



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Imtiaz (“Tim”) Mahamood Mohamed

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (“MFDA”) will announce that it proposes to hold a hearing to consider whether, pursuant to s. 24.4 of MFDA By-law No. 1, a hearing panel of the Central Regional Council of the MFDA (“Hearing Panel”) should accept the settlement agreement entered into between Staff of the MFDA (“Staff”) and Imtiaz (“Tim”) Mahamood Mohamed (“Respondent”) (“Settlement Agreement”).

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff conducted an investigation of the Respondent’s activities. The investigation disclosed that the Respondent had engaged in activity for which he could be penalized on the exercise of the discretion of the Hearing Panel pursuant to s. 24.1 of By-law No. 1.

3. Staff and the Respondent recommend settlement of the matters disclosed by the investigation in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule “A”.

4. Staff and the Respondent agree that the terms of this Settlement Agreement, including the attached Schedule “A”, will be released to the public only if and when the Settlement Agreement is accepted by the Hearing Panel.

III. ACKNOWLEDGEMENT

5. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the MFDA (subject to Part XI) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

IV. AGREED FACTS

Registration History

6. From 1999 to November 3, 2007, when he was terminated for cause as a result of the events described herein, the Respondent was registered in Ontario as a mutual fund salesperson and branch manager with Dundee Private Investors Inc. (“Dundee”)¹.

7. Commencing February 26, 2008², the Respondent was re-registered in Ontario as a dealing representative in the categories of mutual fund dealer and exempt market dealer with

¹ From 1999 to 2002, the Respondent was registered with Dundee Private Investors *Management* Inc. Dundee Private Investors Inc. has been a Member of the MFDA since February 8, 2002, therefore, only the Respondent’s conduct since February 8, 2002 is subject to MFDA jurisdiction and is contemplated herein.

² The Respondent became employed with Keybase on January 11, 2008; however, he was not registered until February 26, 2008.

Keybase Financial Group Inc. (“Keybase”), a Member of the MFDA. He has remained with Keybase in this capacity to date.

8. In light of Dundee having terminated the Respondent, the Ontario Securities Commission (“OSC”) approved his registration with Keybase subject to him providing a sworn affidavit outlining the circumstances that had led to his termination. The affidavit that was provided by the Respondent is the subject of one of the admitted contraventions herein, described in more detail at paragraphs 17 to 23 below. The OSC did not impose any further terms and conditions on the Respondent’s re-registration.

Respondent’s Misconduct

9. On October 17, 2007, Dundee supervisory staff identified an irregularity with one of the Respondent’s client’s account-opening documents. Dundee made inquiries of the Respondent, and then arranged to audit the Respondent’s branch.

10. From October 30, 2007 to November 1, 2007, Dundee supervisory staff completed an audit at the Respondent’s branch of all his client files and found, among other things, pre-signed forms and evidence of discretionary trading.

11. MFDA Staff also conducted an investigation, which revealed that the Respondent had obtained pre-signed forms; engaged in discretionary trading (but which the clients were aware of and authorized); and sworn an affidavit containing misleading information which he provided to the OSC.

Pre-Signed Forms

12. From 2002 to at least April 2007, the Respondent obtained 43 blank or partially completed pre-signed trade forms (some of which were undated altogether) for 30 clients. He maintained these forms until November 1, 2007.

13. At the material time, Dundee’s policies and procedures prohibited Approved Persons asking clients to sign blank documents of any kind, and also prohibited Approved Persons maintaining pre-signed blank documents in client files.

Discretionary Trading

14. The Respondent's general practice was to meet with a client or speak with them over the telephone, determine their investing intentions, and have the client sign the completed forms in order to carry out the clients' investing intentions. Additionally, many of the Respondent's clients held their accounts in nominee name, or had executed Limited Trade Authorization forms regarding their accounts held in client name.

15. In some instances, however, the Respondent re-used pre-signed forms, either by photocopying the already existing blank pre-signed form for the new trade, or by 'whiting out' the trade instructions on an old already signed and populated trade form, and entering a new date and new trade instructions. In all cases, the Respondent would then submit the trade for processing.

16. There have been no client complaints and no known client losses concerning the discretionary trading engaged in by the Respondent. The last instance of discretionary trading occurred over seven years ago.

Affidavit

17. In or about November 2007, the Respondent applied to the OSC to have his registration renewed in order to register with Dundee.

