

**Khoja (Re)****IN THE MATTER OF  
Salim Madatali Khoja**

[1995] I.D.A.C.D. No. 2  
Bulletin No. 2127, January 23, 1995

**Investment Dealers Association of Canada**

Panel decision: January 18, 1995.  
Bulletin published: January 23, 1995.  
(21 pp.)

---

**BULLETIN NO. 2127****Disciplinary Action**

On January 16, 1995, the Ontario District Council of the Association conducted a hearing into allegations against Salim Madatali Khoja, formerly a registered representative employed by Wood Gundy Inc. in its branch office in Ottawa, Ontario. As a result of the hearing, the Council imposed upon Mr. Khoja a penalty in the form of permanent prohibition against approval with any Member of the Association for violation of a number of Association By-laws and Regulations.

As a result of the Association's investigation it was alleged that, at various times between December, 1989 and December, 1990, Mr. Khoja engaged in fifty-three acts of conduct unbecoming a registered representative, contrary to By-law 18.5(c) [now By-law 20.10(a)(3)] and, on five occasions, exercised discretionary authority to effect trades for the accounts of clients without having written authorization from the clients and without the accounts having been approved as discretionary accounts by the designated person of the Member firm, contrary to Regulation 1300.4.

On twenty-three occasions, Mr. Khoja requisitioned cheques drawn against the accounts of clients without the knowledge or consent of the owners of such accounts. In sixteen of those cases, Mr. Khoja diverted the funds to his own use, and in seven cases diverted the funds to other client accounts.

On five occasions Mr. Khoja diverted funds payable to client accounts to third parties' accounts, without the consent of the owners of the funds.

On three occasions, Mr. Khoja made material misrepresentations to clients regarding the status of their accounts.

Other particulars of the misconduct included depositing a security into an account other than that of the owner, and selling the security in the third party's account; depositing personal cheques to cover shortfalls in client accounts; entering into an agreement with a client to share in the profit or loss from an investment; issuing a false receipt to a client for a security which was not, in fact, received; and failing to enter an order for a client.

Mr. Khoja's employment with the Member was terminated for cause on December 17, 1990.

Disciplinary action against the Member firm in regard to this matter is reported in Bulletin no. 2128.

Eileen M. Andrews  
Vice-President, Operations  
and Corporate Secretary

\* \* \* \* \*

## PANEL DECISION

Investment Dealers Association of Canada  
Ontario District Council

Heard: January 16, 1995.  
Decision: January 18, 1995.

District Council: W.D. Moull, Public Member (Chair), B. Geisler, J. Wilkinson

### **Appearances:**

Harvey Stone, for the Staff of the Investment Dealers Association of Canada.

---

## DECISION AND REASONS

By Notice of Hearing and Particulars dated December 2, 1994 (a copy of which is attached), Salim Madatali Khoja was charged with 58 violations of the By-laws of the Association arising from his conduct as a registered representative in the employ of Wood Gundy Inc., a Member firm of the Association, between December 8, 1989 and December 10, 1990. The violations alleged in the Notice include numerous instances of misappropriation of clients' funds by Mr. Khoja; attempts by Mr. Khoja to cover up these misappropriations through the further misappropriation of funds from the account of one client to that of another; several instances of improper discretionary trading by Mr. Khoja in the accounts of his clients; and a variety of supporting allegations involving forgery and other frauds on the part of Mr. Khoja against his clients and his employer.

The Notice of Hearing and Particulars was served upon Mr. Khoja on December 22, 1994. Mr. Khoja did not serve upon the Association a reply to the Notice within the 10 days required by By-law 20.14 of the Association, nor did he appear at the hearing either on January 13, 1995 (the original return date of the Notice) or when we convened on January 16, 1995. In fact, in a telephone call to the Staff of the Association on January 3, 1995, Mr. Khoja advised that he did not intend to appear at the hearing to contest the charges. Accordingly, we proceeded with the hearing in the absence of Mr. Khoja pursuant to By-law 20.16 of the Association.

