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: Vasant Pragjibhai Patel

Heard: June 2, 2020 by electronic hearing in Vancouver, British Columbia
Decision: June 2, 2020
Reasons for Decision: October 13, 2020

REASONS FOR DECISION

Hearing Panel of the Pacific Regional Council:

Joseph A. Bernardo	Chair
Darlene Barker	Industry Representative
Darryl Gossen	Industry Representative

Appearances:

Sakeb Nazim	)	Enforcement Counsel for the Mutual Fund Dealers Association of Canada
Vasant Patel	)	Respondent

I. INTRODUCTION

1. On June 2, 2020, the Hearing Panel accepted a settlement agreement dated March 6, 2020 ("Settlement Agreement") made between the staff of the Mutual Fund Dealers Association of Canada ("MFDA") and Vasant Pragjibhai Patel (the "Respondent"). The Settlement Agreement is attached as Appendix "A".

2. These are the Hearing Panel's reasons for accepting the Settlement Agreement.

II. RELEVANT FACTUAL ADMISSIONS

3. The Settlement Agreement sets out the relevant facts in detail.

4. In summary, while registered in British Columbia as a dealing representative with WFG Securities Inc., a Member of the MFDA (Member), the Respondent engaged in business activities that were outside of the scope of his employment as an Approved Person:

a) The Respondent was a chartered professional accountant and licensed insurance agent.

b) MC was an individual who operated and controlled a group of construction and real estate companies (collectively, the Newmark Group), one of which was a company called the Real Estate Development Company ("RDC").

c) In July 2015, prior to the Respondent's registration as an Approved Person, MC retained him to provide accounting services to the Newmark Group. About six months later, the Respondent began soliciting persons to invest in a residential property being developed by RDC (the "Development"), an activity for which he was compensated.

d) On April 18, 2016, the Respondent became an Approved Person with the Member and subject to its policies and procedures. These prohibited Approved Persons from engaging in outside business activities without the Member's prior written approval:

    (i) The Respondent disclosed that he provided accounting services to a construction site services company and that he was an insurance agent. The Member granted him approval to continue those outside activities.

(ii) The Respondent did not disclose his business involvement with MC, the Newmark Group, or RDC.

e) Subsequently, the Respondent failed to seek approval for, or otherwise disclose to the Member, the following outside activities:

(i) He provided accounting services to RDC, for which he received a payment of $10,000 on April 26, 2016.

(ii) RDC owed the Respondent further compensation for his accounting services. In lieu of making cash payment, RDC offered to sell him a unit in the Development at a discounted price. On May 9, 2016, the Respondent caused a numbered company under his control to be registered in British Columbia. On May 13, 2016, he directed it to purchase the unit.

(iii) Between April 2016 and September 2017, the Respondent solicited investments in the Development totalling approximately $4,341,700 from at least 15 investors. He and his numbered company were paid a total of at least $425,000 in compensation, of which he retained $40,500. The balance was paid to business partners who had assisted him in soliciting investors.

f) On February 8, 2017, the Respondent submitted to the Member an annual compliance certification statement in which he falsely stated he had not engaged in any undisclosed outside activities or received any unapproved referral fees.

5. In August 2017, the Respondent was interviewed by investigators from the Office of the Superintendent of Real Estate ("OSRE"). He told them he was aware that MC had used investment money solicited for the Development to finance other construction projects.

6. In September 2017, the OSRE ordered RDC to cease marketing after receiving information that RDC had sold units in the Development to more than one purchaser at the same time and that not all of their deposits had been placed in trust.

7. In October 2017, the Supreme Court of British Columbia appointed a receiver to direct RDC's affairs. The receiver subsequently confirmed that RDC had entered into sales contracts with 149 purchasers in respect of 91 units in the Development and in many instances the same unit had been sold to two or three purchasers at the same time. The receiver further determined that

MC was unable to account for $12.2 million in investor deposits, some of which appeared to have been diverted to other companies controlled by him.