18. On December 4, 2007, the OSC sent the Respondent a letter inquiring as to the circumstances of his termination from Dundee.

19. Through his counsel, the Respondent attempted to obtain access from Dundee to the blank signed forms referred to in its termination letter so that he could properly comment on the forms in his response to the OSC. Dundee declined to provide access, citing client confidentiality concerns.

20. On January 4, 2008, in response to the letter from the OSC, the Respondent swore an affidavit in which he provided misleading information as follows:

Para. 6 – I do not know what these documents [the blank and partially completed signed forms] are, and without access to them, I can't comment on them directly. If and when I am provided access to them I will be able to provide my comments.

Para 7 – I can, however, advise that is [*sic*] not my practice to obtain, keep or use blank signed forms.

21. The Respondent states that at the time he made the statement that it was “not [his] practice to obtain, keep or use blank signed forms” he did not believe that the statement was misleading. Nevertheless, the Respondent now acknowledges that the statement was misleading as he had in fact obtained, kept, and used blank and partially completed pre-signed forms.

22. The affidavit was provided to the OSC on the same date, namely January 4, 2008.

23. After receipt of the Respondent's affidavit, the OSC completed its review and approved the Respondent's registration with no terms or conditions, such that he became registered with Keybase.

Respondent's circumstances

24. The Respondent is 54 years old, has a Bachelors degree in engineering, and has worked in the financial services and insurance industries for most of his career.

25. There is no evidence of misappropriation or trading that was not authorized by clients in this matter. There is no evidence of client harm.

26. There is no evidence that the Respondent received any financial benefit from engaging in the discretionary trading beyond that to which he would have been ordinarily entitled had the transactions in the clients' accounts been carried out in the proper manner (i.e. sales commissions generated in the normal course).

27. On August 27, 2008, Keybase conducted an audit of the Respondent's client files. No pre-signed forms were identified. On April 14, 2010, Keybase conducted another audit of the Respondent's client files. No pre-signed forms were identified.

28. Since becoming registered with Keybase in 2008, some 4½ years ago, the Respondent has maintained a ‘clean record’, and expects to continue in like manner.

29. The Respondent has demonstrated best efforts in becoming knowledgeable and compliant with MFDA Rules and policies, as evidenced by the two successful Keybase audits of his files. In addition, the Respondent has registered to take the IFSE MFDA Compliance Course.

30. The Respondent has no prior disciplinary history with the MFDA, and has been fully cooperative with Staff, thus eliminating the need for a full hearing on the merits.

V. CONTRAVENTIONS

31. The Respondent admits:

- (i) from 2002 to at least April 2007, he obtained 43 blank or partially completed pre-signed trade forms for 30 clients, and maintained the said forms until November 1, 2007, contrary to MFDA Rule 2.1.1;
- (ii) from February 20, 2002 to August 22, 2005, he engaged in 22 instances of discretionary trading in the accounts of seven clients (all of which was known to and authorized by the clients), contrary to MFDA Rule 2.1.1; and
- (iii) on January 4, 2008, he swore an affidavit in which he provided misleading information to the OSC, contrary to MFDA Rule 2.1.1.

VI. TERMS OF SETTLEMENT

32. The Respondent agrees to the following terms of settlement:

- (i) the Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of one month commencing from the date of the Hearing Panel’s final Order herein, pursuant to s. 24.1.1(c) of MFDA By-law No. 1;

- (ii) the Respondent shall successfully complete the IFSE (IFIC) Mutual Fund Dealer Compliance course (“Course”) within six months of the date of the Hearing Panel’s final Order herein, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;
- (iii) in the event that the Respondent does not successfully complete the Course within six months of the date of the Hearing Panel’s final Order herein, the Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member until such time as the Respondent successfully completes the Course, pursuant to s. 24.1.1(c) of MFDA By-law No. 1;
- (iv) the Respondent shall pay a fine in the amount of \$20,000;
- (v) the Respondent shall pay costs in the amount of \$5,000;
- (vi) the Respondent shall attend in person at the Settlement Hearing; and
- (vii) the Respondent shall in future comply with MFDA Rule 2.1.1.