Mr. Stone, on behalf of the Staff of the Association, reviewed with us the allegations against Mr. Khoja as set out in the Notice of Hearing and Particulars, and then asked us to accept the facts alleged and the conclusions drawn in the Notice as having been proven for the purposes of the hearing. In the absence of any reply to the Notice from Mr. Khoja, and in view of Mr. Khoja's failure to attend at the hearing to deny or contest the allegations against him, we accepted the facts alleged and the conclusions drawn in the attached Notice of Hearing and Particulars as having been proven by the Staff of the Association against Mr. Khoja pursuant to By-laws 20.15 and 20.16 of the Association.

We then turned to the appropriate penalty to be imposed upon Mr. Khoja pursuant to By-law 20.10 of the Association. We were advised by Mr. Stone that Mr. Khoja is no longer approved as a registered representative under the By-laws of the Association, so that revocation of such approval was not required of us. Moreover, Mr. Stone advised us that it would likely be futile for us to impose a fine upon Mr. Khoja, as there appears to be no chance that any such fine would ever be collected from Mr. Khoja. Rather, Mr. Stone asked us to impose upon Mr. Khoja a permanent prohibition of approval in any capacity with any Member firm pursuant to the provisions of By-law 20.10(a)(v) of the Association. In light of Mr. Khoja's course of conduct as set out in the Notice of Hearing and Particulars and our view that the public interest requires that Mr. Khoja should never again be in a position to repeat that course of conduct, we determined that such a permanent bar would be appropriate.

Accordingly, we have ordered, pursuant to By-law 20.10(a)(v) of the Association, that Salim Madatali Khoja is permanently prohibited from approval in any capacity with any Member of the Association.

DATED at Toronto, Ontario this 18th day of January, 1995.

W.D. Moull  
B. Geisler  
J. Wilkinson

\* \* \* \* \*

## INVESTMENT DEALERS ASSOCIATION OF CANADA

### Ontario District Council

#### NOTICE OF HEARING AND PARTICULARS

NOTICE is hereby given that Salim Madatali Khoja (the "Respondent") is summoned before a meeting of the Ontario District Council of the Investment Dealers Association of Canada (the "Association"), to be held on Friday, the 13th day of January, 1995, at Suite 1600, 121 King St. West, Toronto, Ontario at 10:00 a.m., pursuant to By-law 20.11 of the Association, to answer the charges that the Respondent, at the City of Ottawa, in the Province of Ontario, being at all relevant times a registered representative in the employ of Wood Gundy Inc., a Member firm of the Association:

#### Charge No. 1:

on or about December 8, 1989, caused a cheque issued by a customer, namely, Richard Meehan, payable to Wood Gundy Inc. for deposit to the said customer's account, to be credited to the account of Gulshan Khoja at Wood Gundy Inc., and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary, to By-law 18.5(c) [now By-law 20.10(a)(3)];

#### Charge No. 2:

on or about December 8, 1989, advised a customer, namely, Richard Meehan, that funds obtained from the customer for deposit to his account at Wood Gundy Inc. had been used to purchase a Treasury Bill, when, in fact, the Respondent had diverted the deposit to the account of another customer, Gulshan Khoja, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 3:

on or about January 18, 1990, requisitioned a cheque in the amount of \$5,012.67 from the Member drawn on the account of a customer, namely, Richard Meehan, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 4:

on or about January 18, 1990, fraudulently endorsed a cheque in the amount of \$5,012.67 payable to a customer, namely Richard Meehan, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 5:

on or about December 8, 1989, requisitioned a cheque in the amount of \$9,052.25 from the Member drawn on the account of a customer, namely, Gulshan Khoja, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 6:

on or about December 8, 1989, fraudulently endorsed a cheque in the amount of \$9,052.25 from the Member drawn on the account of a customer, namely, Gulshan Khoja, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 7:

on or about December 28, 1989, requisitioned a cheque in the amount of \$2,000.00 from the Member drawn on the account of a customer, namely, Gulshan Khoja, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 8:

on or about December 28, 1989, fraudulently endorsed a cheque in the amount of \$2,000.00 from the Member drawn on the account of a customer, namely, Gulshan Khoja, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 9:

on or about March 22, 1990, requisitioned a cheque in the amount of \$3,000.00 from the Member drawn on the account of a customer, namely, Gulshan Khoja, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 10:

