



**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: Md Ashanur Rahman**

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**SETTLEMENT AGREEMENT**

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**I. INTRODUCTION**

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

**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 the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to section 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. ACKNOWLEDGMENT**

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 IX) 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 July 23, 2013 to October 11, 2018, the Respondent was registered in Ontario as a dealing representative with Royal Mutual Funds Inc. (the “Member”), a Member of the MFDA.

7. On October 11, 2018, the Respondent resigned from the Member, and he is not currently registered in the securities industry in any capacity.

8. At all material times, the Respondent conducted business in the Toronto, Ontario area.

#### **Personal Financial Dealing**

##### *Borrowing from Client AA*

9. At all material times, client AA was a client of the Member whose accounts were serviced by the Respondent. Client AA was also the Respondent’s friend and his realtor in connection with the Respondent’s sale of his condominium and purchase of a new home in 2017.

10. During 2017, the Respondent borrowed \$54,000 from client AA as follows:

- a) \$9,000 on or about September 20, 2017 to fund part of the deposit on the purchase of a new home by the Respondent;
- b) \$20,000 on or about October 24, 2017 to repay monies borrowed by the Respondent from another client, which is discussed further below; and

- c) approximately \$25,000 in 2017 so that the Respondent could pay personal expenses.

11. In each case, the Respondent promised to repay client AA from the proceeds of the eventual sale of his condominium. None of the loans were recorded in writing. None of the loans specified a repayment date or an interest rate, and the Respondent did not provide client AA with any security for the loans.

12. The Respondent did not disclose to the Member that he had borrowed \$54,000 from client AA.

13. In December 2017, the Respondent's sale of his condominium closed. On December 29, 2017, the Respondent repaid \$54,000 to client AA.

#### *Borrowing from Client SH*

14. At all material times, client SH was a client of the Member whose accounts were serviced by the Respondent.

15. In or around October 2017, the Respondent met with client SH and asked to borrow \$20,000. The Respondent wished to use the monies borrowed from client SH to pay down the Respondent's spouse's line of credit to improve their ability to secure a mortgage to purchase a new home. The Respondent promised client SH that he would repay the loan within seven days.

16. Client SH did not have \$20,000 available, but offered to borrow from his line of credit in order to lend the monies to the Respondent. The Respondent agreed to pay the interest incurred by client SH on the line of credit.

17. On or around October 17, 2017, client SH borrowed the \$20,000 from a personal line of credit, and had the monies transferred to a bank account that the Respondent held jointly with his spouse. The Respondent used the \$20,000 to pay down his spouse's line of credit.

18. The loan agreement between the Respondent and client SH was not recorded in writing and the Respondent did not provide client SH with any security for the loan.

19. On October 24, 2017, the Respondent repaid the \$20,000 loan to client SH plus \$19 in interest. The source of the \$20,000 that the Respondent used to repay client SH was monies that he borrowed from client AA, as described above.

### *Depositing Cash Belonging to Client AA*

20. On January 23, 2018, a business associate of client AA attended at the Respondent's branch and asked if the Respondent could hold \$9,000 in cash to pass on to client AA. The Respondent agreed to do so.

21. Later the same day, client AA contacted the Respondent and told him that he would not be able to make it to the branch that day, and asked the Respondent to continue to hold the money for him.

22. The Respondent deposited the \$9,000 into his personal bank account, thereby commingling the \$9,000 with his own monies. The Respondent states that he did so to safeguard the money.

23. Later the same day, client AA attended at the Respondent's branch to obtain the \$9,000. The Respondent withdrew the \$9,000 from his personal bank account and provided it to client AA.

### *Depositing Cash Belonging to Client BT*

24. At all material times, client BT was a client of the Member whose accounts were serviced by the Respondent. Client BT was also an unregistered employee of the bank affiliated with the Member, who worked in the same branch location where the Respondent conducted business.

25. On or about May 30, 2018, client BT asked the Respondent if he would deposit \$9,000 cash from client BT into the Respondent's personal bank account and provide client BT with a cheque for \$9,000.

26. The purpose of the transaction was to make the money falsely appear to be a gift, so client BT could build up a down payment and meet the bank's requirements to secure a mortgage for the purchase of a new home.

27. On May 30, 2018, the Respondent received \$9,000 cash from client BT, which he deposited into his personal bank account thereby commingling money from client BT with his own monies. On the same day, he repaid the \$9,000 to client BT by cheque.

28. On June 8, 2018, client BT provided the Respondent with a further amount of \$5,900 in cash for the same purpose described above. The Respondent again deposited the money that he

received from client BT into his personal bank account and on the same day repaid the money to client BT by cheque.