VII. STAFF COMMITMENT

33. If this Settlement Agreement is accepted by the Hearing Panel, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts set out in Part IV and the contraventions described in Part V of this Settlement Agreement, subject to the provisions of Part XI below. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any facts and contraventions that are not set out in Parts IV and V of this Settlement Agreement that are unknown to Staff at the time of settlement, or in respect of conduct that occurred outside the specified date ranges of the facts and contraventions set out in Parts IV and V, if unknown at the time of settlement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations.

34. Staff is not investigating the Respondent in respect of any facts and/or contraventions that are not set out in Parts IV and V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the facts and contraventions set out in Parts IV and V. Staff knows of no other allegations, facts and/or contraventions by or relating to the Respondent which might give rise to an investigation or proceedings against the Respondent other than those set out in Parts IV and V of this Settlement Agreement.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

35. Acceptance of this Settlement Agreement shall be sought at a hearing of the Central Regional Council of the MFDA on a date agreed to by Staff and the Respondent.

36. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the settlement hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive his rights to a full hearing, a review hearing before the Board of Directors of the MFDA or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction.

37. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of By-law No. 1.

38. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against him

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

39. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honor any of the terms of settlement set out herein apart from those set out in paragraph 32(vii), Staff reserves the right to bring proceedings under s. 24.3 of MFDA By-law No. 1 against the Respondent based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding(s) may be heard and determined by a hearing panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

40. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule "A" is not made by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to ss. 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

41. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

XI. DISCLOSURE OF AGREEMENT

42. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law.

43. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel.

XII. EXECUTION OF SETTLEMENT AGREEMENT

44. This Settlement Agreement may be signed in one or more counterparts, which together, shall constitute a binding agreement.

45. A facsimile copy of any signature shall be effective as an original signature.

Dated: August 30, 2012.

“Amanda Joki”

Witness – Signature

Amanda Joki

Witness – Print name

“Imtiaz (“Tim”) Mahamood Mohamed”

Imtiaz (“Tim”) Mahamood Mohamed

“Shaun Devlin”

Staff of the MFDA

Per: Shaun Devlin

Vice-President, Enforcement

Schedule "A"

Order

File No. 201229



Mutual Fund Dealers Association of Canada
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**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Imtiaz ("Tim") Mahamood Mohamed

ORDER

WHEREAS on August __, 2012, the Mutual Fund Dealers Association of Canada ("MFDA") issued a Notice of Settlement Hearing pursuant to s. 24.4 of By-law No. 1 in respect of Imtiaz ("Tim") Mahamood Mohamed ("Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA dated August __, 2012, in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to ss. 20 and 24.1 of By-law No. 1 ("Settlement Agreement");

AND WHEREAS the Hearing Panel is of the opinion that the Respondent:

- (i) from 2002 to at least April 2007, he obtained 43 blank or partially completed pre-signed trade forms for 30 clients, and maintained the said forms until November 1, 2007, contrary to MFDA Rule 2.1.1;

- (ii) from February 20, 2002 to August 22, 2005, engaged in 22 instances of discretionary trading in the accounts of seven clients (all of which was known to and authorized by the clients), contrary to MFDA Rule 2.1.1; and
- (iii) on January 4, 2008, swore an affidavit in which he provided misleading information, contrary to MFDA Rule 2.1.1.

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

- i. the Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of one month commencing from the date of this Order, pursuant to s. 24.1.1(c) of MFDA By-law No. 1;
- ii. the Respondent shall successfully complete the IFSE (IFIC) Mutual Fund Dealer Compliance course (“Course”) within six months of the date of this Order, pursuant to s. 24.1.1(f) of MFDA By-law No. 1;
- iii. in the event that the Respondent does not successfully complete the Course within six months of the date of this Order, the Respondent shall be suspended from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member until such time as the Respondent successfully completes the Course, pursuant to s. 24.1.1(c) of MFDA By-law No. 1;
- iv. the Respondent shall pay a fine in the amount of \$20,000;
- v. the Respondent shall pay costs in the amount of \$5,000; and
- vi. the Respondent shall in future comply with MFDA Rule 2.1.1.
- vii. if at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, the MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents to the non-

party without first redacting from them any and all intimate financial or personal information, pursuant to Rules 1.8(2) and (5) of the MFDA Rules of Procedure.

DATED this [day] day of [month], 20[].

Per: _____
[Name of Public Representative], Chair

Per: _____
[Name of Industry Representative]

Per: _____
[Name of Industry Representative]

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