on or about March 22, 1990, fraudulently endorsed a cheque in the amount of \$3,000.00 from the Member drawn on the account of a customer, namely, Gulshan Khoja, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 11:

on or about May 15, 1990, requisitioned a cheque in the amount of \$2,500.00 from the Member drawn on the account of a customer, namely, Gulshan Khoja, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 12:

on or about May 15, 1990, fraudulently endorsed a cheque in the amount of \$2,500.00 from the Member drawn on the account of a customer, namely, Gulshan Khoja, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 13:

on or about May 22, 1990, requisitioned a cheque in the amount of \$5,000.00 from the Member drawn on the account of a customer, namely, G Khoja, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 14:

on or about May 22, 1990, fraudulently endorsed a cheque in the amount of \$5,000.00 from the Member drawn on the account of a customer, namely, Gulshan Khoja, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 15:

on or about February 9, 1990, entered an order to sell a security, namely, 1,000 shares of Dreifontein Consolidated Ltd., which belonged to a customer, namely, Carolyn Trono, without the consent of the said customer, and effected the said trade through the account of another customer, namely, Financial Concept Group, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 16:

on or about February 16, 1990, requisitioned a cheque in the amount of \$4,350.00 from the Member drawn on the account of a customer, namely, Financial Concept Group, without the knowledge or consent of the said customer or the rightful owner of the funds, namely, Carolyn Trono, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 17:

on or about February 16, 1990, fraudulently endorsed a cheque in the amount of \$4,350.00 from the Member drawn on the account of a customer, namely, Financial Concept Group, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 18:

on or about March 9, 1990, requisitioned a cheque in the amount of \$9,727.38 from the Member drawn on the account of a customer, namely, Financial Concept Group, without the knowledge or consent of the said customer or the rightful owner of the funds, namely, Carolyn Trono, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 19:

on or about March 9, 1990, fraudulently endorsed a cheque in the amount of \$9,727.38 from the Member drawn on the account of a customer, namely, Financial Concept Group, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 20:

on or about November 19, 1990, effected a short sale of 800 shares of American Barrick Resources Corp. for a customer, namely, Carolyn Trono, in a discretionary account for which prior written authorization had not been given by the customer and which account had not been specifically approved and accepted in writing as a discretionary account by the designated person of the Member firm as required by Regulation 1300.4;

Charge No. 21:

on or about November 29, 1990, deposited a personal cheque in the amount of \$14,000.00 drawn on Respondent's own bank account to the Member's account for a customer, namely, Carolyn Trono, which cheque was dishonoured for lack of funds, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 22:

on or about June 15, 1990, requisitioned a cheque in the amount of US\$27,000.00 from the Member drawn on the account of a customer, namely, Mark and Diana Stokes, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 23:

on or about June 15 1990, fraudulently endorsed a cheque in the amount of US\$27,000.00 from the Member drawn on the account of a customer, namely, Mark and Diana Stokes, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 24:

on or about August 17, 1990, requisitioned a cheque in the amount of \$35,000.00 from the Member drawn on the account of a customer, namely, Mark and Diana Stokes, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 25:

on or about August 17, 1990, fraudulently endorsed a cheque in the amount of \$35,000.00 from the Member drawn on the account of a customer, namely, Mark and Diana Stokes, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 26:

on or about July 24, 1990, requisitioned a cheque in the amount of \$17,000.00 from the Member drawn on the account of a customer, namely, Linda Wishart, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 27:

on or about July 24, 1990, fraudulently endorsed a cheque in the amount of \$17,000.00 from the Member drawn on the account of a customer, namely, Linda Wishart, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 28:

on or about August 9, 1990, requisitioned a cheque in the amount of \$3,249.00 from the Member drawn on the account of a customer, namely, Linda Wishart, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 29:

on or about August 9, 1990, fraudulently endorsed a cheque in the amount of \$3,249.00 from the Member drawn on the account of a customer, namely, Linda Wishart, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 30:

on or about July 17, 1990, effected a purchase of 500 shares of Intel Corp. for a customer, namely, Mario Discipio, in a discretionary account for which prior written authorization had not been given by the customer and which account had not been specifically approved and accepted in writing as a discretionary account by the designated person of the Member firm as required by Regulation 1300.4;