### *Lending to Client BT*

29. In or around June 2018, client BT asked the Respondent to lend him \$25,000 for a down payment on the purchase of a new home.

30. The Respondent agreed to loan client BT the money that he requested, and on June 21 and June 29, 2018, the Respondent borrowed \$11,000 and \$14,000, respectively, from his personal line of credit, and transferred the money to client BT's personal bank account.

31. On August 31, 2018, client BT repaid \$25,000 to the Respondent.

32. The loan agreement was not recorded in writing.

33. By virtue of the foregoing, the Respondent engaged in personal financial dealings with clients by borrowing monies from clients (clients AA and SH), lending monies to a client (client BT), and depositing monies belong to clients (clients AA and BT) to his personal bank account, all of which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients.

### **Conduct Unbecoming**

34. As described above at paragraphs 24 to 28, the Respondent deposited into his bank account a total of \$14,900 from client BT and provided clients BT with cheques totalling \$14,900, for the purpose of making the monies falsely appear to be a gift, so client BT could meet the bank's requirements to secure a mortgage for the purchase of a new home.

35. By virtue of the foregoing, the Respondent failed to observe high standards of ethics and conduct in the transaction of business and engaged in conduct or a practice which is unbecoming or detrimental to the public interest.

### **Avoiding Large Cash Transaction Reporting Requirements**

36. At all material times, Approved Persons of the Member were required to adhere to a code of conduct, which, among other things, required its Approved Persons to know and comply with all policies designed to detect and deter money laundering. These policies included that all large

cash transactions of \$10,000 or more be reported to the Financial Transaction and Reports Analysis Centre of Canada (“FINTRAC”).

37. On October 24, 2017, the Respondent borrowed \$20,000 from client AA, which the Respondent used to repay monies he borrowed from client SH, as described above at paragraph 19. Client AA provided the \$20,000 to the Respondent in cash.

38. The Respondent deposited the \$20,000 cash he obtained from client AA into bank accounts that the Respondent controlled in three separate transactions of less than \$10,000 each, thereby circumventing the large cash transaction reporting requirements of FINTRAC.

39. By depositing cash in this manner, the Respondent hindered the Member’s ability to supervise his conduct and potentially detect that the Respondent had borrowed money from client AA.

### **Misleading the Member**

40. At all material times, the Member’s policies and procedures required Approved Persons to cooperate with internal and external investigations, and to provide “honest, accurate, complete and timely information.”

41. In 2018, following the events described above, the investigative department of the Member interviewed the Respondent. During the interview, when asked about the \$9,000 transaction involving client BT described above at paragraphs 25 and 27, the Respondent stated that the \$9,000 was his own money that he loaned to client BT.

42. The Respondent’s statement to the Member was false or misleading because, as described above, the \$9,000 was cash the Respondent received from client BT, that the Respondent deposited into his own bank account and subsequently returned to client BT, so that client BT could falsely portray the money as a gift for the purpose of securing a mortgage.

### **Additional Factors**

43. The Respondent has not previously been the subject of a MFDA disciplinary proceeding.

44. All client money obtained by the Respondent described in the Settlement Agreement was repaid by the Respondent.

45. The Member conducted an investigation of the Respondent and reviewed his bank records, and detected no other instances of personal financial dealing with Member clients or suspicious transactions.

46. None of the clients described in the Settlement Agreement complained to the Member.

47. The Respondent currently resides in Bangladesh. The Respondent has not been registered in the securities industry in any capacity since his resignation from the Member on October 11, 2018. The Respondent states that he is unemployed and has limited financial means.

48. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a full hearing on the allegations.

## **V. CONTRAVENTIONS**

49. The Respondent admits that in 2017 and 2018, he engaged in personal financial dealings with clients by borrowing monies from clients, lending monies to a client, or depositing monies belonging to clients to his personal bank account, all of which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rules 2.1.4 and 2.1.1.

50. The Respondent admits that between May and June 2018, he aided a client to falsely portray monies as a gift to assist the client to secure a mortgage, thereby failing to observe high standards of ethics and conduct in the transaction of business and engaging in conduct or a practice which is unbecoming or detrimental to the public interest, contrary to MFDA Rule 2.1.1.

51. The Respondent admits that on October 24, 2017, he deposited \$20,000 in cash, which he borrowed from a client, into bank accounts that he controlled in three separate transactions of less than \$10,000 each, thereby circumventing the large cash transaction reporting requirements to the Financial Transaction and Reports Analysis Centre of Canada, contrary to MFDA Rule 2.1.1.

52. The Respondent admits that in 2018, he made false or misleading statements to the Member during the course of an investigation into his conduct, contrary to MFDA Rule 2.1.1.