8. On January 9, 2018, the Member terminated the Respondent′s registration.

9. On October 25, 2018, the Respondent was interviewed by MFDA Staff. He stated that he was not aware that MC had redirected investments in the Development to other construction projects, contradicting his previous statement to the OSRE investigators.

10. The Respondent is no longer registered in the securities industry in any capacity. He has not previously been disciplined.

III. MISCONDUCT

11. MFDA Rule 2.1.1 requires Approved Persons to observe high standards of conduct in the transaction of their business and to refrain from engaging in any business conduct or practice which is unbecoming or detrimental to the public interest. This rule obligates Approved Persons to be scrupulous in their conduct, both generally and in following other MFDA Rules:

a) Under MFDA Rule 2.5.1, a Member is responsible for establishing policies and procedures to ensure its business is conducted in accordance with the MFDA's requirements and applicable securities legislation.
b) MFDA Rules 1.1.2 and 2.10 obligate Approved Persons to follow their Member's supervisory requirements.
c) MFDA Rule 1.3.2 separately requires Approved Persons to disclose to, and obtain prior written approval from, their Members before engaging in outside activity.

12. In the Settlement Agreement, the Respondent admits, and the facts establish, that:

a) Between April 18, 2016 and January 9, 2018, he engaged in outside activities that were not disclosed to or approved by the Member, contrary to the Member′s policies and procedures and MFDA Rules 1.3.2, 2.1.1, 1.1.2, 2.10, and 2.5.1.
b) On October 25, 2018, he made false or misleading statements to MFDA Staff during the course of an investigation, contrary to MFDA Rule 2.1.1.

IV. STANDARD

13. MFDA By-Law 24.4 sets out settlement hearing procedures and grants hearing panels jurisdiction to accept or reject settlements.

14. As has been repeatedly stated in previous decisions, settlements are to be encouraged and supported. This is because the efficient allocation of limited enforcement resources is crucial for maximizing public protection, which is the core purpose of securities regulation.

15. In addition, settlements are the result of negotiations between litigants opposed in interest, and therefore emerge from the competing perspectives of the persons closest to the facts of a case. As such, settlements deserve a measure of deference, because they represent a pragmatic and balanced assessment of the issues achieved through the best efforts of the persons most engaged with them.

> *British Columbia Securities Commission v. Seifert*, 2007 BCCA 484 at paras. 26 and 31

16. For these reasons, a hearing panel ought not to assess a proposed outcome against what it might itself deem appropriate if it were exercising its own independent judgment. Instead, a panel's role is to weigh the agreed upon sanctions solely against the objectives of protecting the investing public and the integrity of the mutual fund industry. An outcome should be rejected only if it clearly falls "outside a reasonable range of appropriateness" for the facts disclosed in the settlement. Otherwise, it is incumbent on the hearing panel to accept it.

> *Sterling Mutuals Inc.* (*Re*), 2008 MFDA 16, at para. 37, citing the reasoning in *Milewski* (*Re*), [1999] I.D.A.C.D. No. 17 at p. 11, Ontario District Council Decision dated July 28, 1999.

V. DECISION

17. The Settlement Agreement proposed the following penalties:

a) permanent prohibition;

b) $25,000 fine; and

c) $5,000 costs.

18. An Approved Person's outside activities are subject to the Member's scrutiny for one simple and fundamental reason: investor protection:

> Conducting securities related business or outside business activity without the approval or knowledge of the Member is serious misconduct. The Member loses its ability to supervise the transactions and to assess the suitability of the transactions for the investors. The misconduct can have dire consequences for the investors involved as the off-book investments may not be suitable for the investors or even legitimate investments. The misconduct may bring the Member or the mutual fund industry into disrepute
>
> *Zhengwen (Katherine) Qi and Xiaodan (Bonnie) Huang ,* MFDA File No.201253, November 20, 2013, at para. 11.