Charge No. 31:

on or about July 17, 1990, effected a purchase of 750 shares of Intel Corp. for a customer, namely, Elsebeth Merkly-Hangoe, in a discretionary account for which prior written authorization had not been

given by the customer and which account had not been specifically approved and accepted in writing as a discretionary account by the designated person of the Member firm as required by Regulation 1300.4;

Charge No. 32:

on or about July 17, 1990, effected a purchase of 750 shares of Intel Corp. for a customer, namely, Brigitte Hayes, in a discretionary account for which prior written authorization had not been given by the customer and which account had not been specifically approved and accepted in writing as a discretionary account by the designated person of the Member firm as required by Regulation 1300.4;

Charge No. 33:

in or about the month of July, 1990, failed to enter a stop loss sell order to sell 150 shares of General Electric Corp., as requested by a client, Brigitte Hayes, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 34:

in or about the month of September, 1990, fraudulently represented to a client, Brigitte Hayes, that a trade in IBM stock would be contracted to her account for a profit of \$2,200.00, and, on the basis of that fraudulent misrepresentation, obtained a cheque in the amount of \$42,500.00 from the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 35:

on or about September 11, 1990, diverted a cheque in the amount of \$42,500.00 from a customer, Brigitte Hayes, intended for deposit to the said customer's account at the Member to the account of another customer at the Member, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 36:

on or about December 5, 1990, entered into a written agreement with a customer, namely, Brigitte Hayes, to share in the profit or loss on the purchase of a security, namely, one share of the Regional Electric Company of England & Wales, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 37:

on or about August 27, 1990, requisitioned a cheque in the amount of \$18,000.00 from the Member drawn on the account of a customer, namely, Denise Lafortune, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 38:

on or about August 27, 1990, fraudulently endorsed a cheque in the amount of \$18,000.00 from the Member drawn on the account of a customer, namely, Denise Lafortune, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);



## Charge No. 39:

on or about November 29, 1990, requisitioned a cheque in the amount of \$46,000.00 from the Member drawn on the account of a customer, namely, Subrahmaniyan Shanmugadhasan, without the consent of the said customer, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 40:

on or about November 29, 1990, fraudulently endorsed a cheque in the amount of \$46,000.00 from the Member drawn on the account of a customer, namely, Subrahmaniyan Shanmugadhasan, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 41:

on or about April 11, 1990, effected a purchase of 9,000 shares of Ariel Resources Ltd. for a customer, namely, Ahmad Hamdy, in a discretionary account for which prior written authorization had not been given by the customer and which account had not been specifically approved and accepted in writing as a discretionary account by the designated person of the Member firm as required by Regulation 1300.4;

## Charge No. 42:

on or about December 10, 1990, requisitioned a cheque in the amount of \$7,925.36 from the Member drawn on the account of a customer, namely, Ahmad Hamdy, payable to another customer, and delivered that said cheque to the other customer, without the consent of Ahmad Hamdy, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 43:

on or about July 31, 1990, diverted a cheque in the amount of \$20,329.89 payable to the Member from a customer, namely, Ruth Hunter, to the account of another customer, namely, Linda Wishart, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 44:

on or about September 13, 1990, requisitioned a cheque in the amount of \$42,500.00 from the Member drawn on the account of a customer, namely, Sophia Charania, without the consent of the said customer or the rightful owner of the funds, namely Brigitte Hayes, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 45:

on or about September 13, 1990, fraudulently endorsed a cheque in the amount of \$42,500.00 from the Member drawn on the account of a customer, namely, Sophia Charania, and diverted the said sum to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 46:

on or about December 15, 1989, signed and delivered to a customer, namely, Aniz Mussani, a Wood Gundy Inc. receipt which purported to acknowledge the receipt of \$18,369.72 and 5,000 shares of Inglis, which were not, in fact, received, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 47:

on or about July 10, 1990, requisitioned a cheque in the amount of \$15,000.00 from the Member drawn on the account of a customer, namely, Cornwall Quality Hospitality, payable to another customer, namely, Aniz Mussani, without the consent of the owner of the account, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 48:

on or about August 31, 1990, requisitioned a cheque in the amount of \$10,000.00 from the Member drawn on the account of a customer, namely, Cornwall Quality Hospitality, payable to another customer, namely, Aniz Mussani, without the consent of the owner of the account, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 49:

