



**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: Shafique Hirani**

Heard: April 8, 2019 in Calgary, Alberta  
Decision: April 8, 2019  
Reasons for Decision: May 13, 2019

**REASONS FOR DECISION**

Hearing Panel of the Prairie Regional Council:

Shelley L. Miller, QC  
Kathleen Jost  
Howard Mix

Chair  
Industry Representative  
Industry Representative

Appearances:

Justin Dunphy	)	Enforcement Counsel for the Mutual Fund
	)	Dealers Association of Canada
	)	
	)	
Jonathan Kroft	)	Counsel for the Respondent
	)	
	)	
Shafique Hirani	)	Respondent, in person
	)	
	)	

## **Background**

1. This matter concerns a Settlement Hearing under Section 24.4 of By-Law No. 1 of the Mutual Fund Dealers Association of Canada (the "MFDA"). The hearing was held on April 8, 2019. The Respondent attended in person. The full Settlement Agreement, dated April 3, 2019, entered into between the Respondent Shafique Hirani (the "Respondent") and MFDA signed by its Staff is attached as an appendix to these reasons for decision and its relevant provisions will not be repeated in detail here.

## **Contraventions**

2. The Respondent has admitted that between May 2014 and February 2015, he permitted or directed assistants to obtain and maintain 59 pre-signed IIROC forms in respect of 27 clients further to a transition of his book of business from the MFDA to IIROC, contrary to MFDA Rule 2.1.1.

## **Agreed Facts**

3. The Settlement Agreement contains the following agreed facts:

### **Registration History**

6. From October 22, 1995 to February 20, 2015, the Respondent was registered as a mutual fund salesperson (now known as a dealing representative) in Alberta with Investors Group Financial Services Inc. ("IGFS"), a Member of the MFDA.

7. The Respondent was also registered as a mutual fund salesperson in the following provinces:

- a) From September 11, 2006 until February 20, 2015 in British Columbia;
- b) From June 23, 2009 until November 28, 2014 in Ontario; and
- c) From March 28, 2012 until November 28, 2014 in Manitoba.

8. From February 17, 2006 until January 15, 2015, IGFS designated the Respondent as Branch Manager. The Branch Manager duties were assigned to another IGFS manager to allow the Respondent to carry out the Transition Process as set out below.

9. Pursuant to the Transition Process as set out below, on or about February 20, 2015, the Respondent resigned as an Approved Person in the mutual fund industry. From February 20, 2015 to April 16, 2015, the Respondent was registered as a Registered Representative in Alberta, British Columbia and Ontario with Investors Group Securities Inc. (“IGSI”), a dealer member of the Investment Industry Regulatory Organization of Canada (“IIROC”).<sup>1</sup>

10. Since August 10, 2015, the Respondent has been registered as a Registered Representative with Aligned Capital Partners Inc. (“Aligned Capital”), a dealer member of IIROC, in all provinces except Prince Edward Island.

11. At all material times, the Respondent conducted business in the Calgary, Alberta area.

#### **Transition from MFDA to IIROC**

12. In or around late 2012, the Respondent entered into discussions with IGFS and IGSI about the Respondent becoming an IIROC registrant with IGSI and transferring his business to the IIROC platform of IGSI. While registered with IGFS, the Respondent operated his business from an IGFS branch in Calgary, Alberta (the “Calgary Office”). Once the Respondent became registered with IGSI he continued to operate his business from the Calgary Office.

13. The Respondent states that IGFS and IGSI played a significant role in designing and implementing the process by which the Respondent’s clients would be transferred to IGSI (the “Transition Process”).

14. During the Transition Process the Respondent was assisted by staff which included two consultants and three assistants in the Calgary Office (the “Team”). The Respondent states that IGFS and IGSI were involved in the hiring, training and instructing of the Team.

15. Commencing in or about January 2014, to facilitate the transition to IGSI, the Respondent, IGFS, and IGSI began the process of completing IIROC account applications

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<sup>1</sup> IGSI and IGFS are wholly owned subsidiaries of a parent company, Investors Group Inc.

and related forms (the "IIROC Forms") for IGFS clients in advance of the Respondent becoming an IIROC Registered Representative (the "Transition Process").

16. The Respondent states that the Transition Process involved the completion of several thousand account forms.

17. As part of the Transition Process, some of the IIROC Forms for some clients would be mailed or emailed to the clients for completion and signature.