19. The potential risks identified in *Qi and Huang*, *supra*, are precisely the harms that came to pass in this case.

20. Staff of the MFDA reviewed a number of previous sanction decisions. With one exception (*Chin*), the decisions whose facts were most similar to those in the present case emerged from disciplinary hearings. In those cases, permanent prohibitions were ordered in all but one (*Hunt*). The fines ranged from $30,000 to $75,000 and the costs orders ranged from $2,500 to $6,000:

(i) *Alfonso Chin (Re)*, MFDA File No. 201361, October 10, 2014

(ii) *Barry Allan Hunt (Re*), MFDA File No. 201342, July 18, 2014

(iii) *Patrick Pasquale Caicco (Re)*, MFDA File No. 201503, August 4, 2015

(iv) *Yuk Hang Sam Cheung (Re)*, MFDA File No. 201808, January 28, 2019

21. In considering the proposed outcome in this case, the hearing panel considered the following factors to be particularly relevant:

a) From the very outset, the Respondent actively deceived the Member about his outside activity. This is an aggravating factor.

b) At some point, the Respondent became aware that money invested in the Development was being diverted to other projects, but continued to conceal his involvement with it from the Member. Although it is not clear when the Respondent became aware of RDC's improper treatment of investor money, the fact remains that he derived substantial economic benefits from a highly problematic outside

activity he persistently shielded from the Member's scrutiny. This is also an aggravating factor.

c) Likewise, making misrepresentations to the MFDA Staff in the course of an investigation is profoundly serious misconduct. Attempting to mislead an investigation represents a complete failure to respect the MFDA's regulatory scheme, which is predicated upon utmost transparency.

d) The Respondent has not been previously disciplined by the MFDA.

e) By accepting responsibility for his misconduct and entering into the Settlement Agreement, the Respondent enabled MFDA Staff to obtain a timely and efficient enforcement outcome.

22. The Respondent's misconduct most closely corresponds to that described in certain prior disciplinary hearing decisions, while this case came before the Hearing Panel in the context of a settlement. It is therefore both understandable and typical that the financial penalty the parties agreed upon in the Settlement Agreement would fall somewhat below the bottom of the range in the disciplinary cases. The character of the Respondent's misconduct, however, is such that it warrants a permanent prohibition, regardless of context, and the parties were wise to propose it. For these reasons, the Hearing Panel was satisfied that the sanctions proposed by the parties did not fall outside the reasonable range of appropriateness.

DATED this 13th day of October, 2020.

"Joseph A. Bernardo"
Joseph A. Bernardo
Chair

"Darlene Barker"
Darlene Barker
Industry Representative

"Darryl Gossen"
Darryl Gossen
Industry Representative

DM 771846

Appendix "A"

Settlement Agreement

File No. 201972

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: Vasant Pragjibhai Patel

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 MFDA 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, Vasant Pragjibhai Patel.

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 MFDA 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 April 18, 2016 to January 1, 2017, and from February 10, 2017 to January 9, 2018, the Respondent was registered in British Columbia as a dealing representative with WFG Securities Inc. (the "Member"), a Member of the MFDA.

7. On January 9, 2018, the Member terminated the Respondent's registration. Since that time, the Respondent has not been registered in the securities industry in any capacity.

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

Allegation #1 – Outside Activities

a) Background

9. 098478 B.C. Ltd. is a real estate development company (the "Real Estate Development Company") that was registered in British Columbia on September 26, 2013. The registered office of the Real Estate Development Company is in Vancouver. At all material times, a real estate developer, MC, was the sole director and exercised effective control over the company's operations.

10. The Newmark Group is a group of five construction and real estate development companies that were operated by MC. The Newmark Group included the Real Estate Development Company. MC is the President of the Newmark Group.

11. 1074936 B.C. Ltd. (the "Respondent's Company") is a company that was registered in British Columbia on May 9, 2016 (shortly after the Respondent became an Approved Person of the Member). The registered office of the Respondent's Company is in Surrey, British Columbia. The Respondent was the President and one of three directors of the Respondent's Company.[1]

b) The Real Estate Development Company

12. Between July 2015 and July 2017, the Respondent was retained by MC and the Newmark Group to provide accounting services to the Newmark group (which included the Real Estate Development Company). In particular, commencing in September 2015 (prior to his registration with the Member), the Respondent was retained as the auditor for the Newmark Group (which included the Real Estate Development Company).

