



**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: Ismail Cassim**

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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, Ismail Cassim.

**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 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 December 21, 2004 to January 18, 2017, the Respondent was registered in Ontario and Alberta as a mutual fund salesperson (now known as a dealing representative) with Global Maxfin Investments Inc. (the “Member”), a Member of the MFDA. He was also designated as a branch manager with the Member from September 28, 2009 to January 19, 2017.

7. At all material times, the Respondent conducted business in Brampton, Ontario.

8. The Respondent is not currently registered in the securities industry.

#### **The Respondent Collected, Maintained or Used Pre-Signed and Photocopied Account Forms**

9. At all material times, the Member’s policies and procedures prohibited its Approved Persons, including the Respondent, from obtaining or using pre-signed account forms.

10. In December 2014, the Member conducted an audit of the Respondent’s trading activities. On January 15, 2015, the Member concluded its audit and identified, among other things, that commencing in later than 2012, the Respondent had collected, maintained or used at least 145 pre-signed and photocopied client account forms for the accounts of 28 clients.

11. In February 2015, the Member sent letters to all clients whose accounts were serviced by the Respondent asking whether or not those clients had been asked to sign incomplete or blank account forms by the Respondent. In response, 6 additional clients informed the Member that they had signed incomplete or blank documents at the Respondent's request.

12. Notwithstanding the Member's audit findings described at paragraph 10 above, the Respondent admits that between 2012 and January 15, 2015 he collected, maintained, or used at least 123 blank pre-signed and photocopied client account forms in respect of 28 clients.

### **The Respondent Failed to Maintain Evidence of Client Trade Instructions**

13. Commencing in or around 2011, the Respondent developed and implemented what he described as a "market rotation" investment strategy for clients whereby the Respondent conducted frequent trading activity by processing trades in client accounts in an attempt to time the market.

14. From at least December 2011 to September 2014, the Respondent implemented his "market rotation" investment strategy in respect of at least 22 clients and in at least 75 client accounts.

15. At all material times, the Member's policies and procedures required its Approved Persons, including the Respondent, when processing trades using limited trading authorizations, to:

- a) document all trade instructions received from clients; and
- b) maintain in client files evidence of trades instructions received from clients including, among other things, notes, emails, particulars of the mutual funds to be traded such as date, time, manner in which the instructions were provided to the Approved Persons, and confirmation of discussions relating to any fees or charges to be paid.

16. The Respondent processed trades or other transactions in the clients' accounts as part of the "market rotation" by using limited trading authorizations provided to him by the clients, but without recording or maintaining adequate evidence of the trade instructions provided to him by clients before he processed the trades, including, among other things, the particulars of the mutual funds he was going to trade for the clients and the date, time and manner in which the instructions were provided to him by the clients.

### **The Respondent Mislead MFDA Sales Compliance Staff**

17. In July 2012, MFDA Staff conducted an examination of the Respondent's branch as part of a scheduled sales compliance examination of the Member.

18. On July 24, 2012, during an interview of the Respondent conducted by MFDA Staff, the Respondent falsely represented to MFDA Staff that he had not obtained and did not maintain blank pre-signed and photocopied client account forms in client accounts.

### **Additional Factors**

19. The Respondent has not previously been the subject of MFDA disciplinary proceedings.

20. The Respondent has cooperated with Staff during its investigation and during this disciplinary proceeding.

21. By entering into this Settlement Agreement, the Respondent has expressed remorse for his actions and avoided the need for a prolonged hearing on the merits.

22. None of the clients affected by the Respondent's admitted-to misconduct submitted complaints or alleged losses.

23. In November 2013, the Member identified 6 client accounts that may have experienced unrealized trading losses as a result of the Respondent's "market rotation" strategy. This said, there is no evidence of actual client losses resulting from the Respondent's admitted-to misconduct.

### **V. CONTRAVENTIONS**

24. As a result of the above, the Respondent admits that:

- a) Between 2012 and January 15, 2015, he collected, maintained or used at least 123 blank pre-signed and photocopied client account forms in respect of 28 clients, contrary to the Member's policies and procedures, and MFDA Rule 2.1.1;
- b) Between December 2011 and September 2014, he processed at least 166 trades in 22 client accounts without recording or maintaining adequate evidence of any trade

instructions provided by clients, contrary to the Member's policies and procedures, and MFDA Rules 5.1(b), 2.5, 1.1.2, and 2.1.1; and

- c) On July 24, 2012, he misled MFDA Staff during the course of its sales compliance examination of the Respondent's branch, contrary to MFDA Rule 2.1.1.