18. Pursuant to the Transition Process, the signed IIROC forms were subsequently sent to the IGSI head office for approval by the IGSI compliance department, stored by IGSI, and used to open IGSI accounts once the Respondent became an IIROC Registered Representative with IGSI.

19. At no time was the Respondent instructed by anyone to have clients sign forms without the forms being completed in full at the time of signing.

#### **Pre-Signed Account Forms**

20. On or about June 25, 2014, IGFS compliance staff received 2 pre-signed IIROC Forms that were signed by 1 IGFS client, and on or about November 26, 2014, IGFS issued a warning letter to the Respondent.

21. On or about February 20, 2015, the Respondent ceased being registered with IGFS and became an IIROC Registered Representative with IGSI.

22. On or about March 29, 2015, IGSI suspended the Respondent, and on April 16, 2015, IGSI terminated the Respondent's IIROC registration. The Respondent states that the reasons for and the validity of the suspension and termination are the subject of ongoing civil litigation between the Respondent and IGSI.

23. In or around June 2015, IGFS identified an additional 57 pre-signed IIROC Forms.

24. Between May 2014 and February 2015, the Respondent permitted, and in some cases directed, assistants to accept and maintain 59 pre-signed IIROC Forms as part of the Transition Process.

25. The pre-signed IIROC Forms consisted of IIROC account documentation and related banking forms further to the Transition Process, as follows:

- a) 2 transfer authorization forms;
- b) 12 transfer of registered and non-registered account forms;
- c) 5 National Bank security agreement on investments forms;
- d) 8 National Bank attachment to the security agreement on investments forms;
- e) 18 IGSI client application forms;
- f) 1 credit application form;
- g) 1 investment profile questionnaire;
- h) 3 systematic instructions forms;
- i) 1 investment information update form;
- j) 1 IG Solutions Banking account opening form;
- k) 2 IGSI client update forms;
- l) 1 borrowing to invest disclosure form;
- m) 1 National Bank mutual funds and other securities account form;
- n) 1 request to add new bank account form;
- o) 1 pre-authorized contribution agreement form; and
- p) 1 loan investment instructions form.

26. The pre-signed IIROC forms were obtained while the Respondent was registered with IGFS and prior to becoming registered with IGSI.

### **IIROC Settlement Agreement**

27. On or about April 28, 2017, Staff issued the Notice of Hearing in respect of the matters that are the subject of the Settlement Agreement.

28. On or about December 11, 2017, IIROC staff issued a Notice of Hearing in respect of the matters pertaining to the Respondent's conduct at IGSI as part of the Transition Process.

29. As part of the discussions which led to the Settlement Agreement in this matter, Staff and the Respondent agreed to defer the MFDA proceeding to allow the IIROC matter to proceed first.

30. On or about September 24, 2018, an IIROC hearing panel accepted a settlement agreement between IIROC Staff and the Respondent (the “IIROC Settlement Agreement”).

31. In the IIROC Settlement Agreement the Respondent acknowledged that in some cases account forms had been signed by clients before they were fully completed.

32. The account forms that are the subject of this Settlement Agreement were obtained while the Respondent was registered with IGFS.

### **Additional Factors**

33. The pre-signed forms as set out above were obtained for the intention to be used only once the Respondent became registered as an IIROC registered representative with IGSI.

34. The Respondent has not been registered as a dealing representative with any Member of the MFDA since February 20, 2015.

35. There is no evidence that the Respondent received any financial benefit from engaging in the conduct described above.

36. There is no evidence of client loss or unauthorized transactions.

37. There is no evidence that the pre-signed account forms that are the subject of this Settlement Agreement were used to process transactions in clients’ accounts.

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

39. The Respondent states that he has been registered as an IIROC Registered Representative with Aligned Capital since May 2015 with no complaints regarding his conduct at Aligned Capital.

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

## **Terms of Settlement**

4. In paragraph 42 of the Settlement Agreement, the Respondent agreed to the following penalties and direction:
  - (i) The Respondent shall pay a fine of \$10,000 pursuant to s. 24.1.1. (b) of MFDA By-Law No. 1;
  - (ii) The Respondent shall pay costs of \$2,500, pursuant to section 24.2 of MFDA By-Law No. 1; and
  - (iii) The Respondent will attend in person, on the date set for the Settlement Hearing.