on or about October 2, 1990, requisitioned a cheque in the amount of \$10,000.00 from the Member drawn on the account of a customer, namely, Cornwall Quality Hospitality, payable to another customer, namely, Aniz Mussani, without the consent of the owner of the account, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 50:

on or about November 23, 1990, requisitioned a cheque in the amount of \$5,000.00 from the Member drawn on the account of a customer, namely, Cornwall Quality Hospitality, payable to another customer, namely, Aniz Mussani, without the consent of the owner of the account, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 51:

on or about October 2, 1990, diverted a cheque in the amount of \$10,000.00 from a client payable to the Member to his own account at the Member, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 52:

on or about November 6, 1990, diverted a cheque in the amount of \$7,200.00 from a client payable to the Member to his own account at the Member, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

Charge No. 53:

on or about August 31, 1990, deposited a cheque in the amount of \$25,418.00 drawn on his personal bank account to the Member's account for a customer, namely Cornwall Quality Hospitality, which cheque was dishonoured for lack of funds, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 54:

on or about February 14, 1990, requisitioned a cheque in the amount of \$2,000.00 from the Member drawn on the account of a customer, namely, Amir Mussani, payable to another customer, namely, Amiz Mussani, and delivered the said cheque to Aniz Mussani, without the consent of the owner of the account, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 55:

on or about March 1, 1990, requisitioned a cheque in the amount of \$2,000.00 from the Member drawn on the account of a customer, namely, Amir Mussani, payable to another customer, namely, Amiz Mussani, and delivered the said cheque to Aniz Mussani, without the consent of the owner of the account, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 56:

on or about May 25, 1990, requisitioned cheques in the amount of \$10,000.00 and \$21,000.00 from the Member drawn on the account of a customer, namely, Amyn Keshavjee, payable to the Royal Bank of Canada, without the consent of the owner of the account, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 57:

on or about May 25, 1990, fraudulently negotiated cheques in the amount of \$10,000.00 and \$21,000.00 from the Member drawn on the account of a customer, namely, Amyn Keshavjee, and diverted the said sums to his own use, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

## Charge No. 58:

during the period from March, 1990 to August, 1990, inclusive, made false representations to two customers, namely, Bernie Behne and Catherine Behne, that the Member would lend the said customers money against the security of their RRSP accounts, without causing the de-registration of the said RRSP accounts, and thereby engaged in conduct unbecoming a registered representative, and thereby committed a violation contrary to By-law 18.5(c);

### PARTICULARS

NOTICE is further given that the following is a summary of the facts and the conclusions drawn therefrom which the Association alleges and will rely upon at the meeting:

1. The Respondent was, at all relevant times, an employee of Wood Gundy Inc. in its branch office in Ottawa, Ontario, and was approved as a registered representative by the Ontario District Council of the Association on December 22, 1989, subject to close supervision for a period of one year.
2. The Respondent handled a account no. 480976-0 for Richard Meehan. On December 8, 1989, Meehan gave the Respondent a cheque in the amount of \$14,552.25, payable to

Wood Gundy Inc., for deposit to his account at Wood Gundy. The Respondent deposited the cheque to a Wood Gundy account in the name of his mother, Gulshan Khoja. The Respondent fabricated a statement to show that Meehan's deposit had been used to purchase a Treasury Bill held in a safekeeping account.