13. In 2015, when the Respondent was retained by MC and the Newmark Group, the Real Estate Development Company was developing a residential property in Langley, British Columbia that included 92 individual residential units (the "Langley Property"). The Real Estate Development Company offered individual units for sale to investors at what it characterized as "discounted" prices. Investors in the Langley Property received promissory notes payable by the Real Estate Development Company in respect of the investments. The Real Estate Development Company would subsequently arrange for the units to be purchased by "retail" purchasers at fair market value with the investors receiving the difference between the original "discounted" price and the fair market value "retail" price. If the unit was not sold to a retail purchaser, investors could acquire the unit at the original "discounted" price.

14. In December 2015, the Respondent and two other individuals (DC and KK) pooled money to invest in Unit 224 in the Langley Property.

[1] The other two directors were the Respondent's wife and the Respondent's daughter.

15. In January 2016, the Respondent and two other individuals (CSF and RS) solicited, recommended, facilitated, or made referrals for investments in or loans to the Langley Property totaling more than $1.2 million by six individuals. The six individuals (BRB, SPB, CK, SK, NKH and PM) invested in 4 units (Units 201, 205, 313 and 212) of the Langley Property. The Respondent and the two individuals who assisted him received fees or compensation totaling at least $135,000 as a result of their activities.

16. In February and March 2016, the Respondent and another individual (JS) pooled money to invest in Units 315, 316 and 319 in the Langley Property.

17. On April 18, 2016, the Respondent became an Approved Person of the Member.[2]

18. At all material times, the Member's Policies and Procedures prohibited its Approved Persons from engaging in an outside activity without prior written approval from the Member.

19. When he became an Approved Person of the Member, the Respondent disclosed to the Member and obtained its approval for his roles as:

a) a licensed insurance agent; and
b) a chartered professional accountant who was engaged in the "preparation of financial statements, tax planning and dealing with government agencies (tax)" for a specific company that rents out construction equipment and provides contracting services relating to excavation, construction site preparation and project management (the "Excavation Services Company").

20. The Respondent had provided accounting services to the Excavation Services Company since 2001 and was granted approval by the Member to continue to provide to those services to the Excavation Services Company.

[2] MFDA Staff acknowledges that it does not have jurisdiction over any conduct that the Respondent engaged in before he became an Approved Person of a Member as the MFDA on April 18, 2016. However, it is material that the Respondent did not disclose to the Member some of the outside activities that he was engaged in when he became an Approved Person subject to the jurisdiction of the MFDA.

21. When he became an Approved Person of the Member, the Respondent did not disclose his activities with respect to MC, the Newmark Group, the Real Estate Development Company, or the Langley Project to the Member, or obtain written authorization or approval from the Member to:

a) provide accounting services to MC, the Newmark Group or the Real Estate Development Company; or

b) solicit, recommend, facilitate, or make referrals for investments in or loans to the Langley Property.

22. On April 26, 2016 (approximately one week after he became an Approved Person of the Member), the Respondent received payment in the amount of $10,000 from the Real Estate Development Company for the provision of accounting services. He did not disclose to the Member that he was working for the Real Estate Development Company or that he had received this compensation.

23. In lieu of additional compensation that the Respondent was entitled to receive from the Real Estate Development Company for accounting services, the Respondent was offered and accepted a "discounted" purchase price for an investment in a fifth unit in the Langley Property (Unit 405).

24. Between April 2016 and January 2018, the Respondent solicited, recommended, facilitated, or made referrals for investments in, or loans to, the Real Estate Development Company totaling approximately $4,341,700 for the development or purchase of units in the Langley Property by at least 15 investors, as described below:

Date	**Investors**	**Unit Purchased**	**Amount Invested or Loaned**	**Commission Received**
Unknown	SS & GS	222	$215,000	$50,000
May 16, 2016	SJ & LJ	214	$340,000	
Prior to June 21, 2016	AKN, VKN and YN or their company	103	$190000	$50,000
July 27, 2016	####322 B.C. Ltd., SKP and HSP	209	$320,000	$55,000