## **Acceptance of the Settlement Agreement**

5. This Hearing Panel observed that in paragraphs 16 and 22 of the Settlement Agreement reference is made to certain statements of the Respondent. In making its determination, this Hearing Panel has interpreted those provisions to mean that the Respondent has made such statements, but has not made any conclusions as to the truth or otherwise of those statements or that such statements impact any other aspect of the Agreed Facts.

6. In determining if it was appropriate to accept the terms of the Settlement Agreement, this Hearing Panel took into consideration the following factors:

### **Nature of the Misconduct: Pre-signed Account Forms and Altered or Falsified Account Forms**

7. MFDA Rule 2.1.1 sets the standard of conduct to be followed by all Approved Persons. The Rule is designed to protect the public interest by requiring Approved Persons to adhere to a high standard of ethical conduct. As stated by the MFDA Hearing Panel in Breckenridge (Re) MFDA File No. 200718, Hearing Panel of the Central Regional Council, Decision and Reasons dated November 14, 2007 “The Rule articulates the most fundamental obligations of all registrants in the securities industry.”

*Breckenridge (Re)*, supra, at para. 71,

*Price (Re)*, MFDA File No. 200814, Hearing Panel of the Central Regional Council, Decision and Reasons dated April 18, 2011, at paras. 118 – 121.

8. MFDA Rule 2.1.1 requires that each Member and Approved Person deal fairly, honestly, and in good with faith with clients, observe high standards of ethics and conduct in the transaction of business, and refrain from engaging in any business conduct or practice which is unbecoming or detrimental to the public interest.

9. The MFDA has made clear to Approved Persons since October 31, 2007, in both MFDA Staff Notices and Bulletins, that possessing and using pre-signed forms is contrary to the obligations of Rule 2.1.1.

Member Staff Notice 0066: Pre-Signed Forms, dated October 31, 2007 (updated March 4, 2013)

MFDA Bulletin #0661-E: Signature Falsification, dated October 2, 2015.

10. Hearing Panels of the MFDA, IIROC, and provincial securities commissions have also confirmed that the possession and use of pre-signed forms is prohibited.

*Price (Re)*, supra at para. 135 and the decisions cited therein

11. The MFDA Hearing Panel in *Price (Re)* identified the dangers posed by pre-signed forms which can be summarized as follows:

- (a) pre-signed forms present a legitimate risk that they may be used by an Approved Person to engage in discretionary trading;
- (b) at worst, pre-signed forms create a mechanism for an Approved Person to engage in acts of fraud, theft or other forms of harmful conduct towards a client; and
- (c) pre-signed forms subvert the ability of a Member to properly supervise trading activity.

*Price (Re)*, supra, at paras. 122 – 124

12. The prohibition on the use of pre-signed account forms applies regardless of whether the client was aware, or authorized the use of the pre-signed forms, and whether the forms were actually used by the Approved Person for discretionary trading or other improper purposes.

*Wellman (Re)*, MFDA File No. 201529, Hearing Panel of the Central Regional Council, Decision and Reasons dated December 21, 2015, at para. 10,

### **Respondent is Responsible for Assistant**

13. Licensed and unlicensed assistants are often employed to provide administrative and other support to Approved Persons. Approved Persons are permitted to delegate certain administrative tasks to unlicensed assistants. Licensed assistants are registered as Approved Persons under the MFDA's jurisdiction and are able to act in a similar capacity to the main Approved Person. In both situations, the main Approved Person remains responsible for the supervision of the licensed and unlicensed assistants.

14. MFDA Rule 2.1.1 has a broad application. In several cases, hearing panels found that the Approved Person was responsible for the actions of his assistant, who obtained and used pre-signed forms.

*Barak (Re)*, MFDA File No. 201635, Hearing Panel of the Central Regional Council, Decision and Reasons dated September 9, 2016,

*Boucher (Re)*, MFDA File No. 201744, Hearing Panel of the Central Regional Council, Decision And Reasons dated December 8, 2017,

### **The Respondent's settlement of proceedings instituted by IIROC**

15. As set out in the Settlement Agreement and the IIROC Settlement Agreement, the facts in this matter relate to conduct which occurred while the Respondent was transitioning his book of business from the MFDA to IIROC. As a result, the penalty and admitted facts in the IIROC Settlement Agreement are an important consideration for the panel in determining whether to accept the settlement in this matter.