3. On January 18, 1990, without Meehan's consent or knowledge, the Respondent requisitioned a cheque from Richard Meehan's account, in the amount of \$5,012.67 and deposited the account to his own account at the Royal Bank.
4. The Respondent handled account no. 300875-2-00 for his mother, Gulshan Khoja, at Wood Gundy. Between December 8, 1989 and May 22, 1990, the Respondent requisitioned five cheques from that account, as set out in Charges 5 through 14 herein, without the knowledge or consent of Gulshan Khoja, and deposited all of the cheques to his own bank accounts. The funds removed from the account were, in part, derived from the deposit of the cheque of Richard Meehan, as described in paragraph 2 herein.
5. The Respondent handled account no. 644368-3 in the name of Carolyn Trono. In October, 1989, Trono deposited 1,000 shares of Dreifontein Consolidated Ltd. into her account. In February, 1990, the shares were removed from the account to conform with an internal policy regarding shares of South African companies, and were to be held in safekeeping. The Respondent then sold the shares through the account of another customer, without the knowledge or consent of Trono. The proceeds of the sale in the amount of \$14,077.38 were deposited to the account of the Financial Concept Group at Wood Gundy, and the funds were removed from the account by way of two cheques, as set out in charges 16 and 18 herein, payable to the Royal Bank of Canada which the Respondent converted to his own use.
6. On November 19, 1990 the Respondent effected a short sale of 800 American Barrick Resources Corp. in Trono's account without the knowledge or consent of Trono. The short position was covered at a loss of US\$1,145.74.
7. On November 29, 1990 the Respondent deposited a cheque in the amount of \$14,000.00 to Trono's account in order to cover the shortfall from the Dreifontein Consolidated shares. The cheque was returned "NSF".
8. The Respondent handled account no. 18419-3-00, a joint account in the name of Mark and Diana Stokes. On June 15, 1990 the Respondent requisitioned a cheque in the amount of US\$27,000.00 from the account of Mark and Diana Stokes. The cheque was made payable to Mark Stokes. The Respondent forged the signature of Mark Stokes and deposited the cheque to his own bank account.
9. On August 17, 1990 the Respondent requisitioned a cheque from the account of Mark and Diana Stokes in the amount of \$35,000.00. The cheque was made payable to "S & S Holdings", a company or style name under the control of the Respondent, and deposited to a bank account under the control of the Respondent. On August 24, 1990 the Respondent deposited the sum of \$15,000.00 to the Stokes account to replace some of the funds misappropriated.
10. The Respondent handled account no. 171308-0 for Linda Wishart. On July 24, 1990 the Respondent, without the knowledge or consent of Wishart, requisitioned a cheque in the amount of \$17,000.00 on the Wishart account, payable to "Royal Bank of Cadada, account no. 6930614, Linda Wishart". The Respondent changed the face of the cheque to delete "Linda Wishart" and insert "Salim Khoja", and deposited the cheque to his

own bank account.

11. On July 31, 1990 the Respondent deposited a cheque received from Ruth Hunter in the amount of \$20,329.89 into the Wishart account, which was intended for the account of Ruth Hunter.
12. On August 9, 1990 the Respondent requisitioned a cheque in the amount of \$3,249.00 from the Wishart account, without the knowledge or consent of Wishart, payable to the Royal Bank of Canada, and deposited the cheque to his own bank account.
13. The Respondent handled account no. 420824-5 for Mario Discipio, which was not a discretionary or managed account. On July 17, 1990 the Respondent, without the knowledge or consent of Discipio, effected a purchase of 500 Intel Corp. in Discipio's account. When Discipio objected to the trade, it was re-contracted to the account of the Respondent's brother, Yusuf Khoja.
14. The Respondent handled account no. 181484-7 for Elsebeth A. Merkly-Hangoe, which was not a discretionary or managed account. On July 17, 1990 the Respondent, without the knowledge or consent of Merkly-Hangoe, effected a purchase of 750 Intel Corp. in Merkly-Hangoe's account. When Merkly-Hangoe objected to the trade, 500 of the shares were re-contracted to the account of the Respondent's brother, Yusuf Khoja, leaving the account with 250 shares.
15. The Respondent handled account no. 102407-4 for Brigitte Hayes, which was not a discretionary or managed account. On July 17, 1990 the Respondent, without the knowledge or consent of Hayes, effected a purchase of 750 Intel Corp. in Hayes's account. When Hayes objected to the trade, 500 of the shares were re-contracted to the account of the Respondent's brother, Yusuf Khoja, leaving the account with 250 shares.
16. In June, 1990 Hayes purchase 150 shares of General Electric in her account. During the month of July, 1990 Brigitte Hayes instructed the Respondent to enter a stop loss order at US\$70.00 per share. The Respondent failed to enter the order and the shares declined below US\$70.00 without being sold. In December, 1990 the original purchase of the said shares was reversed by the Branch Manager to compensate for the resulting loss.
17. During September, 1990 the Respondent advised Hayes that he could put a "profit" of \$2,200.00 in her account which was the proceeds of a trade which another client had failed to settle, if she would give him a cheque in the amount of \$42,500.00. Hayes gave the Respondent the cheque, as requested, payable to Wood Gundy. The Respondent deposited the said cheque to the Wood Gundy account of Sophia Charania. When Hayes requested the return of the funds, the Respondent delivered to her cheques totalling \$42,500.00 drawn from her account, which, unknown to Hayes, constituted a margin loan.
18. On September 11, 1990 the Respondent entered into a written agreement with Brigitte Hayes whereby they would jointly purchase one share in the new issue of the Regional Electric Company of England & Wales, and share in the profit or loss. The share, which the Respondent advised would cost \$70,000.00, was never purchased.
19. The Respondent handled account no. 181433-4 for Denise Lafortune. On August 27, 1990 the Respondent, without the knowledge or consent of Lafortune, requisitioned a cheque in the amount of \$18,000.00 from the account, payable to "The Royal Bank of Canada, Account [blank]". The Respondent entered "D. Lafortune and S & S Holdings", on the face of the cheque, endorsed "D. Lafortune" on the reverse, and

