money) had successfully facilitated the laundering of hundreds of millions of dollars without being caught by TD's AML Controls.

139. The fact that multiple individuals, including TD's own employees, had collectively successfully laundered hundreds of millions of dollars at TD were material facts that TD was required to disclose. TD knew or should have known that this information would have been highly important to investors and would have a material impact on the share price of TD shares. This information would have made clear to investors that TD's AML Controls were wholly inadequate and could not detect, let alone deter, even a rudimentary money laundering scheme.

D. Fourth Misrepresentation - TD Repeatedly Made Accounting Misrepresentations Relating To ICFR, DC&P And Certifications And Misstated Its Financial Results

140. In each of its Class Period financial statements, TD misrepresented that its financial reporting was IFRS-compliant. It was only at the time of the fifth (May 2, 2024) and sixth (May 3, 2024) corrective disclosures, that the true extent of the monetary and non-monetary regulatory penalties faced by TD, and the effect these issues would have on TD's financial state and business operations, were revealed.

141. TD had recorded significant goodwill associated with its US business based on the assumption that its US expansion would generate significant further business growth, revenue and cash flows. However, as a result of the undisclosed US regulatory and DOJ investigations and indictments, and the cancellation of the First Horizon acquisition, significant impairment indicators arose during the Class Period that certainly required a write-down on the value of the assets and goodwill related to this business. It had also recorded significant goodwill related to its Canadian business that also needed to be written down during the Class Period. Those write-downs

were not taken which resulted, during the Class Period, in an overstatement of the value of TD's assets on its Balance Sheets and a corresponding overstatement of income as a result of the failure to take the amount of such write-downs as expenses during the Class Period.

142. Throughout the Class Period, TD failed to comply with applicable accounting standards and requirements, including IFRS and GAAP. TD also misrepresented its financial position in its quarterly and annual financial consolidated statements. TD repeated the following accounting misrepresentations as a result of its AML Controls deficiencies in its Quarterly and Annual Reports during the Class Period:

- a) TD failed to take necessary impairment write downs because of the value of its goodwill suffered impairment as a result of the AML Controls deficiencies, and the resulting investigations and sanctions;
- b) TD failed to comply with accounting disclosure requirements of the risks associated with its AML Controls issues described; and
- c) TD misstated that it had functioning and effective ICFR and DCP during the class period when it did not and thus the Certifications by the CEO and CFO as such were false.

Goodwill, CGU Values and Operational Risks

143. In its Annual Reports for the fiscal years ended October 31, 2021 (released December 1, 2021), October 31, 2022 (released November 30, 2022), and October 31, 2023 (released November 29, 2023), TD recorded upwards of billions of dollars in aggregated goodwill in relation to CGUs for its Canadian and US business based on the assumption related to “forecasted earnings, growth rates, discount rates, and terminal growth rates”. TD represented that the below reported values of goodwill were “reasonable and supportable” and accounted for “market risk, credit risk, and operational risk”.

- a) **Carrying amount of goodwill as of October 31, 2021** (Annual Report 2021 at Note 14, pp. 189-190):
 - i. **Canadian Retail:** CAD \$2,824,000,000;
 - ii. **US Retail:** CAD \$13,134,000,000;
- b) **Carrying amount of goodwill as of October 31, 2022** (Annual Report 2022 at Note 14, pp. 193-194):
 - i. **Canadian Retail:** CAD \$902,000,000;
 - ii. **US Retail:** CAD \$14,463,000,000;
- c) **Carrying amount of goodwill as of October 31, 2023** (Annual Report 2023 at Note 14, pp. 193-194):
 - i. **Canadian Retail:** CAD \$902,000,000; and
 - ii. **US Retail:** CAD \$14,722,000,000.

144. The recordings of Goodwill in Note 14 of its Annual Reports during the Class Period were a misrepresentation by commission and omission. TD misrepresented that the reported goodwill values were “reasonable and supportable” and accounted for “operational risk”. The reported goodwill values did not account for operational risks posed by TD’s AML Controls deficiencies, such as future monetary and non-monetary penalties and sanctions that TD expected to receive, the reputational damages that would result from the regulatory and criminal investigations and penalties, and the cost of improving AML Controls to meet legal and regulatory standards.

