Re Dakik

IN THE MATTER OF:

The Mutual Fund Dealer Rules

and

Mohammed (Hamoudi) Dakik

2025 CIRO 46

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard: August 14, 2025 in Toronto, Ontario via videoconference
Decision: August 14, 2025
Reasons for Decision: September 5, 2025

Hearing Panel
Barry Bresner, Chair
Nick Pallotta, Industry Representative
Shaine Pollock, Industry Representative

Appearances:
Samantha Wu, Enforcement Counsel
Mohammed Dakik, (present)

REASONS FOR DECISION ON ACCEPTANCE OF SETTLEMENT

INTRODUCTION

[1] This hearing was held pursuant to Rule 7.4.4 of the Mutual Fund Dealer Rules (**MFD Rules**) and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure (**ROP**) to decide whether to accept or reject a settlement agreement negotiated between Staff of the Enforcement Department of CIRO (**Staff**) and Mohammed Dakik (the Respondent), dated July 2, 2025 (the **Settlement Agreement**). The Settlement Agreement was identified as Exhibit 1 at the hearing and a copy is attached as Appendix A to this Decision. Part III of the Settlement Agreement recites the facts agreed to by the parties and relied upon by the Hearing Panel.

[2] In the Settlement Agreement, the Respondent admitted to having violated MFD Rule 1.1.1 by engaging in securities related business that was not carried on for the account of or through the facilities of the Dealer Member by recommending, selling, or facilitating the sale of securities of a company to clients of the Dealer Member and others.

[3] The sanctions agreed to in the Settlement Agreement were:

(i) A permanent prohibition from conducting securities related business in any capacity while in the employ of or associated with any CIRO Dealer Member, pursuant to MFD Rule 7.4.1.1(e);

(ii) a fine of $20,000, pursuant to MFD Rule 7.4.1.1(b);

(iii) costs of $5,000, pursuant to MFD Rule 7.4.2, to be paid in certified funds on the date that the Settlement Agreement is accepted by a hearing panel; and

(iv) a commitment by the Respondent to attend on the date set for the Settlement Hearing.

[4] At the conclusion of the Settlement Hearing, after due consideration of the agreed facts and the

submissions of the parties, the Panel concluded that the Settlement Agreement was in the public interest and accepted it, with reasons to follow. These are those reasons.

OVERVIEW

[5] The relevant facts are set out in Part III of the Settlement Agreement, but can be summarized for present purposes as follows:

- The Respondent was registered as a dealing representative with Investors Group Financial Services Inc., a Dealer Member of CIRO and formerly a Dealer Member of the Mutual Fund Dealers Association (the **Dealer Member**) from 2016 until his termination in October 2020. He has not been registered in any capacity since his termination;
- The Dealer Member's policies and procedures prohibited (a) the sale, promotion, or effecting of trades in products which were not offered by the Dealer Member and (b) off-book trading and conducting securities related business through means other than the Dealer Member;
- MFD Rule 1.1.1 requires Approved Persons to conduct all securities related business for the account of the Dealer Member and through its facilities. MFD Rule 1A (previously MFDA By-law No.1) defines "securities related business" as "any business or activity (whether or not carried on for gain) engaged in, directly or indirectly, which constitutes trading or advising in securities for the purposes of applicable securities legislation". The Respondent admitted that his conduct violated MFD Rule 1.1.1.
- The Respondent personally invested in a cannabis company known as CBD Export Global (**CBD**). Between March and September 2019, the Respondent recommended, sold, or facilitated the sale of securities offered by CBD (the **CBD Securities**) to 5 clients of the Dealer Member whose accounts were handled by the Respondent and 2 other individuals (collectively, the **Investors**), for a total investment by the Investors of approximately $76,000;
- One of the clients of the Dealer Member, identified as WE, was a 68-year-old retiree who invested $50,000 of the total. The remaining 6 Investors invested amounts ranging from $1,000 to $6,000.
- The Respondent has admitted that he introduced the opportunity to invest in CBD Securities to the Investors, recommended the investments to them, facilitated the execution of investment contracts between CBD and the Investors, collected the Investors' cheques and transmitted them to CBD for the purchase of CBD Securities;
- The Respondent also actively solicited another client of the Dealer Member, identified as PV, to invest in CBD Securities and to loan CBD at least $100,000. Client PV ultimately declined to invest in or loan funds to CBD;
- On March 26, 2020, the Respondent completed an attestation affirming that he was aware of the Dealer Member's prohibition against recommending products and completing trades for products for which he did not hold a valid registration;
- After his termination in October 2020, the Respondent continued to provide the Investors with updates and information pertaining to their investments in CBD Securities;
- On or about August 27, 2023, CBD was dissolved, and none of the Investors received any return or repayment of the principal they had invested in CBD Securities;
- In March 2024, client WE complained to the Dealer Member regarding his investment in CBD Securities on the recommendation of the Respondent. The Dealer Member compensated client WE for his lost investment in CBD of $50,000.

