



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES
AND
NEILAY MODI**

NOTICE OF HEARING

A first appearance will be held before a Hearing Panel of the Canadian Investment Regulatory Organization (“CIRO”)¹ pursuant to Mutual Fund Dealer Rule 7.3 to schedule a hearing in the matter of Neilay Modi (the “Respondent”). The first appearance and the hearing will be subject to Mutual Fund Dealer Rule 7, and the Mutual Fund Dealer Rules of Procedure (“Rules of Procedure”), as further referenced below, that govern the conduct of enforcement proceedings.

The first appearance will be held by way of videoconference on Tuesday, July 14, 2026 at 10:00 a.m. ET.

The purpose of the hearing will be to determine whether the Respondent has contravened CIRO requirements. A summary of the facts alleged and intended to be relied upon by CIRO, the conclusions drawn by CIRO based on the alleged facts, and alleged contraventions are contained in the Statement of Allegations attached to this Notice of Hearing.

If the Hearing Panel finds that the Respondent has contravened CIRO requirements as alleged in the Statement of Allegations, the Hearing Panel may impose one or more of the following sanctions pursuant to Mutual Fund Dealer Rule 7.4.1.1:

- (a) a reprimand;
- (b) disgorgement of any amount obtained, including any loss avoided, as a result of committing the violation;
- (c) a fine not exceeding the greater of:
 - (i) \$5,000,000 for each offence, and
 - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;

- (d) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- (e) revocation of the authority of such person to conduct securities related business;
- (f) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time; and
- (g) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel.

In addition, pursuant to Mutual Fund Dealer Rule 7.4.2, a Hearing Panel may require the Respondent to pay any costs incurred by or on behalf of CIRO in connection with the proceeding and any investigation related to the proceeding.

The Respondent must serve on Enforcement Staff a Reply to this Notice of Hearing in accordance with Rule of Procedure 8 and Mutual Fund Dealer Rule 7.3.2 within 20 days from the effective date of service of this Notice of Hearing. The Respondent must also file the Reply at the Hearing Office in accordance with Rule of Procedure 4.6.

The Reply may either:

- (a) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by CIRO in the Statement of Allegations; or
- (b) admit the facts alleged and conclusions drawn by CIRO in the Statement of Allegations and plead circumstances in mitigation of any penalty to be assessed.

Pursuant to Mutual Fund Dealer Rule 7.3.3 and Rule of Procedure 8.3, the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by CIRO in the Statement of Allegations that the Respondent does not specifically deny in the Reply.

Pursuant to Mutual Fund Dealer Rule 7.3.4 and Rules of Procedure 7.3 and 8.4, if the Respondent fails to:

- (a) serve and file a Reply; or
- (b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a Reply may have been served,

the Hearing Panel may, among other things, proceed with the hearing on the date and at the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without further notice to and in the absence of the Respondent, and the Hearing Panel may accept as proven the facts, conclusions, and contraventions alleged in the Statement of Allegations, and may impose sanctions and costs.

The Respondent is entitled to attend the hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, to present evidence, and to make submissions to the Hearing Panel at the hearing.

DATED May 22, 2026.

"NATIONAL HEARING OFFICER"

NATIONAL HEARING OFFICER

Canadian Investment Regulatory Organization

40 Temperance Street, Suite 2600

Toronto, Ontario, M5H 0B4

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.



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STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated May 22, 2026, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention

Commencing in September 2024, the Respondent failed to cooperate with an investigation into his conduct by CIRO Staff, contrary to Mutual Fund Dealer Rule 6.2.1.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. In July 2024, CIRO Staff (“Staff”) received information from Desjardins Financial Security Investments Inc. (the “Dealer Member”) stating that the Respondent had failed to report two civil claims which alleged that the Respondent solicited private loans through a corporation and failed to repay those loans. The Dealer Member also reported to Staff allegations that the Respondent had misrepresented an outside activity to the Dealer Member at the time of his registration, which had been approved by the Dealer Member, and failed to disclose an additional outside activity that he may have been engaged in. Staff subsequently commenced an investigation into the Respondent’s conduct.