145. It was necessary to disclose and account for the ineffectiveness of TD’s AML Controls and the DOJ and regulatory investigations into the TD’s AML Controls. These facts were significant impairment indicators that arose during the Class Period that required a write-down on the value of the assets and goodwill related to this business. Alternatively, it was necessary to disclose that TD’s goodwill value did not account for, or assumed compliance with legal and regulatory AML requirements despite the fact its AML Controls failed to detect and deter money laundering and

TD was subject to DOJ and regulatory investigations. It was known or ought to have been known that this information would be highly material information to investors and would have a significant impact on the share price of TD shares.

Representations and Certifications regarding Functioning ICFR and DC&P

146. In its Annual Reports for the fiscal years ended October 31, 2021 (released December 1, 2021), October 31, 2022 (released November 30, 2022), and October 31, 2023 (released November 29, 2023), TD represented that its annual Consolidated Financial Statements were “prepared in accordance with International Financial Reporting Standards ...”. (Annual Report 2021 at p. 14; Annual Report 2022 at p. 18; Annual Report 2023 at p. 18).

147. TD repeated this representation in the following Quarterly Reports:

- a) 2021 Q2 Results Report to Shareholders at p. 1 (released May 27, 2021);
- b) 2021 Q3 Results Report to Shareholders at p. 1 (released August 26, 2021);
- c) 2021 Q4 Results Report to Shareholders at p. 1 (released December 2, 2021);
- d) 2022 Q1 Results Report to Shareholders at p. 1 (released March 3, 2022);
- e) 2022 Q2 Results Report to Shareholders at p. 1 (released May 26, 2022);
- f) 2022 Q3 Results Report to Shareholders at p.1 (released August 25, 2022);
- g) 2022 Q4 Results Report to Shareholders at p.1 (released December 1, 2022);
- h) 2023 Q1 Results Report to Shareholders at p.1 (released March 2, 2023);
- i) 2023 Q2 Results Report to Shareholders at p.1 (released May 25, 2023);
- j) 2023 Q3 Results Report to Shareholders at p.1 (released August 24, 2023);
- k) 2023 Q4 Results Report to Shareholders at p.1 (released November 30, 2023); and
- l) 2024 Q1 Results Report to Shareholders at p.1 (released February 29, 2024);

148. For all the reasons described above, TD's representations that its Quarterly Reports and Annual Reports, released during the Class Period, were IFRS-compliant and that its ICFR and DC&P were functioning were misrepresentations by commission. All Quarterly Reports and Annual Reports released during the Class Period failed to comply with applicable accounting standards and failed to properly present the financial statements, financial results, and other financial and regulatory metrics. This was done in violation of IAS 1 and other accounting standards.

149. Further, as described above, the Certifications in the Quarterly and Annual Financial Statements by the CEO and CFO that TD's ICFR and DC&P were effective were false and constituted misrepresentations.

X. CORRECTIVE DISCLOSURES OF MISREPRESENTATIONS

150. The misrepresentations as described above were corrected by partial public corrective disclosures made on May 8, 2023, August 24, 2023, January 8, 2024, April 30, 2024, May 2, 2024 and May 3, 2024.

A. May 8, 2023- First Partial Public Corrective Disclosure

151. On May 8th, 2023, *Bloomberg* and the *Wall Street Journal* published reports revealing that the reason the Federal Reserve and the OCC had refused to approve the First Horizon deal was specifically due to TD's severe AML Control deficiencies. Both reports attributed regulators refusal to approve the deal to TD's "handling of suspicious customer transactions" and concerns around its AML Controls. The *Wall Street Journal* article was published at 2:02 pm. TD's stock price dropped from \$84.81 per share at 2:02 pm to \$82.59 per share at 2:12 pm.

152. While TD had admitted, four days earlier on May 4, 2023, via a joint press release with First Horizon, that TD and First Horizon were terminating their merger agreement due to “uncertainty” as to “when and if” the necessary “regulatory approvals could be obtained, it was not until the release of the *Wall Street Journal* and *Bloomberg* articles, described above, that the public became aware that *regulators’ concerns were centered around TD’s deficient AML Controls specifically* and that the regulators’ refusal to approve the First Horizon deal related to “the way TD handled unusual transactions in recent years, and the speed at which some of them were brought to the attention of U.S. authorities”. This was critical given the significant penalties, sanctions, reputational damage and business disruptions that violations of AML regulatory and legal requirements posed.