deposited it to his personal bank account.

20. The Respondent handled account no. 428505-2 for Subrahmaniyan Shanmugadhasan (herein called "Shan"). On November 29, 1990 the Respondent, without the knowledge or consent of Shan, requisitioned a cheque in the amount of \$46,000.00 from the account, payable to "Toronto-Dominion Bank, account no. 211102, Mrs. Doctor". The Respondent deposited the cheque to his personal bank account at the Toronto-Dominion Bank.
21. The Respondent handled account no. 250197-1 in the name of Ahmad Hamdy which was not a discretionary or managed account. On April 11, 1990 the Respondent effected a purchase of 9,000 shares of Ariel Resources Ltd. at \$0.46 for Hamdy's account, without the knowledge or consent of Hamdy. The shares were ultimately sold at a loss of \$2,433.00.
22. On December 10, 1990 the Respondent, without the knowledge or consent of Hamdy, requisitioned a cheque from Hamdy's account in the amount of \$7,925.36, payable to "Caisse Populaire, acct. 042-0828, R. Phanoor". The cheque was given to Roosevelt Phanoor to settle a debt owed by the Respondent to Phanoor.
23. The Respondent handled account no. 458352-2 for Ruth Hunter. On November 2, 1990 Hunter gave the Respondent a cheque payable to Wood Gundy in the amount of \$20,329.89, to purchase a Treasury Bill. The Respondent, without the knowledge or consent of Hunter, deposited the cheque to acct. no. 171308-0 in the name of Linda Wishart to replace the money removed from that account on July 24, 1990 (as described in paragraph 10 herein).
24. The Respondent handled account no. 658635-8 in the name of Sophia Charania. On September 11, 1990 the Respondent deposited in Charania's account the cheque in the amount of \$42,500.00 written by Brigitte Hayes, referred to in paragraph 17 herein. On September 13, 1990 the Respondent requisitioned a cheque in the amount of \$42,500.00 from the Charania account, payable to "Royal Bank of Canada and S & S Holdings" and deposited the cheque to his own bank account at the Royal Bank.
25. The Respondent handled accounts nos. 420109-1, 372411-9, 299782-3 and 611389-8 for Amir Mussani, Aniz Mussani, Dr. Nizar Mussani and Cornwall Quality Hospitality, respectively. Amir Mussani is the father of Aniz Mussani, and Dr. Nizar Mussani is the uncle of Aniz Mussani. Cornwall Quality Hospitality is a company owned by Dr. Nizar Mussani.
26. On December 15, 1989 the Respondent signed and gave to Aniz Mussani a Wood Gundy receipt showing receipt of \$18,369.72 and 5,000 shares of Inglis. Neither the money nor the shares were, in fact, received.
27. Between July 10, 1990 and October 2, 1990, the Respondent, without the knowledge or consent of Dr. Nizar Mussani, requisitioned four cheques, totalling \$40,000.00 (as described in charges 47 through 50) from the account of Cornwall Quality Hospitality, payable to Aniz Mussani (nephew of Nizar Mussani) and delivered the said cheques to Aniz Mussani.
28. On October 2, 1990 and November 6, 1990 the Respondent received cheques in the amount of \$10,000.00 and \$7,200.00, respectively, from Aniz Mussani, payable to Wood Gundy, and deposited the said cheques to his own account, no. 300882-8 at Wood Gundy Inc.