ANALYSIS

[6] At a settlement hearing, the role of a hearing panel, as provided in MFD Rule 7.4.4.3, is to either accept or reject a proposed settlement. The principles applicable to that determination are well-established. As stated

by an MFDA hearing panel in *Sterling Mutuals Inc. (Re)*[1], quoting with approval from *Milewski (Re)*[2], the hearing panel must be satisfied that the sanctions agreed to in the settlement agreement are "within a reasonable range of appropriateness" and a settlement should not be rejected unless the panel views the penalty as falling clearly outside of that range.

[7] It is also an established principle that reasonable settlements serve the public interest by resolving disputes more quickly and less expensively and by freeing up system resources for other matters. Settlements are the result of negotiation and compromise between the parties who are in the best position to address the issues, and it is not the role of the hearing panel to second-guess the parties.

[8] In *Jacobson (Re)*[3], it was noted that MFDA hearing panels take a number of inter-related considerations into account in determining whether to accept a proposed settlement, including:

> "a) Whether acceptance of the Settlement Agreement would be in the public interest and whether the penalties imposed will protect investors;
>
> b) Whether the Settlement Agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the Settlement Agreement;
>
> c) Whether the Settlement Agreement addresses the issues of both specific and general deterrence;
>
> d) Whether the proposed settlement will prevent the type of conduct described in the Settlement Agreement from occurring again in the future;
>
> e) Whether the Settlement Agreement will foster confidence in the integrity of the Canadian Capital Markets;
>
> f) Whether the Settlement Agreement will foster confidence in the integrity of the MFDA;
>
> g) Whether the Settlement Agreement will foster confidence in the regulatory process itself."

[9] The hearing panel in *Headley (Re)*[4], similarly summarized a number of factors considered in settlement hearings, including the seriousness of the conduct, the respondent's prior disciplinary history, the harm suffered by investors, any benefit realized by the respondent from the wrongful activity, the risk to investors and the capital markets if the respondent was permitted to continue to participate in the capital markets, deterrence and prior decisions in similar circumstances. Depending on the facts of a case, each of the factors to be considered can be seen as either an aggravating factor calling for a more severe sanction or a mitigating factor calling for a less severe sanction. The balancing of the aggravating and mitigating factors is critical to a determination of the reasonableness of the proposed settlement.

[10] The Hearing Panel took the following factors into account:

Mitigating Factors

- The Respondent does not have a prior disciplinary record;
- The Respondent did not receive a direct financial benefit from his conduct;
- The Respondent has admitted and accepted responsibility for the contraventions, saving CIRO the time, resources and expenses which would otherwise have been required for a contested hearing;
- The Respondent's employment was terminated in October 2020 and he has not been registered in any capacity since then;
- The Respondent cooperated in the investigation and attended the Settlement Hearing.

Aggravating Factors

[1] 2008 LNCMFDA 16 at para. 37
[2] [1999] IDACD No.17 at para.55,
[3] 2007 LNCMFDA 27 at para.68,
[4] 2006 LNCMFDA 3 at para. 85,

- The Respondent engaged in a pattern of intentional misconduct involving 5 clients and 2 other individuals;
- The Respondent's conduct resulted in financial losses to the Investors, including the loss of $50,000 sustained by WE, a retired elderly client;
- Although the Respondent did not obtain a direct financial benefit from his misconduct, he was motivated by the desire for financial gain. The Respondent admitted that he hoped the Investors in CBD Securities would invest additional funds in mutual funds at the Dealer Member. As an investor in CBD Securities, he also stood to benefit from the investments of others;
- The Respondent's conduct caused financial harm to the Dealer Member which compensated WE for his $50,000 loss;
- The Respondent executed an attestation confirming his knowledge of the prohibition against off-book trading, at a time when he knew he had violated that prohibition;
- The Respondent never informed the Dealer Member of his activities relating to the CBD Securities. The issue only came to light in March 2024 when WE complained to the Dealer Member.
- The Respondent's misconduct was very serious. By engaging in securities related business outside of the Dealer Member, the Respondent subverted the Dealer Member's ability to effectively supervise his activities. The supervisory obligations of Dealer Members are an important component of the regulatory regime designed to protect investors, and the Respondent's misconduct frustrated a fundamental element of that regulatory regime. As stated by the hearing panel in *Qi (Re)*[5]:

  "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."