16. This Hearing Panel considered that the penalty imposed in the IIROC Settlement Agreement, being a 3 month suspension, a \$70,000 fine, costs of \$15,000, the requirement to write an industry course, and a period of close supervision for 6 months, already provided a strong general and specific deterrent for conduct that commenced while the Respondent was an approved

person under MFDA jurisdiction, and continued while the Respondent became an IIROC registered representative.

17. This Hearing Panel considered that prior MFDA cases have considered the penalties imposed by other securities regulators for conduct with similar facts when assessing whether to accept an MFDA settlement agreement.

18. In particular, this Hearing Panel noted that in *Kuit (Re)*, MFDA File No. 201711, Hearing Panel of the Pacific Regional Council, Decision and Reasons dated December 21, 2015, at paras. 23-26, the MFDA agreed to forego the payment of a fine and costs in its proceeding having regard to the Respondent's agreement with the BCSC (British Columbia Securities Commission) to disgorge the \$147,500 in remuneration he received from the SBC investments, which allowed those monies to be made available to compensate investors in SBC for the losses they incurred.

#### **Previous Decisions in Similar Cases**

19. Enforcement Counsel cited in support of his submission the penalties imposed in a number of recent cases, including:

- a) *Gleeson (Re)*, MFDA File No. 201723, Hearing Panel of the Central Regional Council, Decision and Reasons dated July 10, 2017,
- b) *Duffey (Re)*, MFDA File No. 201686, Hearing Panel of the Central Regional Council, Decision and Reasons dated March 27, 2017,
- c) *Plunkett (Re)*, MFDA File No. 201682, Hearing Panel of the Prairie Regional Council, Decision and Reasons dated January 17, 2017, and
- d) *Ding (Re)*, MFDA File No. 201518, Hearing Panel of the Central Regional Council, Decision and Reasons dated October 2, 2015.

20. In *Gleeson Re*, (supra), the Respondent obtained, possessed, and in some instances, used, 34 pre-signed forms in respect of 8 clients. The hearing panel approved a fine of \$9,000.00 and costs of \$2,500.00.

21. In Duffey, Re (supra) the Respondent, or his assistant, altered 6 account forms. The Respondent, or his assistant, obtained, possessed, and in some instances, used, 40 pre-signed forms. The Hearing Panel approved a fine of \$13,000.00 and costs of \$2500.00.

22. In Plunkett, Re (supra) the Respondent altered 3 account forms and the Respondent, or his assistant, obtained, possessed, and used 33 pre-signed forms. The Hearing Panel approved a fine of \$11,250.00 and costs of \$2,500.00.

23. In Ding Re, (supra) the Respondent maintained, and in some instances, used, 65 pre-signed forms in respect of 15 clients. The Hearing Panel approved a fine of \$11,000.00 with costs of \$2,500.00.

### **Analysis**

24. The Respondent's misconduct is serious and he admitted that he permitted or directed assistants to obtain and maintain 59 pre-signed account forms in respect of 27 clients.

### **The Respondent's Experience in the Securities Industry**

25. The Respondent was registered as a mutual fund dealing representative from 1995 until 2015, when he became an IIROC registrant.

26. The Respondent is an experienced dealing representative who ought to have known and respected the MFDA's and the Member's compliance requirements.

### **Mitigating Factors**

27. There were certain mitigating factors applicable to the instant case, including:

- a) There is no evidence of client harm.
- b) There is no evidence that the Respondent received any financial or other benefit through his conduct, and there was no client complaint.
- c) The Respondent has not previously been disciplined by the MFDA.

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

28. This Hearing Panel has taken into consideration the penalties imposed on the Respondent in the IROC proceeding, the previous cases determining penalty on similar facts, the aggravating and mitigating factors in this case and taking into account all the foregoing, concludes that the penalties proposed in the Settlement Agreement are reasonable and proportionate and will deter the Respondent and other Approved Persons from engaging in similar misconduct.

29. Further, this Hearing Panel concludes that acceptance of this Settlement Agreement will advance the public interest and the objective of the MFDA to enhance investor protection and ensure high standards of conduct in the mutual fund industry as it is reasonable and proportionate having regard to the nature and extent of the Respondent's misconduct and all of the circumstances.

30. The Hearing Panel accordingly approves its terms and in summary, this Hearing Panel orders:

- a) The Respondent shall pay a fine of \$10,000.00 pursuant to s. 24.1.1.(b) of MFDA By-Law No. 1;
- b) The Respondent shall pay costs of \$2,500.00, pursuant to section 24.2 of MFDA By-Law No. 1.

