

**IN THE MATTER OF:**

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY  
ORGANIZATION OF CANADA**

**AND**

**ALYKHAN KASSAM**

**SETTLEMENT AGREEMENT**

**PART I – INTRODUCTION**

1. The Investment Industry Regulatory Organization of Canada (“IIROC”) will issue a Notice of Application to announce that it will hold a settlement hearing to consider whether, pursuant to Section 8215 of the Consolidated Enforcement, Examination and Approval Rules of IIROC, a hearing panel (“Hearing Panel”) should accept the settlement agreement (“Settlement Agreement”) entered into between the staff of IIROC (“Staff”) and Alykhan Kassam (“Respondent”).

**PART II – JOINT SETTLEMENT RECOMMENDATION**

2. Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

**PART III – AGREED FACTS**

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement

## **Overview**

4. The Respondent recommended the purchase of securities that for two clients were outside the risk tolerances and investment objectives of their accounts.

## **Registration History**

5. The Respondent was employed at the Vancouver branch of what is now Canaccord Genuity Corp. from 2003 until September 2015.
6. The Respondent was employed with the Vancouver branch of Scotia Capital Inc. from September 2015 until September 2018.
7. The Respondent is not currently a Registered Representative.

## **Client JL**

8. Client JL opened an RRSP account (the "RRSP Account") with Canaccord in 2002. JL was a client of the Respondent from September 2006 until March 2015.
9. JL's initial Account Information Form for the RRSP Account recorded his investment objectives as 50% moderate growth – medium risk and 50% short term trading – medium to high risk. JL's net worth was recorded as \$60,000 with annual income of \$35,000. An account update in 2005 updated the net worth to \$270,000 with no other material changes. An account update in 2014 updated his net worth to \$600,000 and his annual income to \$60,000 and changed his investment objectives to 50% moderate growth – medium risk, 25% short term trading – medium to high risk and 25% speculative – high risk.

## **Suitability**

10. Between March 2013 and January 2015, the Respondent made a series of recommendations for the purchase and sale of securities in the RRSP Account which caused it to become more heavily weighted in high risk securities.
11. The RRSP Account consisted of approximately 30% high risk securities in January 2014; 80% high risk investments in September 2014; 98% high risk securities in January 2015; and 95% high risk securities in March 2015.
12. The effect of the Respondent's recommendations, as described in paragraph 11, increased the risk of the RRSP Account beyond both the stated investment objectives and risk tolerance in the Account Information Forms as well as JL's actual investment objectives and risk tolerance. The recommendations were unsuitable for the RRSP Account.

## **Losses**

13. The RRSP Account's market value in September 2006 was approximately \$61,000. The Respondent made a \$7,000 contribution in January 2014. The market value of the account in December 2014 was approximately \$30,000 and the market value of the account in March 2015 was approximately \$22,000.

## **Client DT**

14. Client DT had a spousal RSP account at Canaccord with the Respondent (the "DT Account"). The account information form from March 2004 indicated the following:
  - a) income from all sources was \$75,000;
  - b) DT and his spouse had total assets of \$230,000; and
  - c) the stated investment objective was 100% moderate growth medium risk.

15. There were no account update forms signed by the client after the March 2004 Account Information Form.

### **Suitability**

16. On or around December 30, 2013, the Respondent recommended and executed the purchase of BNK Petroleum Inc. BNK Petroleum Inc. was a speculative, high-risk security and was not suitable for the DT Account.

### **Losses**

17. For the statement period ending December 31, 2013, the DT Account had a total market value of approximately \$25,400 and the holdings were 67% in speculative, high-risk securities. For the statement period ending December 31, 2014, the DT Account had a total market value of approximately \$6,900 and the holdings were 92% in speculative, high-risk securities. For the statement period ending December 31, 2015, the DT Account had a total market value of approximately \$3,400 and the holdings were 89% in speculative, high-risk securities.
18. The losses relating to the purchase of BNK Petroleum Inc. from December 30, 2013 to June 30, 2015 were approximately \$6,400 or a 67% decline in market value of the purchased security.
19. From December 30, 2013 to December 31, 2014, the total losses in the DT Account were over \$18,000 and represented a 72% loss in value. The total losses in the DT Account from December 30, 2013 to June 30, 2015, around the time when the Respondent left Canaccord and the DT Account was transferred to another Registered Representative, were approximately \$17,250 or 68%.