## **VI. TERMS OF SETTLEMENT**

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

- a) the Respondent shall be prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 5 years from the date the Settlement Agreement is accepted, pursuant to section 24.1.1(e) of MFDA By-law No. 1;
- b) the Respondent shall pay a fine of \$20,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to Section 24.1.1(b) of MFDA By-law No. 1;
- c) the Respondent shall pay costs of \$5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.2 of MFDA By-law No. 1;
- d) the Respondent shall in the future comply with MFDA Rules 2.1.4, 2.1.1, 2.5.1, and 1.1.2; and
- e) the Respondent will attend in person, on the date set for the Settlement Hearing.

## **VII. STAFF COMMITMENT**

54. 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 contraventions described in Part V of this Settlement Agreement, subject to the provisions of Part IX below. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any contraventions that are not set out in Part V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the contraventions set out in Part V, whether known or unknown at the time of settlement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations.

## **VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT**

55. 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 counsel for Staff and the Respondent. MFDA Settlement Hearings are typically held in the absence of the public pursuant to section 20.5 of MFDA By-law No. 1 and Rule 15.2(2) of the MFDA Rules of Procedure. If the Hearing Panel accepts the Settlement Agreement, then the proceeding will become open to the public and a copy of the decision of the Hearing Panel and the Settlement Agreement will be made available at [www.mfda.ca](http://www.mfda.ca).

56. 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 or appeal 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.

57. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, then the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to section 24.1.1 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with section 24.5 of By-law No. 1.

58. 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.

59. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under section 24.3 of the By-laws of the MFDA 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.

## **IX. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT**

60. 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 sections 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

61. 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.

**X. DISCLOSURE OF AGREEMENT**

62. 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.

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

**XI. EXECUTION OF SETTLEMENT AGREEMENT**

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

65. An electronic copy of any signature shall be effective as an original signature.

**DATED** this 17<sup>th</sup> day of March 2021.

“Md Ashanur Raman”  
\_\_\_\_\_  
Md Ashanur Raman

“BT”  
\_\_\_\_\_  
Witness – Signature

BT  
\_\_\_\_\_  
Witness – Print Name

“Charles Toth”  
\_\_\_\_\_  
Staff of the MFDA  
Per: Charles Toth  
Vice-President, Enforcement



**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 CANADADA**

**Re: Md Ashanur Rahman**

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**ORDER**

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**WHEREAS** on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") issued a News Release announcing that it proposes to hold a hearing to consider whether, pursuant to section 24.4 of By-law No. 1, a hearing panel of the Central Regional Council (the "Hearing Panel") of the MFDA should accept the settlement agreement entered into between Staff of the MFDA ("Staff") and the Respondent, Md Ashanur Rahman (the "Respondent");

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

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

- a) in 2017 and 2018, engaged in personal financial dealings with clients by borrowing monies from clients, lending monies to a client, or depositing monies belonging to clients to his personal bank account, all of which gave rise to conflicts or potential conflicts of interest that the Respondent failed to disclose to the Member or otherwise address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rules 2.1.4 and 2.1.1;

- b) between May and June 2018, aided a client to falsely portray monies as a gift to assist the client to secure a mortgage, thereby failing to observe high standards of ethics and conduct in the transaction of business and engaging in conduct or a practice which is unbecoming or detrimental to the public interest, contrary to MFDA Rule 2.1.1;
- c) on October 24, 2017, deposited \$20,000 in cash, which he borrowed from a client, into bank accounts that he controlled in three separate transactions of less than \$10,000 each, thereby circumventing the large cash transaction reporting requirements to the Financial Transaction and Reports Analysis Centre of Canada, contrary to MFDA Rule 2.1.1; and
- d) in 2018, made false or misleading statements to the Member during the course of an investigation into his conduct, contrary to MFDA Rule 2.1.1.

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

1. The Respondent is prohibited from conducting securities related business in any capacity while in the employ of or in association with a Member of the MFDA for a period of 5 years from the date of this Order, pursuant to section 24.1.1(e) of MFDA By-law No. 1.
2. The Respondent shall pay a fine of \$20,000 in certified funds on the date of this Order, pursuant to section 24.1.1(b) of MFDA By-law No. 1.
3. The Respondent shall pay costs of \$5,000 in certified funds on the date of this Order, pursuant to section 24.2 of MFDA By-law No. 1.
4. If at any time a non-party to this proceeding, with the exception of the bodies set out in section 23 of MFDA By-law No. 1, requests production of or access to exhibits in this proceeding that contain personal information as defined by the MFDA Privacy Policy, then the MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all 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]

DM 812055