[11] The consideration of prior decisions in similar cases is necessary to ensure consistency, fairness and transparency in the disciplinary process, while recognizing that the determination of the reasonableness of a sanction in a particular case is both discretionary and fact-driven. An appropriate sanction in one case may not be appropriate in the somewhat different context of another.

[12] Staff submitted six prior decisions which address the penalties imposed on respondents who engaged in securities related business outside of a Dealer Member:

- *Cheung (Re)*[6], involved a respondent who engaged in unapproved outside activities for years, involving at least 5 clients who invested $244,300 in syndicated mortgages, for which he received referral fees. The uncontested hearing resulted in a permanent ban, a fine of $75,000 and costs of $6,000;
- *D'Souza (Re)*[7], also involved the sale of syndicated mortgages, which resulted in losses of $169,000 to investors and compensation of $17,974 to the respondent. The sanctions were a permanent ban, a fine of $30,000 and costs of $2,500;
- *Gomes (Re)*[8], involved the sale to 3 clients of mortgage investment products totalling $434,700 outside the Dealer Member. The respondent received referral fees of at least $34,344. The losses to clients could not be quantified and the respondent filed for bankruptcy. The sanction was a

[5] 2013 LNCMFDA 87 at para .11
[6] 2019 LNCMFDA 17
[7] 2022 LNCMFDA 155
[8] 2020 LNCMFDA 33

permanent ban, a fine of $50,000 and costs of $9,462.50;

- *Griffioen (Re)*[9], involved a respondent who facilitated the sale of promissory notes to 6 clients and another individual in the total amount of $1,160,000. The respondent invested and lost $600,000 of his own money in a related company. The investors lost the principal amount of the notes and some of the interest payable on those notes. The respondent was a defendant in the resulting litigation. The sanction was a permanent ban, a fine of $75,000 and costs of $5,000.
- *Small (Re)*[10] and *de Haan (Re)*[11], were both cases in which the respondents had unsuccessfully solicited clients to invest in an investment vehicle which had not been approved by the Dealer Member. As no investments were made, no losses were sustained, and the respondent had not received any financial benefit. In both cases, the sanction included a 5-year ban on registration. The fines were $20,000 and $15,000 respectively.

[13] Each of the prior decisions cited by Staff can be distinguished on their facts and on the mitigating and aggravating factors which were present. However, they provide a meaningful range of sanctions which assists this Hearing Panel in assessing the reasonableness of the proposed settlement with the Respondent.

[14] Having weighed the mitigating and aggravating factors as well as the prior decisions, the Panel concluded that the proposed sanctions sit comfortably within the reasonable range of appropriateness. The permanent prohibition on registration is consistent with the prior decisions involving off-book business that resulted in losses and reflects the seriousness of the impugned conduct. The fine of $20,000 is substantial and, in conjunction with the permanent ban, serves as a reasonable deterrent to anyone inclined to engage in similar misconduct.

CONCLUSION

[15] For the reasons stated above, the Panel concluded that the proposed settlement is in the public interest and accepted the Settlement Agreement.

DATED at Toronto, Ontario this 5th day of September, 2025.

"BarryBresner"

Barry Bresner, Chair

"Nick Pallotta"

Nick Pallotta

"Shaine Pollock"

Shaine Pollock

[9] 2025 CIRO 19
[10] (2023), (Hearing Panel of the Ontario District Hearing Committee)
[11] 2021 LNCMFDA 87

CIRO · OCRI
Canadian Investment Regulatory Organization
Organisme canadien de réglementation des investissements

IN THE MATTER OF
THE MUTUAL FUND DEALER RULES

AND

MOHAMMED (HAMOUDI) DAKIK

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization ("CIRO")[1] will issue a Notice of Settlement Hearing to announce a settlement hearing pursuant to Mutual Fund Dealer Rule 7.4.4 and Rules 14 and 15 of the Mutual Fund Dealer Rules of Procedure ("Rules of Procedure") to consider whether a Hearing Panel should accept this Settlement Agreement between Enforcement Staff and Mohammed (Hamoudi) Dakik (the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Enforcement 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. As discussed in more detail below, the Respondent recommended, sold, or facilitated the sale of approximately $76,000 of securities in a cannabis company to at least five clients and two other individuals (the "Investors"). The Respondent also solicited one client to invest $300,000 in the same company; the client declined to invest. Subsequently, the company was dissolved and the Investors lost their investments totaling $76,000.

