



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: Hussein Shivji

SETTLEMENT AGREEMENT

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 Pacific 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, Hussein Shivji.

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. AGREED FACTS

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 December 7, 2005 to October 6, 2016, the Respondent was registered in British Columbia as a mutual fund salesperson (now known as a dealing representative) with Worldsource Financial Management Inc. (“Worldsource”), a Member of the MFDA.

7. On October 6, 2016, Respondent resigned from Worldsource, and is not currently registered in any capacity in the securities industry.

8. At all material times, the Respondent carried on business in the Richmond, British Columbia area.

Pre-Signed Forms

9. At all material times, Worldsource had policies and procedures that prohibited its Approved Persons from conducting business using blank or partially complete pre-signed account forms, including photocopies of pre-signed account forms.

10. Between 2010 and 2014, the Respondent obtained, possessed, and in some instances, used to process transactions, 9 pre-signed account forms in respect of 5 clients.

11. The account forms consisted of:
 - a) 1 New Account Application Form (“NAAF”);
 - b) 2 Know-Your-Client (“KYC”) Update Forms;
 - c) 2 Redemption Forms; and
 - d) 4 Switch Forms.

False Annual Attestations (Pre-Signed Forms)

12. Between 2010 and 2014, the Respondent completed 4 annual compliance attestations of Worldsource. The Respondent signed the annual attestation forms in which he falsely indicated that he did not have in his possession or control any pre-signed forms.

13. As described above at paragraph 10, between 2010 and 2014 the Respondent obtained, possessed, and in some instances used to process transactions 9 pre-signed forms.

Failure to Properly Complete Account Forms

14. At all material times, Worldsource’s policies and procedures prohibited its Approved Persons from using a signature stamp that resembles the Approved Person’s handwritten signature.

15. The Respondent states that after having a discussion with clients about a trade, he directed his assistant to send corresponding account forms to clients for signature. After clients returned account forms to the Respondent, the Respondent states the assistant completed the account forms using a signature stamp bearing the Respondent’s signature on the advisor’s signature portion of the account forms.

16. Between 2010 and 2014, the Respondent failed to exercise due diligence to ensure that account forms were accurately and properly completed when 62 account forms in respect of 22 clients were submitted to the Member for processing with a signature stamp bearing the Respondent’s signature rather than the Respondent’s actual signature.

17. The account forms consisted of:
 - a) Plan Application Forms;

- b) Switch Forms;
- c) Letter of Direction;
- d) KYC Update Forms;
- e) Internal Transfer Forms;
- f) Internal Automatic Transaction Forms;
- g) Redemption Forms; and
- h) Purchase Forms.

Worldsource Investigation

18. On June 1, 2016, Worldsource conducted a routine branch review of the Respondent's branch, during the review Worldsource identified the pre-signed forms and signature stamp forms that are the subject of this Settlement Agreement. Subsequently, in June 2016, Worldsource conducted a review of all of the Respondent's client files and found no other issues.

Additional Factors

19. The Respondent has not previously been the subject of a MFDA disciplinary proceeding.
20. The Respondent has cooperated with the MFDA and by entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a full hearing.
21. There is no evidence that:
- a) the Respondent processed any trades or changes to client information without the authorization of the clients;
 - b) clients suffered any financial loss;
 - c) the Respondent received any financial benefit from using pre-signed forms beyond the commissions or fees to which he would have been ordinarily entitled had the transactions in the clients' accounts been carried out in the proper manner; and
 - d) any clients have complained about the Respondent's conduct.

V. CONTRAVENTIONS

22. The Respondent admits that,
- a) between 2010 and 2014, he obtained, possessed, and in some instances, used to process transactions, 9 pre-signed account forms in respect of 5 clients, contrary to MFDA Rule 2.1.1;
 - b) between 2010 and 2014, he falsely represented to the Member on its annual registration questionnaire that he did not control or possess any pre-signed account forms, contrary to MFDA Rule 2.1.1; and
 - c) between 2010 and 2014, the Respondent failed to exercise due diligence to ensure that account forms were accurately and properly completed when 62 account forms in respect of 22 clients were submitted to the Member for processing with a signature stamp bearing the Respondent's signature rather than the Respondent's actual signature, contrary to the Member's policies and procedures and MFDA Rules 2.10, 1.1.2 and 2.1.1.

VI. TERMS OF SETTLEMENT

23. The Respondent agrees to the following terms of settlement:
- a) the Respondent shall pay a fine of \$11,000, in certified funds upon acceptance of the Settlement Agreement, pursuant to Section 24.1.1(b) of MFDA Bylaw No. 1;
 - b) the Respondent shall pay costs in the amount of \$2,500, in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.2 of Bylaw No. 1;
 - c) the Respondent shall in the future comply with MFDA Rules 2.10, 1.1.2, and 2.1.1; and
 - d) the Respondent will attend the Settlement Hearing in person.

VII. STAFF COMMITMENT

24. 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

25. Acceptance of this Settlement Agreement shall be sought at a hearing of the Pacific 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.

26. 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.

27. 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 and/or 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.

28. 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

29. 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

30. 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.

31. 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

32. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 8th day of November, 2018.

“Hussein Shivji”

Hussein Shivji

“JD”

Witness – Signature

JD

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. 2018114



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: Hussein Shivji

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of Hussein Shivji (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 ss. 20 and 24.1 of By-law No. 1;

AND WHEREAS the Hearing Panel is of the opinion that,

- a) between 2010 and 2014, the Respondent obtained, possessed, and in some instances, used to process transactions, 9 pre-signed account forms in respect of 5 clients, contrary to MFDA Rule 2.1.1;
- b) between 2010 and 2014, the Respondent falsely represented to the Member on its annual registration questionnaire that he did not control or possess any pre-signed account forms, contrary to MFDA Rule 2.1.1; and

- c) between 2010 and 2014, the Respondent failed to exercise due diligence to ensure that account forms were accurately and properly completed when 62 account forms in respect of 22 clients were submitted to the Member for processing with a signature stamp bearing the Respondent's signature rather than the Respondent's actual signature, contrary to the Member's policies and procedures and MFDA Rules 2.10, 1.1.2 and 2.1.1.

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

1. The Respondent shall pay a fine of \$11,000, in certified funds, pursuant to Section 24.1.1(b) of MFDA Bylaw No. 1;
2. The Respondent shall pay costs in the amount of \$2,500, in certified funds, pursuant to section 24.2 of Bylaw No. 1;
3. 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]