29. On August 31, 1990 the Respondent deposited a cheque in the amount of \$25,418.00 drawn on his personal bank account at the Canadian Imperial Bank of Commerce, into the account of Cornwall Quality Hospitality at Wood Gundy Inc. The said cheque was returned unpaid for lack of funds.
30. On February 14 and March 1, 1990 the Respondent, without the knowledge or consent of Amir Mussani, requisitioned two cheques in the amount of \$2,000.00 each, from the account of Amir Mussani, payable to Amiz [sic] Mussani and delivered the said cheques to Aniz Mussani (son of Amir Mussani).
31. The Respondent handled account no. 1318641 in the name of Aryn Keshavjee. On May 25, 1990 the Respondent, without the knowledge or consent of Keshavjee, requisitioned two cheques, in the amount of \$21,000.00 and \$10,000.00, payable to the Royal Bank of Canada. The Respondent deposited the said cheques to his own account at the Royal Bank.
32. The Respondent, in or about March of 1990, met Bernie Behne, and persuaded Behne to transfer his RRSP account, and that of his wife, to Wood Gundy, on the strength of a representation that Behne would be able to borrow funds from Wood Gundy at a favourable rate on the security of the RRSP, without causing the de-registration of the RRSP's.
33. On the basis of the Respondent's representations, which the Respondent knew or ought to have known, were false, Bernie Behne and Catherine Behne transferred their RRSP accounts from another Member to Wood Gundy, to be handled by the Respondent.
34. After continued assurances that Behne would have access to the RRSP funds over a number of months, the Respondent admitted to Behne in August, 1990 that he could not borrow against the security of the RRSP's as this would cause the de-registration of the Plans. As a result of the Respondent's false representations, Behne was put to considerable expense and inconvenience.
35. Such additional information as counsel may advise that the Council may permit.

NOTICE is further given that the Respondent shall be entitled to appear and be heard and be accompanied by counsel or agent at the hearing and to call, examine and cross-examine witnesses. Association By-laws provide that if the Council adjudges the Respondent to have committed any of the violations referred to, the Council shall have the power to impose any one or more of the following penalties:

- (a) a reprimand,
- (b) a fine not exceeding \$100,000.00 per offence;
- (c) suspension of approval of a person for such specified period and upon such terms as the Council may determine;
- (d) revocation of approval of a person;
- (e) prohibition of approval of a person in any capacity for any period of time;
- (f) such conditions of approval or continued approval as may be considered appropriate by the Council.

The Council may in any case, in its discretion, require that the Respondent pay the whole or part of the costs of the proceedings before the Council and any investigation relating thereto.

NOTICE is further given that the Respondent has ten (10) days from the date on which this notice of hearing and particulars was served, to serve a reply upon:

Investment Dealers Association of Canada  
Suite 1600  
121 King Street West  
Toronto, Ontario  
M5H 3T9

Attention: Donald J. Burwell, Director of Investigative Services

A reply may either:

- (i) 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 the Association in the notice of hearing and particulars; or
- (ii) admit the facts alleged and conclusions drawn by the Association in the notice of hearing and particulars and plead circumstances in mitigation of any penalty to be assessed.

NOTICE is further given that the Council may accept as having been proven any facts alleged or conclusions drawn by the Association in the notice of hearing and particulars that are not specifically denied, with a summary of the facts alleged and conclusions drawn based on those alleged facts, in the reply.

NOTICE is further given that if the Respondent fails to serve a reply or attend at the hearing, notwithstanding that a reply may have been served, the Council may proceed with the hearing of the matter on the date and at the time and place set out in this notice, or on any subsequent date, at any time and place, without further notice to and in the absence of the Respondent, and the Council may accept the acts alleged or the conclusions drawn by the Association in this notice as having been proven and may impose any of the penalties prescribed by the By-laws of the Association.

DATED this 2nd day of December, 1994.

Eileen M. Andrews  
Association Secretary

QL Update: 20050405  
s/qlmes