153. Overall, the May 8, 2023 first partial public corrective disclosure of previously undisclosed material facts caused a significant drop in the TD share price in the amount of \$0.95 per share or 1.14%. Price charts reflecting the impact of the first partial public corrective disclosure are below.

Figure 1: Intraday Prices on May 8, 2023 (indexed to TD stock price at 2:02 pm)



Figure 2: Price Charts for May 8 and 9, 2023



B. August 24, 2023 – Second Partial Public Corrective Disclosure

154. Before the stock market opened on August 24, 2023, TD disclosed for the first time that it expected to receive fines and non-monetary sanctions from regulatory and criminal investigations into its AML Controls.

155. Specifically, in its 2023 Q3 Results Report to Shareholders (“2023 Q3 Report”) (released August 24, 2023), TD disclosed that there were ongoing regulatory and criminal investigations relating to its AML Controls, both generally and in relation to specific clients and events, including an investigation by the DOJ. TD stated that it anticipated monetary and non-monetary penalties as a result of these investigations. Specifically, TD reported that:

The Bank has been responding to *formal and informal inquiries from regulatory authorities and law enforcement concerning its Bank Secrecy Act/anti-money laundering compliance program*, both generally and in connection with specific clients, counterparties or incidents in the US, including in connection with an investigation by the United States Department of Justice. The Bank is cooperating with such authorities and is pursuing efforts to enhance its Bank Secrecy Act/anti-money laundering compliance program. *While the ultimate outcomes of these inquiries and investigations are unknown at this time, the Bank anticipates monetary and/or non-monetary penalties to be imposed.* [Emphasis added].

(2023 Q3 Report at p. 79)

156. This second partial public correction of previously undisclosed material facts caused a significant drop in the TD share price in the amount of \$2.61 per share or 3.13%.

157. Notably, while the 2023 Q3 Report outlined above disclosed the existence of regulatory and criminal AML concerns, TD still did *not* disclose the severity and significance of the investigations, nor the deleterious effects the investigations and subsequent sanctions and penalties would have on TD's operations in Canada and the US.

158. A price chart of the impact of the second partial public corrective disclosure is set out on the following page.

Figure 3: Interday Price Charts for August 23, 24 and 25 2023



C. January 8, 2024 – Third Partial Public Corrective Disclosure

159. Late on January 8, 2024, the *Capitol Forum* published an article entitled “TD Bank/First Horizon: Buyer Knew It Faced a Serious Money-Laundering Probe Months Before Deal Collapsed”. This article corrected various misrepresentations made by TD in relation to its AML Controls, the closing of the First Horizon transaction, its knowledge and history of AML issues, and the severity and scope of the criminal and regulatory investigations into, and potential penalties that could be levied against, TD.

160. The January 8 *Capitol Forum* article disclosed, among other things, for the first time that:

- a) TD executives knew by November 2022 that “multiple federal law enforcement agencies had found such serious lapses in anti-money laundering (AML) controls that US regulators might reject the [First Horizon] merger ...”;
- b) In October 2022, “a former TD Bank branch employee in New Jersey was charged with helping launder millions of dollars in illegal drug sales since early 2022” and the nature of the former employee’s activities “should have immediately set off alarms at TD ...”; and
- c) TD had “systemic problems” and “regulators have determined that the company’s failings go back many years”.

161. This third partial public corrective disclosure of previously undisclosed material facts caused a significant drop in the TD share price in the amount of \$3.82 per share or 3.22%. A price chart reflecting the impact of the third partial public corrective disclosure is set out below.

Figure 4: Prices for January 8, 9 and 10 2024



D. April 30, 2024 – Fourth Partial Public Corrective Disclosure

162. On April 30, 2024, TD issued a press release after the close of trading, where it disclosed, for the first time, the severity of the potential regulatory penalties and sanctions it faced. TD revealed that it had taken an initial provision of USD \$450 million in “connection with discussions with one of its US regulators, related to previously disclosed regulatory and law enforcement investigations of TD’s US Bank Secrecy Act (BSA)/anti-money laundering (AML) program”.