2. During Staff's investigation into the Respondent's conduct, Staff received information and documentation alleging that prior to becoming registered as an Approved Person, the Respondent solicited approximately \$1.4 million from at least six individuals to invest in mortgages or real estate.
3. Commencing in September 2024, Staff made multiple attempts to obtain documents and information from the Respondent, and to interview the Respondent, during Staff's investigation into the Respondent's conduct described herein. Despite repeated efforts by Staff, the Respondent failed to provide Staff with the requested documents and information, and failed to attend an interview, thereby failing to comply with an Approved Person's regulatory obligation to cooperate with Staff's investigation pursuant to the Mutual Fund Dealer Rules.

Registration History

4. Between May 16, 2022 and July 25, 2024, the Respondent was registered in Ontario as a dealing representative with the Dealer Member, a Dealer Member of CIRO registered as a mutual fund dealer.
5. On July 25, 2024, the Dealer Member terminated the respondent as a result of the conduct described herein.
6. The Respondent is not currently registered in the securities industry in any capacity.
7. At all material times, the Respondent conducted business in the Toronto, Ontario area.

Background – The Respondent's Outside Activities and Civil Proceedings

8. During Staff's investigation into the Respondent's conduct, Staff received information and documentation alleging that between January 2017 and March 2022, prior to becoming registered in the securities industry with the Dealer Member, the Respondent solicited approximately \$1.4 million from at least six

individuals, representing that the monies would be invested in second mortgages or real estate. According to allegations contained in civil proceedings commenced against the Respondent in the Province of Ontario, the Respondent failed to repay the principal and interest as stipulated in the respective loan agreements.

9. 10000272 Canada Inc. was incorporated on November 28, 2016, under the *Canada Business Corporations Act*. The Respondent is listed as the sole officer and director of this corporation.
10. 13518329 Canada Inc. was incorporated on November 16, 2021, under the *Canada Business Corporations Act*. The Respondent advised the Dealer Member during its investigation into his conduct that he was one of nine incorporators and a minority shareholder in this corporation. He stated that he created the corporation with others for the purpose of investing in real estate. The Respondent did not disclose 13518329 Canada Inc. as an outside activity to the Dealer Member.
11. In or around May 2022, when the Respondent became registered with the Dealer Member, he informed the Dealer Member that he was the sole owner of 10000272 Canada Inc., which he stated was a holding company for his own personal real estate investments. The Dealer Member's compliance department asked the Respondent whether there were any other investors in 10000272 Canada Inc. The Respondent informed the Dealer Member that he was the sole investor in the corporation and there were no other investors.
12. In or around May 2022, the Dealer Member approved 10000272 Canada Inc. as an outside activity for the Respondent. 10000272 Canada Inc. was operating as Nor-Star Financial Security ("Nor-Star Financial"). The Respondent did not disclose the Nor-Star Financial name to the Dealer Member.
13. On September 29, 2022, an Application Record (the "SR Civil Proceeding"), naming the Respondent and 10000272 Canada Inc. as Respondents to the Application, was

issued in the Ontario Superior Court of Justice. The Applicant, SR, is not a client of the Dealer Member.

14. On October 14, 2022, while he was registered with the Dealer Member, the Respondent was personally served with the Application Record. The Respondent did not notify the Dealer Member that he and 10000272 Canada Inc. had been named as Respondents in this civil proceeding.
15. On April 16, 2024, a Statement of Claim (the “SS Civil Proceeding”), naming, among others, the Respondent and 10000272 Canada Inc. as Defendants to the Claim, was issued in the Ontario Superior Court of Justice. The Plaintiff, SS, is not a client of the Dealer Member.
16. Sometime between April and June 2024, while he was registered with the Dealer Member, the Respondent was served with the Statement of Claim. The Respondent did not notify the Dealer Member that he and 10000272 Canada Inc. had been named as Defendants in this civil proceeding.
17. On June 17, 2024, a Reply Application Record was filed in the SR Civil Proceeding against the Respondent and 10000272 Canada Inc. The Respondent did not report to the Dealer Member that he and 10000272 Canada Inc. were named as Respondents in the Reply Application Record.
18. On July 8, 2024, SR submitted a written complaint to the Dealer Member regarding the Respondent’s conduct. SR alleged that between 2017 and 2021, he and SS made investments through the Respondent in the Respondent’s personal corporation, 10000272 Canada Inc., in private loans which were secured by real estate. SR stated that he invested \$80,000 and SS invested \$650,000, which the Respondent failed to repay in accordance with the terms of the respective loan agreements.