**DATED** this 13<sup>th</sup> day of May, 2019.

“Shelley L. Miller”  
\_\_\_\_\_  
Shelley L. Miller, QC  
Chair

“Kathleen Jost”  
\_\_\_\_\_  
Kathleen Jost  
Industry Representative

“Howard Mix”  
\_\_\_\_\_  
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**Re: Shafique Hirani**

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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 Prairie 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, Shafique Hirani.

**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 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 October 22, 1995 to February 20, 2015, the Respondent was registered as a mutual fund salesperson (now known as a dealing representative) in Alberta with Investors Group Financial Services Inc. (“IGFS”), a Member of the MFDA.

7. The Respondent was also registered as a mutual fund salesperson in the following provinces:

- a) From September 11, 2006 until February 20, 2015 in British Columbia;
- b) From June 23, 2009 until November 28, 2014 in Ontario; and
- c) From March 28, 2012 until November 28, 2014 in Manitoba.

8. From February 17, 2006 until January 15, 2015, IGFS designated the Respondent as a Branch Manager. The Branch Manager duties were assigned to another IGFS manager to allow the Respondent to carry out the Transition Process as set out below.

9. Pursuant the Transition Process as set out below, on or about February 20, 2015, the Respondent resigned as an Approved Person in the mutual fund industry. From February 20, 2015 to April 16, 2015, the Respondent was registered as a Registered Representative in Alberta, British Columbia and Ontario with Investors Group Securities Inc. (“IGSI”), a dealer member of the Investment Industry Regulatory Organization of Canada (“IIROC”).<sup>2</sup>

10. Since August 10, 2015, the Respondent has been registered as a Registered Representative with Aligned Capital Partners Inc. (“Aligned Capital”), a dealer member of IIROC, in all provinces except Prince Edward Island.

11. At all material times, the Respondent conducted business in the Calgary, Alberta area.

### **Transition from MFDA to IIROC**

12. In or around late 2012, the Respondent entered into discussions with IGFS and IGSI about the Respondent becoming an IIROC registrant with IGSI and transferring his business to the IIROC platform of IGSI. While registered with IGFS, the Respondent operated his business from an IGFS branch in Calgary, Alberta (the “Calgary Office”). Once the Respondent became registered with IGSI he continued to operate his business from the Calgary Office.

13. The Respondent states that IGFS and IGSI played a significant role in designing and implementing the process by which the Respondent's clients would be transferred to IGSI (the “Transition Process”).

14. During the Transition Process the Respondent was assisted by staff which included two consultants and three assistants in the Calgary Office (the “Team”). The Respondent states that IGFS and IGSI were involved in the hiring, training and instructing of the Team.

15. Commencing in or about January 2014, to facilitate the transition to IGSI, the Respondent, IGFS, and IGSI began the process of completing IIROC account applications and related forms

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(the “IROC Forms”) for IGFS clients in advance of the Respondent becoming an IROC Registered Representative (the “Transition Process”).

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17. As part of the Transition Process, some of the IROC Forms for some clients would be mailed or emailed to the clients for completion and signature.

18. Pursuant to the Transition Process, the signed IROC forms were subsequently sent to the IGSI head office for approval by the IGSI compliance department, stored by IGSI, and used to open IGSI accounts once the Respondent became an IROC Registered Representative with IGSI.

19. At no time was the Respondent instructed by anyone to have clients sign forms without the forms being completed in full at the time of signing.

#### **Pre-Signed Account Forms**

20. On or about June 25, 2014, IGFS compliance staff received 2 pre-signed IROC Forms that were signed by 1 IGFS client, and on or about November 26, 2014, IGFS issued a warning letter to the Respondent.

21. On or about February 20, 2015, the Respondent ceased being registered with IGFS and became an IROC Registered Representative with IGSI.

22. On or about March 29, 2015, IGSI suspended the Respondent, and on April 16, 2015, IGSI terminated the Respondent’s IROC registration. The Respondent states that the reasons for and the validity of the suspension and termination are the subject of ongoing civil litigation between the Respondent and IGSI.

23. In or around June 2015, IGFS identified an additional 57 pre-signed IROC Forms.

24. Between May 2014 and February 2015, the Respondent permitted, and in some cases directed, assistants to accept and maintain 59 pre-signed IROC Forms as part of the Transition Process.