163. In this press release, TD further clarified that the bank anticipated “additional monetary penalties” and the provision did not reflect the “final aggregate amount of potential monetary penalties or any non-monetary penalties”. TD also admitted that its AML program was “insufficient to effectively monitor, detect, report and respond to suspicious activity”.

164. This announcement was widely reported after market closing on April 30, 2024 and the next day on May 1, 2024, in publications including but not limited to *The Globe and Mail*, *The Canadian Press*, *The Wall Street Journal Online*, *Reuters News*, and *Dow Jones Institutional News*. For instance, *the Globe and Mail* published an article titled, “TD investors concerned with lack of details about US regulatory probe after bank sets aside US\$450-million provision for penalties,” and discussed other potential non-monetary fines.

165. This fourth partial public corrective disclosure of previously undisclosed material facts caused a significant drop in the TD share price in the amount of \$0.91 per share or 1.11%. A price chart reflecting the impact of the fourth partial public corrective disclosure is below at paragraph 178 (see Figure 5: Price Charts for April 30, 2024, May 1, 2, 3 and 6, 2024).

E. May 2, 2024 – Fifth Partial Public Corrective Disclosure

166. On May 2, 2024, FINTRAC announced that, on April 9, 2024, it imposed an administrative monetary penalty of \$9,185,000 on TD for non-compliance with Part 1 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its associated Regulations. Specifically, following a 2023 compliance examination, FINTRAC found that TD had:

- a) Failed to submit 20 suspicious transaction reports (of the 178 reviewed) where there were reasonable grounds to suspect that transactions were related to a money laundering or terrorist activity financing offence, including failures to obtain and validate information to inform its understanding of the nature and purpose of the clients' transactions and the source of their funds, and continuing gaps in the processes of TD's Financial Intelligence Unit;
- b) Failed to assess and document money laundering/terrorist activity financing risks – due to weaknesses in its oversight of and processes for the assessment of client risk, which led to a failure to identify 96 clients as high-risk clients – and a failure to ensure its procedures and guidance were aligned with standards;
- c) Failed to take the prescribed special measures in relation to 85 clients who were at high risk of engaging in money laundering/terrorist financing;
- d) Failed to periodically conduct ongoing monitoring of business relationships based on prescribed risk assessments, including 116 instances where TD failed to conduct a review of account activity to ensure transactions or activity were consistent with the information obtained about the client; and
- e) Failed to keep record of the measures taken and information obtained when conducting ongoing monitoring of business relationships in relation to 96 clients.

167. The FINTRAC announcement was the first disclosure of TD's significant and gross AML Control deficiencies in its *Canadian* operations.

168. Following the FINTRAC announcement, various media outlets began reporting on the penalty imposed on TD and the associated circumstances. For instance, on the same day, the *Globe and Mail* published an article entitled "TD Bank ordered to pay almost \$9.2 million by Canada's

anti-money laundering regulator over faulty controls”. This article stated that the fine levied against TD was the “largest-ever monetary penalty” imposed by FINTRAC.

169. On May 2, 2024, following the announcement of the FINTRAC penalty, *Reuters* published an article entitled “TD Bank probed tied to laundering of illicit fentanyl profits, WSJ Reports” that provided an emailed statement from a TD spokesperson who acknowledged the deficiencies in TD’s AML processes: “Regrettably, our U.S. AML program did not effectively thwart these [money laundering] activities”.

170. On the same day, the *Wall Street Journal* published an article entitled “TD Bank Probe Tied to Laundering of Illicit Fentanyl Profits: The Canadian bank is contending with three other US probes into its anti-money laundering controls”. The article highlighted the deficiencies of TD’s previous disclosures, including that “[w]hile TD disclosed a Justice Department probe into its anti money-laundering practices last year, the focus on money laundering related to illegal drug sales hasn’t been previously reported.” It also detailed the extent and severity of the regulatory and criminal investigations into TD’s AML deficiencies:

TD’s anti-money-laundering practices have been under scrutiny for years.