### **Other Relevant Factors**

20. Canaccord entered into a settlement with JL for approximately \$58,000. As of May 2018, the Respondent had contributed \$3,000 towards that settlement.
21. The Respondent has no prior disciplinary history with IIROC.
22. The Respondent acknowledges that if not for his inability to pay, the agreed fine would have been higher and that an order to pay costs would also have been made.

### **PART IV – CONTRAVENTIONS**

23. By engaging in the conduct described above, the Respondent committed the following contraventions of IIROC's Rules:
  - a) Between March 2013 and December 2014, the Respondent failed to use due diligence to ensure that recommendations were suitable for a client, contrary to Dealer Member Rule 1300.1(q);
  - b) In or around December 2013, the Respondent failed to use due diligence to ensure that recommendations were suitable for a client, contrary to Dealer Member Rule 1300.1(q).

### **PART V – TERMS OF SETTLEMENT**

24. The Respondent agrees to the following sanctions and costs:
  - a) Fine of \$15,000;
  - b) Suspension from approval in any capacity for 60 days;
  - c) Period of 9 months of close supervision upon any registration with IIROC.

25. If this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Staff and the Respondent.

#### **PART VI – STAFF COMMITMENT**

26. If the Hearing Panel accepts this Settlement Agreement, Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.
27. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Rule 8200 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out Part III of this Settlement Agreement.

#### **PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT**

28. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
29. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with the procedures described in Sections 8215 and 8428, in addition to any other procedures that may be agreed upon between the parties.
30. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the Hearing Panel.

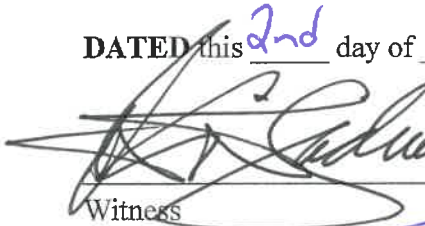
31. If the Hearing Panel accepts the Settlement Agreement, the Respondent agrees to waive all rights under the IIROC Rules and any applicable legislation to any further hearing, appeal and review.
32. If the Hearing Panel rejects the Settlement Agreement, Staff and the Respondent may enter into another settlement agreement or Staff may proceed to a disciplinary hearing based on the same or related allegations.
33. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.
34. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and IIROC will post a full of copy of this Settlement Agreement on the IIROC website. IIROC will also publish a summary of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement.
35. If this Settlement Agreement is accepted, the Respondent agrees that neither [he/she/it] nor anyone on [his/her/its] behalf, will make a public statement inconsistent with this Settlement Agreement.
36. The Settlement Agreement is effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel.

**PART VIII – EXECUTION OF SETTLEMENT AGREEMENT**

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

38. A fax or electronic copy of any signature will be treated as an original signature.


DATED this 2nd day of July, 2019.

  
Witness

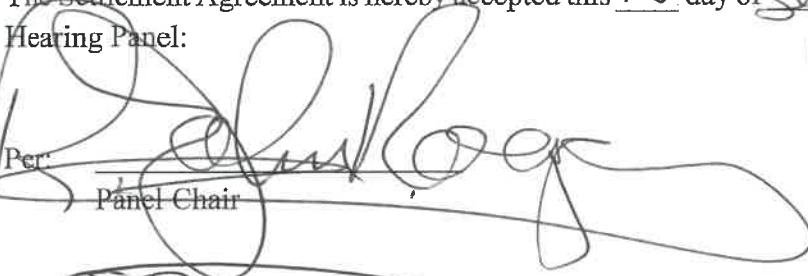
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Alykhan Kassam (Respondent)

  
Witness  
**Paul Smith**  
**Barrister, Solicitor, & Notary Public**  
**Suite 2800 - 1055 West Georgia Street**  
**Vancouver, British Columbia V6E 3R5**  
**Telephone: (604) 331-4764**

  
Stacy Robertson  
Enforcement Counsel on behalf of  
Enforcement Staff of the Investment  
Industry Regulatory Organization of  
Canada

The Settlement Agreement is hereby accepted this 18<sup>th</sup> day of September, 2019 by the following Hearing Panel:

Per:   
Panel Chair

Per:   
Panel Member

Per:   
Panel Member