Date	Investors	Unit Purchased	Amount Invested or Loaned	Commission Received
July 28, 2016	IKOT Ltd. and ####677 B.C. Ltd.	216	$369,900	
August 10, 2016	### Capital Holdings Ltd.	211	$275,000	$45,000
August 11, 2016	WM&S Inc. [and DB]	307	$225,000	$35,000
August 12, 2016	####165 B.C. Ltd. and ####164 B.C. Ltd. [RC & OS]	213	$339,000	$30,000
August 15, 2016	####537 B.C. Ltd. [and GG and SG]	318	$335,000	$25,000
August 17, 2016	IP Ltd. and ####286 B.C. Ltd. [and AA & GD]	310	$339,000	$30,000
August 19, 2016	IKOT Ltd. and 1032641 B.C. Ltd.	218	$325,000	
September 7, 2016	CA Corp. and ####019 B.C. Ltd. – GK, HK & JK & RK]	304	$348,900	$35,000
September 9, 2016	####516 B.C. Ltd. [and DKB]	412	$349,900	$35,000
	Total		$4,341,700	$425,000

25. The Respondent received at least $425,000 in fees or compensation that was paid to the Respondent personally or to the Respondent's company to compensate him for soliciting investments in or loans to the Real Estate Development Company. The Respondent states and there is evidence to support the fact that he kept $40,500 for his own benefit and paid the balance to business partners who assisted him to solicit the investors who purchased investments in the company.

26. None of the investors described in paragraph 24 above were clients of the Member.

27. Many of the investors received promissory notes issued by the Real Estate Development Company that indicated that the Real Estate Development Company had received and promised to repay to the investors a portion of the purchase price (usually equivalent to the amount of the deposit that the investors paid towards the investment in a unit). The promissory notes promised the investors interest payable at a rate of 7% per year on the amount indicated on the promissory note. The promissory notes were not secured by any collateral.

28. None of the interest or principal amounts referenced in the promissory notes were paid to investors by the Real Estate Development Company.

29. On February 8, 2017, the Respondent completed and submitted to the Member an annual compliance certification statement for 2016 in which he confirmed to the Member that he had not engaged in any undisclosed outside activities or received any unapproved referral fees. The Respondent admits that this statement to the Member was false and misleading.

30. On September 8, 2017, the British Columbia Office of the Superintendent of Real Estate ("OSRE") issued a cease marketing order (the "Order") against the Real Estate Development Company for inadequate disclosure and mishandling of deposits. The Order was issued as a result of information indicating that many of the units in the Langley Property had been sold to more than one purchaser and the Real Estate Development Company had not apparently placed all amounts received as deposits towards the purchase of units in trust.

31. On October 4, 2017, the Supreme Court of British Columbia issued a receivership order as a result of foreclosure actions commenced by lenders to the Real Estate Development Company who had advanced money for construction of the Langley Property. A receiver was appointed and determined that creditors were owed approximately $62 million, "more than double the property's value of $29 million". The receiver also determined that the Real Estate Development Company had entered into contracts with 149 purchasers for 91 units in the Langley Property, and many of the units were sold two or three times. In addition, although some deposits had been held in trust with a law firm, 68 parties had paid $12.2 million directly to the Real Estate Development Company and MC was unable to account for those amounts. Some of the money that was advanced to the Real Estate Development Company to finance construction costs appeared to have been used for improper purposes and company assets appeared to have been diverted to MC's spouse and other companies that he controlled.

32. The Respondent did not at any time disclose his activities with respect to MC, the Newmark Group, the Real Estate Development Company, or the Langley Project to the Member, or obtain written authorization or approval from the Member to engage in these activities.

c) The Respondent's Company

33. As stated in paragraph 11 above, in May 2016 (shortly after the Respondent became an Approved Person of the Member), the Respondent registered and began operating the Respondent's Company.

34. The Respondent did not disclose the existence of the Respondent's Company to the Member or seek approval from the Member to operate the company.