The bank said Tuesday that in addition to the Justice probe, ***it is the subject of three other anti-money-laundering investigations in the U.S.*** TD set aside \$450 million to resolve one of those inquiries and said it expects additional penalties. On Thursday, a Canadian banking regulator fined TD the equivalent of \$6.7 million for failing to file suspicious activity reports and document risks related to money laundering and terrorist activity, among other things. [Emphasis added].

171. The article disclosed that TD was in fact the bank identified as “Financial Institution No. 1” in a 2021 complaint charging TD Employee Da Ying Sze for money-laundering. The article stated that the DOJ’s investigation of Da Ying Sze led to the DOJ’s probe of TD as the prosecutors

noted that Sze used one financial institution – **TD** – to launder money. The article also stated that the US Attorney’s Office in New Jersey charged Oscar Marcelo Nunez-Flores, another employee at a TD branch, in 2023 “for taking bribes and using his position [at TD] to facilitate the laundering of millions of dollars in drug proceeds.”

172. The *Reuters* article stated that the “issues have already stalled TD’s ambitious expansion plans” and led to the termination of the First Horizon transaction. In a bulletin published on May 2, 2024, the National Bank of Canada stated that it was reducing its “estimates to reflect an assumption that TD’s U.S. asset growth will be restricted next fiscal year” and that it was dropping its target for TD’s share price from \$92 to \$84. The National Bank analysis projected a “reduction to TD’s future earning potential of over \$1 bln (billion)”. The reason for the downgrading and reductions were:

Market expectations of the regulatory penalties/fines related to its AML issues have undoubtedly increased. ***For starters, the bank’s recently disclosed US\$450 mln provision made expectations of a \$500 mln - \$1 bln range of outcomes seem low, considering it was booked for only one regulatory investigation.*** The bank also faces potential penalties from two other regulators, plus the Department of Justice (DoJ), which has a history of imposing much larger fines. ***As such, we believe that a total penalty amount of \$2 bln is realistic.*** However, fines alone aren’t the only financial consideration.

What could potentially be more impactful to financial performance of TD’s U.S. operations are the consent orders that may be imposed by its regulators. As the name suggests, consent orders dictate what a bank needs to do (and what it can’t do) in order to address deficiencies in risk management, engagement in unsafe or unsound business practices or other infractions identified by regulators. Typically a consent order requires a bank to take actions such as:

- 1) Ceasing and desisting unsound/unsafe practices;
- 2) Remedial action aimed at addressing said practices;
- 3) Restitution or reimbursement for the cost of said practices; and
- 4) Restrict asset growth and/or modify the business model. [Emphasis added]

173. This fifth partial public corrective disclosure of previously undisclosed material facts caused a significant drop in the TD share price in the amount of \$1.36 per share or 1.68%. A price chart reflecting the impact of the fifth partial public corrective disclosure is below at paragraph 178 (See Figure 5: Price Charts for April 30, 2024, May 1, 2, 3 and 6, 2024).

F. May 3, 2024- Sixth Partial Public Corrective Disclosure

174. On May 3, 2024, TD's CEO Masrani openly admitted, for the first time, that there were "serious" issues with TD's AML Controls. He confirmed that TD did not meet "its regulatory obligations to effectively monitor, detect, report or respond" to suspected money laundering, calling the issues "simply appalling" and admitting it was "unacceptable" that TD was not able to prevent money laundering.

175. This same day, it was reported by multiple media outlets that the fine assessed by US regulators could exceed USD \$2 billion. For instance, *CBC News* published an article on May 3, 2024 that reported, according to National Bank of Canada analyst Gabriel Dechaine, TD could "face more severe penalties after drug money laundering allegations" that connected TD to "illicit fentanyl profits". In the *CBC* article, Mr. Dechaine noted that not only could TD face fines above \$500 million, but that it could also face "more severe regulator-imposed limitations on its business activities" and that he believed "investors need to put greater weight on worst-case scenarios for the stock."