25. The pre-signed IIROC Forms consisted of IIROC account documentation and related banking forms further to the Transition Process, as follows:

- a) 2 transfer authorization forms;
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- o) 1 pre-authorized contribution agreement form; and
- p) 1 loan investment instructions form.

26. The pre-signed IIROC forms were obtained while the Respondent was registered with IGFS and prior to becoming registered with IGSI.

### **IIROC Settlement Agreement**

27. On or about April 28, 2017, Staff issued the Notice of Hearing in respect of the matters that are the subject of the Settlement Agreement.

28. On or about December 11, 2017, IIROC staff issued a Notice of Hearing in respect of the matters pertaining to the Respondent's conduct at IGSI as part of the Transition Process.

29. As part of the discussions which led to the Settlement Agreement in this matter, Staff and the Respondent agreed to defer the MFDA proceeding to allow the IIROC matter to proceed first.

30. On or about September 24, 2018, an IIROC hearing panel accepted a settlement agreement between IIROC Staff and the Respondent (the “IIROC Settlement Agreement”).

31. In the IIROC Settlement Agreement the Respondent acknowledged that in some cases account forms had been signed by clients before they were fully completed.

32. The account forms that are the subject of this Settlement Agreement were obtained while the Respondent was registered with IGFS.

### **Additional Factors**

33. The pre-signed forms as set out above were obtained for the intention to be used only once the Respondent became registered as an IIROC registered representative with IGSI.

34. The Respondent has not been registered as a dealing representative with any Member of the MFDA since February 20, 2015.

35. There is no evidence that the Respondent received any financial benefit from engaging in the conduct described above.

36. There is no evidence of client loss or unauthorized transactions.

37. There is no evidence that the pre-signed account forms that are the subject of this Settlement Agreement were used to process transactions in clients’ accounts.

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

39. The Respondent states that he has been registered as an IIROC Registered Representative with Aligned Capital since May 2015 with no complaints regarding his conduct at Aligned Capital.

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

## **V. CONTRAVENTIONS**

41. The Respondent admits that between May 2014 and February 2015, he permitted or directed assistants to obtain and maintain 59 pre-signed account forms in respect of 27 clients further to a transition of his book of business from the MFDA to IIROC, contrary to MFDA Rule 2.1.1.

## **VI. TERMS OF SETTLEMENT**

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

- a) The Respondent shall pay a fine of \$10,000 pursuant to s. 24.1.1.(b) of MFDA By-Law No. 1;
- b) The Respondent shall pay costs of \$2,500, pursuant to section 24.2 of MFDA By-Law No. 1; and
- c) The Respondent will attend in person, on the date set for the Settlement Hearing.

## **VII. STAFF COMMITMENT**

43. 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**

44. Acceptance of this Settlement Agreement shall be sought at a hearing of the Prairie 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).

45. 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.

46. 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.

47. 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. For greater certainty, the Respondent is not making any admissions respecting his former employer's knowledge of or participation in the facts giving rise to the contraventions. This agreement pertains only to the Respondent's role in the matters referred to herein.

## **IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT**

48. 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, and 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**

49. 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.

50. 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**

51. 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.

52. Any obligations of confidentiality in respect of the terms of this Settlement Agreement shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel.

#### **XII. EXECUTION OF SETTLEMENT AGREEMENT**

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

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

**DATED** this 3<sup>rd</sup> day of April, 2019.

“Shafique Hirani”  
\_\_\_\_\_  
Shafique Hirani

“NP”  
\_\_\_\_\_  
Witness – Signature

NP  
\_\_\_\_\_  
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. 201753**



**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: Shafique Hirani**

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**ORDER**

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**WHEREAS** on April 28, 2017, the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Hearing pursuant to sections 20 and 24 of By-law No. 1 in respect of Shafique Hirani (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 the Respondent:

- a) the Respondent admits that between May 2014 and February 2015, he permitted or directed assistants to obtain and maintain 59 pre-signed account forms in respect of 27 clients further to a transition of his book of business from the MFDA to IIROC, 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 shall pay a fine of \$10,000 pursuant to s. 24.1.1.(b) of MFDA By-Law No. 1;
2. The Respondent shall pay costs of \$2,500, pursuant to section 24.2 of MFDA By-Law No. 1; and
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]

DM 675145