35. On May 13, 2016, the Respondent's Company purchased Unit 405 in the Langley Property.

36. By virtue of the foregoing, the Respondent engaged in outside activities that were not disclosed to and approved by the Member, contrary to the Member's policies and procedures, and MFDA Rules 1.1.2, 1.3.2, 2.1.1 and 2.5.1.

Allegation #2 – False or Misleading Statements to Staff

37. In August 2017 during an interview with investigators from the OSRE, the Respondent told OSRE that he was aware that MC had used money solicited from investors to finance the construction costs of the Langley Property to finance other construction projects.

38. On October 25, 2018 during an interview with Staff, the Respondent denied that, contrary to his earlier statement to OSRE, he was aware that MC had used money solicited for the construction of the Langley Property to finance other construction projects.

39. By virtue of the foregoing, the Respondent made false or misleading statements to Staff during the course of Staff's investigation of his conduct, contrary to MFDA Rule 2.1.1.

Additional Factors

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

41. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources and expenses that would have otherwise been necessary to conduct a full hearing of the allegations.

V. CONTRAVENTIONS

42. The Respondent admits that between April 2016 and January 9, 2018, he engaged in outside activities that were not disclosed to or approved by the Member:

a) by soliciting from, facilitating investments by or by recommending or making referrals to at least 15 individuals to invest in, or loan money to, a real estate development project; and

b) by registering a company and serving as the President and a director of the company;

contrary to the Member's policies and procedures, and MFDA Rules 1.3.2, 2.1.1, 1.1.2, 2.10, and 2.5.1.

43. The Respondent admits that in October 2018, he made false or misleading statements to Staff of the MFDA ("Staff") during the course of its investigation into his conduct, contrary to MFDA Rule 2.1.1.

VI. TERMS OF SETTLEMENT

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

a) the Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ or associated with an MFDA Member, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;

b) the Respondent shall pay a fine in the amount of $25,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.1.1(b) of By-law No. 1;

c) the Respondent shall pay costs in the amount of $5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.2 of By-law No. 1;

d) the Respondent will attend in person on the date set for the Settlement Hearing.

VII. STAFF COMMITMENT

45. 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 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

46. 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.

47. 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 its 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.

48. 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 MFDA By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of MFDA By-law No. 1.

49. 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

50. 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 MFDA By-law No. 1 against the Respondent based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding(s) may be heard and determined by a hearing panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

51. 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 MFDA By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

52. 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

53. 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.

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

XII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED this 6th day of March, 2020.

"Vasant Pragjibhai Patel"
Vasant Pragjibhai Patel

"JC"
Witness – Signature

JC
Witness – Print Name

"Charles Toth"

Staff of the MFDA
Per: Charles Toth
Vice-President, Enforcement

Schedule "A"

Order

File No. 201972

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

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PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA

Re Vasant Pragjibhai Patel

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 Vasant Pragjibhai Patel (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 MFDA By-law No. 1;

AND WHEREAS AND WHEREAS on the basis of the facts admitted in Part IV of the Settlement Agreement and the contraventions admitted in Part V of the Settlement Agreement, the Hearing Panel is of the opinion that:

a) between April 2016 and January 9, 2018, the Respondent engaged in outside activities that were not disclosed to or approved by the Member, including:

i. by soliciting from, facilitating investments by or by recommending or making referrals to at least 15 individuals to invest in, or loan money to, a real estate development project; and

ii. by registering a company and serving as the President and a director of the company;

contrary to the Member's policies and procedures, and MFDA Rules 1.3.2, 2.1.1, 1.1.2, 2.10, and 2.5.1; and

b) in October 2018, the Respondent made false or misleading statements to Staff of the MFDA during the course of its 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 shall be permanently prohibited from conducting securities related business in any capacity while in the employ or associated with an MFDA Member, pursuant to s. 24.1.1(e) of MFDA By-law No. 1;

2. The Respondent shall pay a fine in the amount of $25,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.1.1(b) of By-law No. 1;

3. The Respondent shall pay costs in the amount of $5,000 in certified funds upon acceptance of the Settlement Agreement, pursuant to section 24.2 of By-law No. 1; and

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]