176. The *Globe and Mail* also released an article on May 3, 2024, which expressed concern that fines against TD could "easily hit" \$2 billion:

Last year TD disclosed that it was the subject of an anti-money-laundering (AML) investigation after U.S. regulators blocked its US\$13.4-billion takeover of Memphis, Tenn.-based First Horizon Corp., ***but until Thursday investors and analysts never***

seemed all that fussed about the outcome. The working theory was that TD would pay a fine, but nothing obscene, and its expansion in the United States, its major growth market, would be limited for the near future.

That narrative is now changing – fast. “We believe that TD could not only face a larger than expected fine, but also regulator-imposed limitations on its business activities,” Gabriel Dechaine, a banking analyst at National Bank Financial, wrote in a note to clients For months, analysts have predicted a fine in the range of US\$500-million to US\$1-billion, but that’s now jumped. **“We believe cumulative fines could easily hit \$2-billion,”** Mr. Dechaine wrote.[Emphasis added]

177. This sixth partial public corrective disclosure of previously undisclosed material facts caused a significant drop in the TD share price in the amount of \$4.60 per share or 5.79%. A price chart reflecting the impact of the sixth partial public corrective disclosure is set out below.

Figure 5: Price Charts for April 30, 2024, May 1, 2, 3 and 6, 2024



XI. CAUSES OF ACTION

A. Secondary Market Liability

178. On behalf of the Class, the Plaintiffs plead, against all Defendants, the cause of action in Part XXIII.1 of the *OSA* and the analogous provisions of the Other Canadian Securities Legislation.

179. TD is a “responsible issuer” pursuant to *OSA* sections 138.1 and 138.3 and the analogous provisions of the Other Canadian Securities Legislation.

180. The Core and Non-Core Documents and public oral statements described below contained one or more misrepresentations, which were corrected through a series of partial public corrective disclosures, as particularized above.

181. The Individual Defendants, were, at the material time, directors and, or officers of TD. Each of the Individual Defendants authorized, permitted or acquiesced in the release of some or all of the Core and Non-Core Documents and public oral statements described below while knowing that some or all of those documents contained misrepresentations as particularized above.

182. At all material times, the Defendants knew at the time that the Core and Non-Core Documents and public oral statements described below were released that they contained misrepresentations, or in the alternative, deliberately avoided acquiring knowledge that those documents contained misrepresentations, or in the alternative, through act or failure to act, was guilty of gross misconduct in connection with the release of the Core and Non-Core Documents and public oral statements that contained misrepresentations as particularized above. The Individual Defendants also failed to conduct, and did not cause to be conducted, a reasonable

investigation and had reasonable grounds to believe that TD had filed documents and had made public oral statements containing the misrepresentations.

183. The Individual Defendants signed the Certifications which contained misrepresentations. The Individual Defendants permitted, authorized or acquiesced in the release of the Certifications, and knew that the Certifications contained the misrepresentations that are alleged above to have been contained therein or, in the alternative, deliberately avoided acquiring such knowledge or, in the alternative, were guilty of gross misconduct in connection with the release of the Certifications.

184. Pursuant to section 138.3(1) and the equivalent provisions of the Other Canadian Securities Legislation, the Individual Defendants are liable in respect of the misrepresentations alleged to be contained in the Certifications.

185. On the basis of the foregoing, the Defendants are liable to the Class under Part XXIII.1 of the *OSA* and the equivalent provisions of Other Canadian Securities Legislation.

B. Primary Market Liability

186. The Plaintiffs plead the cause of action in Part XXIII of the *OSA*, Prospectus and Offering Circular, and the analogous provisions of the Other Canadian Securities Legislation as against TD, and on behalf of those Class Members who purchased TD securities pursuant to the Prospectuses during the Class Period.

187. The Prospectuses and Offering Circular were prepared to effect the Offerings and provide all material information necessary for prospective investors, including Class Members, to determine whether they would acquire TD securities offered by the Prospectuses and Offering Circular during the period of distribution or during distribution to the public. The Prospectuses and

Offering Circular also form part of TD's continuous disclosure record and were intended to be read and relied upon by investors, including Class Members, subsequent to the period of distribution, in making decisions as to whether to buy, hold, or sell TD securities.

188. TD issued the Prospectuses and Offering Circular, which, along with the TD's Core Documents incorporated by reference, contained the misrepresentations that are alleged above.

