



NEWS RELEASE

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MFDA concludes proceeding against Ajit Singh Basi

January 6, 2012 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada (“MFDA”) commenced a disciplinary proceeding in respect of Ajit Singh Basi by Notice of Hearing dated June 30, 2011. MFDA staff alleged in its Notice of Hearing that Mr. Basi, the Respondent, engaged in the following conduct contrary to the By-laws, Rules or Policies of the MFDA:

Allegation #1: Between August 25, 2008 and September 29, 2009, the Respondent engaged in conduct unbecoming an Approved Person by:

- a) failing to invest, repay or otherwise account for approximately \$50,000 that client RF redeemed from her mutual fund account and forwarded to a company in January 2008, relying on the Respondent’s recommendation and representation that the monies would be invested on her behalf, when in fact the company was owned or controlled by the Respondent; and
- b) failing to invest, repay or otherwise account for approximately \$26,262.27 that client RF redeemed from her mutual fund account and forwarded to a company in July 2008, relying on the Respondent’s recommendation and representation that the monies would be invested on her behalf, when in fact the company was owned or controlled by the Respondent;

contrary to MFDA Rules 2.1.1 and 2.1.4.

Allegation #2: In or about December 2008, the Respondent misappropriated \$5,000 from client RF by failing to invest, repay or otherwise account for \$5,000 which client RF transferred to a bank account in the name or under the control of the Respondent and which the Respondent led client RF to believe would be contributed to her RRSP, contrary to MFDA Rule 2.1.1.

Allegation #3: Between April 2009 and September 2009, the Respondent engaged in conduct unbecoming an Approved Person by soliciting and accepting a total of \$35,000 from KS and RS purportedly to invest on their behalf and thereafter failing to invest or otherwise account for the monies, contrary to MFDA Rule 2.1.1.

Allegation #4: Commencing November 4, 2009, the Respondent has failed to submit a report in writing and to attend and give information requested by the MFDA during the course of an investigation, contrary to section 22.1(c) of MFDA By-law No. 1.

On December 22, 2011, in a separate proceeding, a panel of the British Columbia Securities Commission (“BCSC”) issued a Decision and Orders regarding the Notice of Hearing dated June 7, 2011 issued by the Executive Director of the BCSC against Mr. Basi alleging fraud.

In its Decision and Orders, the BCSC panel found that the Executive Director proved that Mr. Basi perpetrated a fraud contrary to section 57(b) of the *Securities Act*, RSBC 1996, c. 418.

The BCSC panel ordered that:

1. under section 161(1)(b) of the Act, that Basi cease trading permanently, and is permanently prohibited from purchasing securities or exchange contracts;
2. under section 161(1)(d)(i) and (ii), that Basi resign any position he holds as, and is permanently prohibited from becoming or acting as, a director or officer of any issuer, registrant, or investment fund manager;
3. under section 161(1)(d)(iii), that Basi is permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter;
4. under section 161(1)(d)(iv), that Basi is permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market;
5. under section 161(1)(d)(v), that Basi is permanently prohibited from engaging in investor relations activities;
6. under section 161(1)(g), that Basi pay to the Commission the funds he obtained as a result of his contraventions of the Act, which we find to be not less than \$11,055; and
7. under section 162, that Basi pay an administrative penalty of \$100,000.

MFDA staff has reviewed the BCSC Decision and the penalties imposed against Mr. Basi. MFDA staff is of the view that the order and penalties imposed by the BCSC will protect the public and serve as a specific and general deterrent against such conduct in the future. Accordingly, MFDA staff has withdrawn its Notice of Hearing dated June 30, 2011 against Mr. Basi, and the MFDA proceeding against Mr. Basi is concluded. This withdrawal will assist the MFDA in effectively and efficiently addressing other cases involving public protection.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 125 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.