19. On July 9, 2025, the Dealer Member advised Staff that the Respondent and 10000272 Canada Inc. had been named as Defendants in a third civil proceeding. The Plaintiffs in this civil proceeding are not clients of the Dealer Member. This Statement of Claim alleges, among other things, that the Respondent solicited private loans through 10000272 Canada Inc. and failed to return the principal or make interest payments as specified in the respective loan agreements.
20. The civil proceedings contain allegations including, that:
 - (a) during the period the Respondent was registered with the Dealer Member, he was engaged in communications with the Plaintiffs regarding the non-payment of interest payments and unreturned principal amounts in respect of the loan agreements that the Respondent and 10000272 Canada Inc. had entered into with the Plaintiffs prior to the Respondent becoming registered as an Approved Person with the Dealer Member; and
 - (b) one of the loan agreements, which one of the Plaintiffs entered into with 10000272 Canada Inc. in October 2021, which was prior to the Respondent's registration period with the Dealer Member, may have been renewed in or around October 2022, during the period that the Respondent was registered with the Dealer Member.
21. While he was registered with the Dealer Member, the Respondent did not report to the Dealer Member that he and 10000272 Canada Inc. were named as Defendants in the civil proceedings commenced by SR or SS described above.
22. The Dealer Member was unaware of the Respondent's alleged activities until it received SR's complaint in July 2024.

Failure to Cooperate with Staff's Investigation

23. On July 8, 2024, as described above, SR submitted a written complaint to the Dealer member regarding the Respondent's conduct.

24. On that same date, the Dealer Member reported the matter to Staff through the Member Event Tracking System (“METS”). The METS report stated that the Respondent failed to report two civil claims which alleged that the Respondent solicited private loans through his personal corporation, 1000272 Canada Inc., and failed to repay those loans. The Dealer Member also reported that the Respondent misrepresented the outside activity at the time he had disclosed it to the Dealer Member and received approval. As a result of these reports, Staff commenced an investigation into the Respondent’s conduct.
25. Between September and November 2024, Case Assessment Staff of CIRO made written requests for the Respondent to provide documents and information, and to respond to the allegations raised by the Dealer Member’s investigation report.
26. Between March and August 2025, Staff made a number of written requests for the Respondent to provide documents and information, and to attend an interview.
27. Staff informed the Respondent that, should the Respondent fail to respond to Staff’s requests to provide documents and information and to attend an interview, Staff may seek authorization to commence enforcement proceedings against the Respondent for failing to cooperate with its investigation.
28. The Respondent has failed to provide any of the documents and information requested by Staff, and failed to attend an interview.
29. As a result of the Respondent’s failure to cooperate with Staff’s investigation, Staff has been unable to determine the full nature and extent of his conduct, including:
 - (a) whether the statements provided by the Respondent to the Dealer Member at the time of his registration concerning 10000272 Canada Inc. were false or misleading, or whether he failed to fully disclose the true nature and activities of this outside activity, or whether he failed to advise the Dealer Member of any changes to this outside activity;

- (b) the circumstances of any activities that the Respondent was engaged in with respect to 10000272 Canada Inc., or communications the Respondent had with individuals in respect of 10000272 Canada Inc., during the period he was registered with the Dealer Member;
- (c) whether the Respondent or his corporation, 10000272 Canada Inc., entered into additional loan agreements with other individuals or Dealer Member clients while the Respondent was registered with the Dealer Member;
- (d) the extent of any activities the Respondent engaged in, in respect of 13518329 Canada Inc., while the Respondent was registered with the Dealer Member, and whether this corporation was an outside activity that the Respondent was required to report to and obtain approval from the Dealer Member during the period he was registered with the Dealer Member;
- (e) whether and the extent to which the Respondent's conduct amounted to misconduct under the Mutual Fund Dealer Rules, including whether the Respondent failed to disclose additional outside activities to the Dealer Member, made false or misleading statements to the Dealer Member concerning his outside activities or the civil proceedings during the Member's investigation into his conduct, and failed to comply with reporting requirements by failing to disclose that he and 10000272 Canada Inc. had been named as Defendants in at least two civil proceedings; and
- (f) whether the Respondent engaged in similar conduct with Dealer Member clients or other individuals.

30. By virtue of the foregoing, the Respondent failed to cooperate with Staff's investigation into his conduct, contrary to Mutual Fund Dealer Rule 6.2.1.

DATED at Toronto, Ontario this 22nd day of May 2026.