Registration History

5. Between October 12, 2016 and October 30, 2020, the Respondent was registered in Ontario as a dealing representative with Investors Group Financial Services Inc. (the "Dealer Member"), formerly a Member of the MFDA.

6. On October 30, 2020, the Dealer Member terminated the Respondent, and he is not currently registered in the securities industry in any capacity.

7. At all material times, the Respondent carried on business in the Nepean, Ontario area.

Securities Related Business Outside the Dealer Member

8. At all material times, the Member's policies and procedures:

    a) prohibited its Approved Persons from selling, promoting, or effecting trades in products that were not offered by the Dealer Member; and

    b) prohibited off-book trading and required that all securities related business be conducted through the Dealer Member.

9. In or around 2018, the Respondent:

    a) through a family member, met with the principals of a cannabis company, C Inc.,

    b) was introduced to the opportunity to invest in securities that were offered by C Inc., and

    c) purchased approximately $20,000 of shares in C Inc.

10. Subsequently, the principals of C Inc.:

    a) incorporated company 110 Inc., known as CBD Export Global ("CBD"), another cannabis company,

    b) introduced the Respondent to the opportunity to invest in securities that were offered by CBD (the "CBD Securities"), and

c) provided the Respondent with promotional materials about CBD and CBD Securities.

11. In or around 2018 or 2019, the Respondent also invested in CBD Securities. The Respondent states that he purchased approximately $5,000 of shares in CBD.

12. During the material time, client PV was an Approved Person and client of the Dealer Member. Clients WE, ID, FY, NI, and KC were clients of the Dealer Member whose accounts were serviced by the Respondent. Client WE was 68 years old and retired.

13. Between March 2019 and September 2019, the Respondent recommended, sold, or facilitated the sale of approximately $76,000 of CBD Securities to clients WE, ID, FY, NI, and KC, and individuals RD and NB (collectively, the "Investors"). The Investors purchased the CBD Securities as set out in the table below:

	Investor	Individual/Client	Amount Invested
1.	WE	Client	$50,000
2.	ID	Client	$5,000
3.	FY	Client	$4,000
4.	RD	Individual	$1,000
5.	NB	Individual	$6,000
6.	NI	Client	$5,000
7.	KC	Client	$5,000
			Total: $76,000

14. Between March 2019 and September 2019, the Respondent engaged in one or more of the following activities in relation to the Investors:

a) introduced the opportunity to invest in the CBD Securities;

b) discussed the terms and features of investing in the CBD Securities;

c) made presentations or provided promotional materials about CBD and CBD Securities;

d) recommended investing in CBD Securities;

e) received investment contracts from CBD for completion with the Investors;

f) provided the Investors with investment contracts to purchase the CBD Securities;

g) assisted the Investors to complete the paperwork to facilitate the purchase of CBD Securities by the Investors;

h) collected cheques from the Investors payable to CBD in respect of investments in CBD;

i) provided the completed investment contracts and Investors' cheques for investments in CBD to CBD; and

j) provided the Investors with information and updates pertaining to their investments.

15. Regarding client PV, the Respondent engaged in the following activities:

a) in or around March 2019, the Respondent:

i. arranged and attended a meeting with client PV and a principal of CBD to introduce the opportunity to invest in CBD;

ii. made presentations or provided promotional materials about CBD;

iii. recommended investing in CBD, and asked client PV to loan at least $100,000 to CBD;

b) on September 27, 2019, the Respondent emailed client PV asking client PV to attend another meeting with the principals of CBD and stating:

> If you recall we met about 6 months ago regarding [CBD] ...they have purchased the lab and everything is going well. They are still raising some funds and looking for 300k to close the financing round they are in right now. This money can be done as a loan or equity in the company.

16. Client PV ultimately declined to invest in CBD.

17. The Respondent solicited investments in CBD in order to also have investors in CBD invest their other monies in mutual funds at the Dealer Member.

18. On or around March 26, 2020, the Respondent completed an attestation, affirming that he was aware that recommending products and completing trades for products in which he did not hold a valid registration were prohibited.

19. After the Dealer Member terminated the Respondent, the Respondent continued to provide the Investors with information and updates pertaining to their investments in CBD.

20. On or about August 27, 2023, CBD was dissolved. None of the Investors received any return or the repayment of the principal amounts that they invested in the CBD Securities.