## **VI. TERMS OF SETTLEMENT**

25. Upon acceptance of this Settlement Agreement, the Respondent agrees to the following terms of settlement:

- a) the Respondent shall be prohibited from being registered as a dealing representative with a Member of the MFDA for a period of 1 year, pursuant to section 24.1.1(e) of MFDA By-law No.1;
- b) the Respondent shall pay a fine in the amount of \$15,000 (the "Fine"), pursuant to section 24.1.1(b) of By-law No. 1;
- c) the Respondent shall pay the costs (the "Costs") of this proceeding and investigation in the amount of \$5,000, pursuant to section 24.2 of By-law No. 1;
- d) The Fine and Costs are to be paid by the Respondent as follows:
  - i. An initial payment to the MFDA in the amount \$5,000 upon acceptance of this Settlement Agreement; and
  - ii. Commencing 30 days following acceptance of this Settlement Agreement, 6 additional, and consecutive, monthly installment payments in the amount of \$2,500 until the Fine and Costs are paid in full; and
- e) The Respondent shall attend in person, on the date set for the Settlement Hearing.

## **VII. STAFF COMMITMENT**

26. 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 IX 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 or in respect of conduct that occurred outside

the specified date ranges of the facts and contraventions set out in Parts IV and 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**

27. 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).

28. 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.

29. 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 s. 24.1.1 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.

30. 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**

31. 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.

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

32. 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.

33. 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**

34. 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.

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

**XII. EXECUTION OF SETTLEMENT AGREEMENT**

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

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

**DATED** this 29<sup>th</sup> day of January, 2019.

“Ismail Cassim”  
\_\_\_\_\_  
Ismail Cassim

“LC”  
\_\_\_\_\_  
Witness – Signature

LC  
\_\_\_\_\_  
Witness – Print Name

“Shaun Devlin”  
\_\_\_\_\_  
Shaun Devlin  
Staff of the MFDA  
Per: Shaun Devlin  
Senior Vice-President,  
Member Regulation – Enforcement



**Schedule “A”**

**Order**

**File No. 201804**



**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: Ismail Cassim**

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**ORDER**

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**WHEREAS** on August 21, 2018, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to section 24.4 of By-law No. 1 in respect of Ismail Cassim (the “Respondent”);

**AND WHEREAS** in accordance with s. 19.13 of MFDA By-Law No. 1, the first appearance in this proceeding was held by teleconference before a public representative of the Central Regional Council of the MFDA (the “Chair of the Hearing Panel”) on October 9, 2018;

**AND WHEREAS** during that first appearance Staff and counsel for the Respondent made submissions to the Chair of the Hearing Panel with respect to scheduling and other procedural matters following which the hearing on the merits in this matter was scheduled to be held in the hearing room located at the offices of the MFDA at 121 King Street West, Suite 1000, Toronto, Ontario from February 4 to 6, 2019 at 10:00 a.m.;

**AND WHEREAS** on October 31, 2018 the Respondent delivered a Reply to the Notice of Hearing;

**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 ss. 20 and 24.1 of By-law No. 1;

**AND WHEREAS** on [date] the MFDA issued a news release announcing that a settlement hearing would be held at a later date before a hearing panel of the Central Regional Council (the “Hearing Panel”) to consider the Settlement Agreement (the “Settlement Hearing”), pursuant to section 24.4 of By-law No. 1;

**AND WHEREAS** the Settlement Hearing was held on [date] during which time the Hearing Panel considered the Settlement Agreement and submissions of Staff and counsel for the Respondent;

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

1. Between 2012 and January 15, 2015, the Respondent collected, maintained or used at least 123 blank pre-signed and photocopied client account forms in respect of 28 clients, contrary to the Member’s policies and procedures, and MFDA Rule 2.1.1;
2. Between December 2011 and September 2014, the Respondent processed at least 166 trades in 22 client accounts without recording or maintaining adequate evidence of any trade instructions provided by clients, contrary to the Member’s policies and procedures, and MFDA Rules 5.1(b), 2.5, 1.1.2, and 2.1.1; and
3. On July 24, 2012, the Respondent misled MFDA Staff during the course of its sales compliance examination of the Respondent’s branch, contrary to MFDA Rule 2.1.1.

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

1. 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*;

2. commencing on the date of this Order, the Respondent is be prohibited from being registered as a dealing representative with a Member of the MFDA for a period of 1 year, pursuant to section 24.1.1(e) of MFDA By-law No.1;

3. the Respondent shall pay a fine in the amount of \$15,000 (the “Fine”), pursuant to section 24.1.1(b) of By-law No. 1;

4. the Respondent shall pay the costs of this proceeding and the MFDA’s investigation in this matter in the amount of \$5,000 (the “Costs”), pursuant to section 24.2 of By-law No. 1; and

5. The Fine and Costs are to paid by the Respondent as follows:

- a) On the date of this order, an initial payment to the MFDA in the amount \$5,000; and
- b) Commencing 30 days from the date of this order, 6 additional, and consecutive, monthly installment payments in the amount of \$2,500 until the Fine and Costs are paid in full.

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

Per: \_\_\_\_\_  
[Name of Public Representative], Chair

Per: \_\_\_\_\_  
[Name of Industry Representative]

Per: \_\_\_\_\_  
[Name of Industry Representative]

DM 662182