189. On the basis of the foregoing, the Defendants are liable to the Class under ss. 130 and 130.1 of Part XXIII of the *OSA* and the equivalent provisions of Other Canadian Securities Legislation.

C. Vicarious Liability

190. TD is vicariously liable for the acts and omissions of its officers, directors and employees. The acts or omissions particularized in this Claim were authorized, ordered and done by the Individual Defendants, and other agents, employees and representatives of TD, while engaged in the management, direction, control and transaction of the business and affairs of TD. Such acts and omissions are, therefore, not only the acts and omissions of its executives, directors, officers and employees but are also the acts and omissions of TD.

XII. DAMAGES

191. The price of TD's securities was directly affected during the Class Period by the issuance of the Core and Non-Core Documents and public oral statements containing the misrepresentations as described above. The Defendants were aware at all material times of the effect of TD's disclosure documents upon the price of its securities.

192. The Core Documents containing misrepresentations described above were filed, among other places, with SEDAR, the TSX, EDGAR and the NYSE, and thereby became immediately

available to, and were reproduced for inspection by, the Class Members, other members of the investing public, financial analysts, and the financial press.

193. TD regularly communicated with public investors and financial analysts via established market communication mechanisms, including through regular disseminations of their disclosure documents, including press releases on newswire services in Canada, the United States and elsewhere, and public end statements. Each time TD communicated that new material information about TD's financial results or transactions entered into by TD to the public, the price of TD's common shares was directly affected.

194. TD was the subject of analysts' reports that incorporated certain of the information contained in the disclosure documents and public end statements, with the effect that any recommendations to purchase TD's common shares and price targets in such reports during the Class Period were based, in whole or in part, upon that information.

195. TD's securities were and are traded, among other places, on the TSX and NYSE, which are efficient and automated markets. The price at which TD's securities traded promptly incorporated material information from TD's disclosure documents about TD's business and affairs, including the misrepresentations alleged above, which was disseminated to the public through the documents referred to above and distributed by TD, as well as by other means.

196. The price of TD's securities was artificially inflated during the Class Period as a result of the Defendants' false and misleading representations and omissions of material facts relating to its AML Controls and ICFR, DC&P and Certifications. The Defendants knew that the disclosure of these material facts would cause the price of TD's securities to decline.

197. The partial public corrective disclosures of the misrepresentation pleaded caused the price of TD's securities to significantly decline from pre-correction values, which resulted in significant damages to the Plaintiffs and Class Members.

XIII. JURISDICTION

198. The Plaintiffs and the Class Members plead that this action has a real and substantial connection with Ontario because, among other things:

- (a) TD is a reporting issuer in Ontario;
- (b) TD is a Canadian company, which is headquartered in Ontario and which does business in Ontario;
- (c) TD's shares trade on the TSX, which is located in Toronto, Ontario;
- (d) the Core and Non-Core Documents and public oral statements containing misrepresentations as described above were disseminated in and from Ontario;
- (e) a substantial proportion of the Class Members reside in Ontario; and
- (f) a substantial portion of the damages sustained by the Class were sustained by persons and entities domiciled in Ontario.

XIV. SERVICE OUTSIDE OF ONTARIO

199. The Plaintiffs may serve the Statement of Claim outside of Ontario without leave in accordance with rule 17.02 of the *Rules of Civil Procedure*, because this Claim is:

- (a) a claim in respect of personal property in Ontario;
- (b) a claim in respect of damage sustained in Ontario;
- (c) a claim against a person outside of Ontario who is a necessary or proper party to a proceeding properly brought against another person served in Ontario; and
- (d) a claim against a person ordinarily resident or carrying on business in Ontario.

XV. RELEVANT LEGISLATION

200. The Plaintiffs plead and rely on the *CJA*, the *CPA*, the *OSA* and the Other Canadian Securities Legislation.

XVI. PLACE OF TRIAL

201. The Plaintiffs propose that this action be tried in the City of Toronto, in the Province of Ontario, as a proceeding under the CPA.

June 24, 2024

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**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED IN
TORONTO

STATEMENT OF CLAIM

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