Re Modi

In the matter of:

The Mutual Fund Dealer Rules

and

Neilay Modi

2026 CIRO 30

Canadian Investment Regulatory Organization
Hearing Panel (Ontario District)

Heard by Teleconference: August 21, 2026, in Toronto, Ontario
Decision: August 21, 2026
Reasons for Decision: September 18, 2026

Hearing Panel:
Paul Moore, KC, Chair, Sarah Shody, Dave Persaud

Appearances:
Tyler Beazer, Enforcement Counsel
Neilay Modi (absent)

REASONS FOR DECISION ON THE MERITS AND SANCTIONS AND COSTS

The Proceeding

[1] This was a disciplinary proceeding commenced by staff of the Canadian Investment Regulatory Organization (**CIRO**) (**Staff**) against Neilay Modi (**the Respondent**) for his failing to cooperate with an investigation by Staff of the Respondent's conduct that was based on a complaint received from the Respondent's dealer.

[2] The Respondent failed to file a Reply to the allegations by Staff or to appear at the hearing or to otherwise defend against the allegations by Staff.

Decision on the Merits

[3] The panel found that the Respondent's conduct as alleged by Staff in the Statement of Allegations constituted misconduct by the Respondent contravening the requirements of Mutual Fund Dealer Rule 6.2.1.

[4] In coming to its decision, the panel relied on Mutual Fund Dealer Rule 7.3.4 and Rules of Procedure 7.3 and 8.4 allowing it to accept as proven the facts set out in the Statement of Allegations. In addition, the panel considered confirming facts outlined in affidavit evidence submitted to the panel at the hearing, and the decisions as to the law in comparable cases submitted to the panel by Staff.

Decision on Sanctions

[5] As stated in the Notice of Hearing, if the panel finds that the Respondent has contravened CIRO's requirements (including Mutual Fund Dealer Rule 6.2.1) as stated in the Statement of Allegations, the panel may impose on the Respondent, as sanctions (among a number of other possible sanctions), the prohibition order

made in this case, and a fine (in an amount in the panel's discretion) not exceeding $5 million per contravention.

[6] The panel accepted the submissions by Staff as to appropriate sanctions, and ordered that the Respondent incur the following sanctions:

I. pay a $50,000 fine;

II. be permanently prohibited from conducting securities-related business while in the employ of or associated with any Dealer Member of CIRO; and

III. pay a costs award of $20,000.

[7] In coming to its decision on sanctions, the panel recognized that the misconduct in issue in this proceeding was serious and unacceptable.

[8] The ability of Staff to investigate possible regulatory infractions is fundamental to the effective enforcement of CIRO's regulatory scheme; and in this regard, the obligation of any respondent to cooperate with Staff in any investigation of a respondent's conduct as provided in Mutual Fund Dealer Rule 6.2.1 is a cornerstone of the enforcement regime.

[9] The panel recognized that sanctions should be protective of the public interest, and not punitive. They should provide an effective, appropriate and efficient deterrence to the Respondent and to the general public.

[10] The panel recognized that the dollar amounts and possible fraud, dishonesty and related concerns underlying complaints concerning the Respondent that Staff was attempting to investigate were potentially large and serious. This investigation by Staff was not limited to alleged minor infractions such as improper forms completion or improper retention which, in other such cases brought before panels of CIRO, resulted in fines regularly in the range of $10,000.

[11] In three cases cited by Staff where only non-cooperation was in issue, prohibition orders and fines of $50,000 were deemed appropriate.

[12] While the panel had no information about the financial resources and future prospects of the Respondent, and the actual impact that the sanctions might have on the Respondent, we determined that a $50,000 fine, a permanent prohibition order, and a $20,000 costs award should together provide an adequate deterrence.

Decision on Costs

[13] Mutual Fund Dealer Rule 7.4.2 provides that a panel may order a respondent to pay all or part of the costs of a proceeding and the investigation incurred by CIRO.

[14] Staff submitted a bill of costs for $52,000. This amount appeared reasonable to the panel.

[15] Staff requested a costs award of between $15,000 and $20,000, noting that it was not unusual in other cases for a costs award to be discounted from the full amount of costs incurred in a particular matter.

[16] The panel noted that in other cases where a discount was applied there usually was evidence of cooperation or efficient ameliorating conduct on behalf of a respondent that enabled proceedings to be concluded expeditiously.

[17] In our case, the very nature of the misconduct, non-cooperation, was without any participation or efficient conduct on the part of the Respondent.

[18] We considered that the Respondent had not earned any credit for a discount for a costs award less than the full amount of costs in the bill of costs.

[19] Staff recommended that the costs award be not more than $20,000 for two reasons. First, as a general principle, respondents in future cases should not be intimidated from defending allegations against them for fear of costs, as they might be if full costs incurred by Staff were routinely awarded against an unsuccessful respondent. Secondly, in our case in particular, it might not look right to the general public as a matter of justice if a costs award (at $52,000) was higher than the fine (at $50,000).

[20] In its final analysis, the panel accepted the submission of Staff on this point and set the costs award at $20,000, principally because the prohibition order, the fine and the costs award together constituted an adequate and sufficient deterrence.

DATED at Toronto this 18th day of September, 2026.

"Paul Moore"

Paul Moore, Chair

"Sarah Shody"

Sarah Shody, Industry Representative

"Dave Persaud"

Dave Persaud, Industry Representative