



**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES**

AND

LOUIS JOSH LIEFF

AGREED STATEMENT OF FACTS

I. INTRODUCTION

1. By Notice of Hearing dated January 17, 2025, the Canadian Investment Regulatory Organization (“**CIRO**”) commenced a disciplinary proceeding against Louis Josh Lieff (the “**Respondent**”) pursuant to Mutual Fund Dealer Rules 7.3 and 7.4.

2. The Statement of Allegations sets out the following allegations:

Contravention 1: Between January 2021 and August 2021, the Respondent engaged in securities related business outside the Dealer Member by recommending, selling, or facilitating investments in the purchase and resale of used vehicles, contrary to Mutual Fund Dealer Rule 1.1.1.

Contravention 2: Between January 2021 and August 2021, the Respondent engaged in unapproved outside activities in relation to facilitating investments in the purchase and resale of used vehicles, contrary to Mutual Fund Dealer Rule 1.3.

II. IN PUBLIC/IN CAMERA

3. The Respondent and Staff of the CIRO (“**Staff**”) agree that this matter should be heard in public pursuant to Rule 1.8 of the Mutual Fund Dealer Rules of Procedure.

III. ADMISSIONS AND ISSUES TO BE DETERMINED

4. The Respondent has reviewed this Agreed Statement of Facts and admits the facts set out in Part IV herein. The Respondent admits that the facts in Part IV constitute misconduct for which the Respondent may be penalized on the exercise of the discretion of a Hearing Panel of the Ontario District Committee (the "Hearing Panel") of the Corporation pursuant to Mutual Fund Dealer Rule 7.4.1.

5. Staff and the Respondent jointly request that the Hearing Panel determine, on the basis of this Agreed Statement of Facts, the appropriate penalty to impose on the Respondent.

6. Staff and the Respondent agree that submissions made in this proceeding will be based only on the agreed facts in Part IV, and no other information, facts or documents, subject to the content of this paragraph and paragraph 7 below. Staff and the Respondent agree that the Respondent may lead evidence that is relevant to the Respondent's personal and financial circumstances subject to the following conditions:

- a) the Respondent shall provide to Staff a copy of any documents on which he intends to rely and summary of any additional oral evidence to be tendered by the Respondent or any other individual on his behalf by no later than October 17, 2024;
- b) the Respondent shall not tender any evidence that is inconsistent with the agreed facts set out in Part IV of this Agreed Statement of Facts;
- c) this evidence will be tendered solely for the purpose of determining the appropriate sanction to be imposed on the Respondent as a consequence of admissions of misconduct that are set out in this Agreed Statement of Facts and for no other purpose; and
- d) Staff may challenge any evidence tendered by the Respondent pursuant to this paragraph, cross-examine any witnesses who testify in support of the Respondent, and lead evidence responding to the evidence tendered by the Respondent.

7. In the event that the Hearing Panel advises one or both of Staff and the Respondent of any additional facts that it considers necessary in order to determine the issues before it, Staff and the Respondent agree that such additional facts may be provided to the Hearing Panel, either: (a) with the consent of both Staff and the Respondent if the additional facts are agreed upon; (b) if the Respondent is not present at the hearing, Staff may disclose additional relevant facts, at the request of the Hearing Panel; or (c) if the parties are both present at the hearing and are not in agreement about the additional facts requested by the Hearing Panel, the parties will be given a reasonable opportunity to lead evidence concerning the additional facts. In circumstances where a party leads evidence concerning additional facts requested by the Hearing Panel, the opposing party may cross-examine any witness tendered to lead such evidence and shall be given a reasonable opportunity to lead responding evidence if they wish to do so.

IV. AGREED FACTS

Registration History

8. Between April 8, 2014 and January 10, 2022, the Respondent was registered in Ontario as a dealing representative with Quadrus Investment Services Ltd. (the “**Dealer Member**”), a Dealer Member of CIRO (formerly a Member of the MFDA).

9. On January 10, 2022, the Respondent resigned from the Dealer Member, and is currently not registered in the securities industry in any capacity.

10. At all material times, the Respondent conducted business in the Concord, Ontario area.

Contravention 1 - Securities Related Business Outside of the Member

11. At all material times, the Dealer Member’s policies and procedures prohibited its Approved Persons from selling or advising on securities through any entity other than the Dealer Member.

12. In or about September or October 2020, the Respondent was introduced to an investment opportunity with a business involved in the purchase and resale of used vehicles. The Respondent was told that MC, the operator of the business, could acquire used vehicles at prices below market value from vehicle rental companies, and resell these vehicles at higher prices (the “**MC Vehicle Business**”). MC was seeking short-term loans to finance the purchase of the used vehicles, which MC would repay with a promised rate of return upon the resale of the used vehicles.