21. The Respondent did not inform the Dealer Member at any time that the Respondent intended to offer the CBD Securities for investment to its clients or other individuals, and the Dealer Member did not approve the sale of CBD Securities by any of its Approved Persons, including the Respondent.

22. None of the purchases of the CBD Securities described above were carried on for the account of the Dealer Member or processed through its facilities.

23. On or around March 18, 2024, client WE complained to the Dealer Member regarding his investment in CBD on the Respondent's recommendation, and sought compensation from the Dealer Member for resulting investment losses. The Dealer Member paid client WE $50,000 to compensate him for his losses.

Additional Factors

24. There is no evidence that the Respondent received a direct financial benefit from the above-described misconduct.

25. The Respondent has not previously been the subject of CIRO or MFDA disciplinary proceedings.

26. By entering into this Settlement Agreement, the Respondent has saved CIRO the time, resources, and expenses associated with conducting a contested hearing on the allegations.

PART IV – CONTRAVENTIONS

27. By engaging in the conduct described above, the Respondent committed the following contraventions of CIRO requirements:

Between March 2019 and September 2019, the Respondent engaged in securities related business that was not carried on for the account or through the facilities of the Dealer Member by recommending, selling, or facilitating the sale of securities of a company to clients and other individuals, contrary to MFDA Rule 1.1.1.

PART V – TERMS OF SETTLEMENT

28. The Respondent agrees to the following sanctions and costs:

(i) The Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any CIRO Dealer Member, pursuant to Mutual Fund Dealer Rule 7.4.1.1(e);

(ii) A fine of $20,000, pursuant to Mutual Fund Dealer Rule 7.4.1.1(b), which shall be payable in certified funds on the date that this Settlement Agreement is accepted by a Hearing Panel;

(iii) Costs of $5,000, pursuant to Mutual Fund Dealer Rule 7.4.2, which shall be payable in certified funds on the date that this Settlement Agreement is accepted by a Hearing Panel; and

(iv) The Respondent shall attend on the date set for the Settlement Hearing.

29. If this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees to pay the amounts referred to above immediately upon such acceptance, unless otherwise agreed between Enforcement Staff and the Respondent.

PART VI – STAFF COMMITMENT

30. If the Hearing Panel accepts this Settlement Agreement, Enforcement 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.

31. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Mutual Fund Dealer Rule 7 against the Respondent. These proceedings may be based on, but not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

32. This Settlement Agreement is conditional on acceptance by the Hearing Panel.

33. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with Mutual Fund Dealer Rule 7.4.4, and Rules of Procedure 14 and 15, in addition to any other procedures that may be agreed upon between the parties.

34. Enforcement Staff and the Respondent agree that this Settlement Agreement will form all 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.

35. If the Hearing Panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules and By-law No. 1 of CIRO, and any applicable legislation to any further hearing, appeal, and review.

36. If the Hearing Panel rejects this Settlement Agreement, Enforcement Staff and the Respondent may enter into another settlement agreement or Enforcement Staff may proceed to a disciplinary hearing based on the same or related allegations.

37. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

38. This Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and CIRO will post a copy of this Settlement Agreement on the CIRO website. CIRO will publish a notice and news release of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement and the Hearing Panel's written reasons for its decision to accept this Settlement Agreement.

39. If this Settlement Agreement is accepted, the Respondent agrees that neither they nor anyone on their behalf, will make a public statement inconsistent with this Settlement Agreement.

40. This Settlement Agreement is effective and binding upon the Respondent and Enforcement Staff as of the date of its acceptance by the Hearing Panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

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

42. An electronic copy of any signature will be treated as an original signature.

DATED this 2nd day of July, 2025.

"Witness"

Witness

"Mohammed Dakik"

Respondent

"Sam Wu"

Sam Wu

Enforcement Counsel on behalf of
Enforcement Staff of the
Canadian Investment Regulatory
Organization

The Settlement Agreement is hereby accepted this 14th day of August, 2025 by the following Hearing Panel:

Per: "Barry Bresner"
Chair

Per: Nick Pallotta
Industry Member

Per: "Shaine Pollock"
Industry Member

[1] Where the rules, by-laws, and policies of the Mutual Fund Dealers Association of Canada (the "MFDA") that were in force immediately prior to amalgamation of the Investment Industry Regulatory Organization of Canada and the MFDA have been incorporated into the Mutual Fund Dealer Rules, Enforcement Staff have referenced the relevant section of the Mutual Fund Dealer Rules.