13. In January 2021, the Respondent made an investment by providing a short-term loan to the MC Vehicle Business and received the promised return. Shortly thereafter, the Respondent conceived of a business involving approaching other potential investors to provide the short-term loans to the MC Vehicle Business, and by facilitating the short-term loans generating a commission for himself.

14. Accordingly, the Respondent commenced facilitating the short-term loans between potential investors and the MC Vehicle Business. The potential investors included both friends and family to whom the Respondent introduced the investment opportunity and other individuals introduced to the opportunity by those friends and family. The Respondent earned a commission based on the difference between the rate of return promised by the MC Vehicle Business and that promised by the Respondent to the Lenders. In April 2021, the Respondent incorporated two companies through which to carry on his activities.

15. Also in April 2021, the Respondent and two other individuals incorporated a company, MJM Capital Group Ltd. (“MJM”). With MJM, the other two individuals attracted investors, while the Respondent acted as a liaison between MJM and the MC Vehicle Business, handling information regarding the available cars, their pricing, profits, and timelines and transferring money from the investors to the MC Vehicle Business. The Respondent was entitled to one-third of MJM’s commissions, which were generated in the same manner as the Respondent’s own business described above.

16. Between January and August 2021, the Respondent, whether on behalf of himself, his corporation described at paragraph 9, or MJM, sold or facilitated the investment of approximately \$21.5 million in the MC Vehicle Business from approximately 50 investors.

17. The Respondent engaged in one or more of the following activities with respect to each of the 50 investors in the MC Vehicle Business:

- (a) introduced the investment opportunity;
- (b) discussed the terms of the investment opportunity with the investors;
- (c) facilitated loan agreements between the MC Vehicle Business and investors;

- (d) entered into loan agreements with or provided promissory notes to investors;
- (e) collected cheques and monies from investors and passed it to the MC Vehicle Business;
- (f) provided information from MC concerning the vehicles being purchased to the investors;
or
- (g) facilitated the return of profits back to investors.

18. By facilitating investments in the MC Vehicle Business, the Respondent or MJM, as the case may be, were able to generate a profit from the difference between the rate of return promised by the MC Vehicle Business and that promised by the Respondent or MJM to the investors.

19. The Respondent earned commissions of approximately \$2 million. The Respondent, however, frequently reinvested these commissions into the MC Vehicle Business. The Respondent received approximately \$670,468, which he received either in cash or in-kind, by having the MC Vehicle Business purchase an item for the Respondent, such as an expensive luxury vehicle.

20. In or about August 2021, the MC Vehicle Business stopped making payments to investors. The 50 investors collectively suffered losses of approximately \$9.8 million.

21. None of the investments in the MC Vehicle Business, or any of the commissions the Respondent earned or received as described above, were carried on for the account of the Dealer Member or processed through its facilities.

22. By virtue of the foregoing, the Respondent engaged in securities related business outside the Dealer Member, contrary to Mutual Fund Dealer Rule 1.1.1.

Additional Factors

23. As described above, the Respondent received \$670,468 in commissions from his activities. The Respondent disgorged \$432,395 by paying this amount to investors therefore retaining \$238,073.

24. The Respondent invested \$150,000 of his own money into the MC Vehicle Business of which he only received \$10,750 in return. The Respondent suffered a loss of \$139,250 from his own investments.

25. On October 24, 2023, MC pled guilty to three counts of defrauding three individuals of money of a value exceeding \$5,000. With all three counts, MC admitted to inducing the individuals to invest in the MC Vehicle Business, but not in fact investing the monies received in used vehicles.

26. There is no evidence that the Respondent had any knowledge or involvement in any fraudulent conduct by MC or any involvement in the operation of the MC Vehicle Business.

27. The Respondent and a number of other investors have commenced a civil claim against MC and others to recover the losses suffered from entering into the short-term loans with the MC Vehicle Business. The litigation remains ongoing.

28. The Respondent has not previously been the subject of a CIRO (or MFDA) proceeding.

Misconduct Admitted

29. By engaging in the conduct described above, the Respondent admits that between January 2021 and August 2021, he engaged in securities related business outside the Dealer Member by selling or facilitating investments in the purchase and resale of used vehicles, contrary to Mutual Fund Dealer Rule 1.1.1.

V. EXECUTION OF AGREED STATEMENT OF FACTS

30. This Agreed Statement of Facts may be signed in one or more counterparts, which together shall constitute a binding agreement.

31. An electronic copy of any signature shall be effective as an original signature.

DATED this 23rd day of August 2025.

“Louis Josh Lief”

Louis Josh Lief

“Alan Melamud”

Staff of the Canadian Investment Regulatory Organization
Alan Melamud, Senior Enforcement Counsel