



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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Toronto ON M5H 3S8

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Toronto ON M5H 3S8

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF WELCOME PLACE INC., DANIEL MAXSOOD also known as
MUHAMMAD M. KHAN, TAO ZHANG, and TALAT ASHRAF**

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127, 127.1 and 127(2) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), it is in the public interest for the Commission to approve this settlement agreement between Staff of the Commission (“Staff”) and Welcome Place Inc. (“Welcome Place”), Daniel Maxsood also known as Muhammad M. Khan (“Maxsood”), Tao Zhang (“Zhang”), and Talat Ashraf (“Ashraf”) (collectively, the “Respondents”), and to make certain orders in respect of the Respondents.

PART II - JOINT SETTLEMENT RECOMMENDATION

2. Staff agree to recommend settlement of the proceeding commenced against the Respondents by Notice of Hearing dated December 18, 2014 (the “Proceeding”) according to the terms and conditions set out below. The Respondents consent to the making of an order in the form attached as Schedule “A” to this Settlement Agreement, based on the facts set out below.

PART III - AGREED FACTS

3. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondents agree with the facts as set out in Part III and the conclusion in Part IV of this Settlement Agreement.

A. OVERVIEW

4. Between March 1, 2008 and May 15, 2013 (the “Material Time”), each of the Respondents engaged in unregistered trading and illegal distribution of securities, contrary to sections 25 and 53 of the Act. Approximately \$5,250,000 was raised from approximately 90 investors, who were solicited to participate in an investment scheme carried out by the Respondents. Maxsood was the directing mind of the investment scheme. Ashraf was the marketing manager of Welcome Place who solicited investors and received investor funds. Zhang was the spouse of Maxsood who received investor funds in her bank accounts as part of the investment scheme.

5. Maxsood and Welcome Place also engaged in and participated in a course of conduct that they knew or ought reasonably to know perpetrated a fraud on investors in Welcome Place, contrary to section 126.1(b) of the Act. Maxsood and Welcome Place engaged in fraudulent conduct by: (i) misleading investors as to the use of investor funds; (ii) using investor funds to repay other investors; and (iii) using investor funds for personal expenditures. Investors are still owed a total of \$3,230,087.52 on their investments.

6. In addition, Maxsood and Welcome Place made statements about matters that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading relationship with Maxsood and Welcome Place and the statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act.

7. As the directing mind of Welcome Place, Maxsood authorized, permitted or acquiesced in Welcome Place’s non-compliance with Ontario securities law and accordingly failed to comply with Ontario securities law, contrary to section 129.2 of the Act.

8. The Respondents acted in a manner contrary to Ontario securities law and contrary to the public interest.

B. THE RESPONDENTS

9. During the Material Time, Welcome Place was a federal company, incorporated on March 3, 2008, with its registered office address in Mississauga, Ontario. Welcome Place has never been registered with the Commission in any capacity. Welcome Place is not a reporting issuer in Ontario. Welcome Place has never filed a prospectus or preliminary prospectus with the Commission.

10. Maxsood is a resident of Oakville, Ontario. Maxsood legally changed his name from Muhammad M. Khan in 2010. He is the founding director of Welcome Place, and its directing mind. Maxsood has never been registered with the Commission in any capacity.

11. Zhang is a resident of Oakville, Ontario, and is the spouse of Maxsood. Zhang has never been registered with the Commission in any capacity.

12. Ashraf is a resident of Mississauga, Ontario who worked for Welcome Place since 2011, as its marketing manager. He has never been registered with the Commission in any capacity.

C. THE RESPONDENTS' MISCONDUCT

(i) The Solicitation of Investors through the Trading School

13. During the Material Time, Welcome Place operated a trading school located in Mississauga, Ontario. Through radio and newspaper advertisements, as well as through the Welcome Place website, Maxsood and Welcome Place offered to teach the public how to trade commodity futures contracts including foreign exchange and indices. In its advertisements, Welcome Place guaranteed a daily return of \$200 to \$300 if students followed the day trading methods taught by Welcome Place and used its trading software. Similarly, Welcome Place's website represented that investors could "make 24% to 36% Guaranteed".

14. Students were first invited to attend a free seminar presented by Maxsood, who purported to provide information and advice regarding day trading strategies. Thereafter, seminar attendees were solicited by Maxsood and Ashraf to sign up for trading workshops, for which they were generally charged tuition of approximately \$5,000. During the Material Time, approximately 230 students paid approximately \$730,000 in tuition fees.

15. At these seminars and trading workshops, Maxsood held out Welcome Place's "systematic approach" as providing all the tools necessary to become a successful trader. Maxsood instructed and invited students to follow and copy his trading methodology. Maxsood and Welcome Place purported "to show how the theory can be profitably executed from our personal trading experience".

16. As set out in greater detail below, Maxsood and Ashraf then used these seminars and trading workshops to promote an investment in an import/export business run by Maxsood. More specifically, during and after the seminars and trading workshops, certain students were solicited by Maxsood and/or Ashraf to invest money with Maxsood and/or Welcome Place for Maxsood's import/export business, with the promise that they would receive a share of the

profits of the import/export business. These activities were acts in furtherance of trading, and as particularized below, were part of a fraudulent course of conduct and conduct contrary to the public interest.

(ii) *Unregistered Trading Contrary to Section 25 of the Act*

17. During the Material Time, Maxsood and Ashraf solicited investors, by among other things, meeting with potential investors in person and on the telephone, discussing the nature of the investment, and making representations regarding guarantees and the purported profits to be earned by entering into the investment.

18. Most of the investors were initially students at Welcome Place. In some instances, however, seminar attendees simply proceeded to make an investment with Maxsood and Welcome Place and did not register for the trading workshop course.

The Investment Opportunity

19. Maxsood was a director and shareholder of a company called Oseka Co. Ltd. (“Oseka”), which was incorporated in August 2012 in Bangkok, Thailand. Oseka appeared to be an import/export business.

20. Most investors were told by Maxsood and Ashraf that Maxsood was establishing, and then later, operating an import/export business. Maxsood and Ashraf solicited investors to invest in Maxsood’s import/export business.

21. Maxsood, Ashraf and Welcome Place represented to investors that after investing, they would receive monthly payments of 2% to 3% of their investment, and after being repaid the amount that was initially invested, investors would be entitled to share in the profits of Maxsood’s import/export business in perpetuity.

22. During the Material Time, investors invested \$5.25 million with Maxsood and/or Welcome Place. Investor funds were received by both Maxsood and Ashraf. After making their investment, in many instances, investors received promissory notes which were prepared by Maxsood and issued by Welcome Place. Each promissory note was accepted by and executed by Maxsood. During the Material Time, at least 34 promissory notes were issued to at least 31 investors totalling approximately \$1,755,000 (the “Promissory Notes”). Each Promissory Note evidenced indebtedness and/or was an “investment contract” and therefore a “security” as defined in subsection 1(1) of the Act.

23. In other instances, formal promissory notes were not executed, but instead investors provided funds to Maxsood and Ashraf on the understanding that the monies were payable for an investment, sometimes including such a notation directly on cheques. The investments being offered by Maxsood, Ashraf and/or Welcome Place were “investment contracts” and, therefore, a “security” as defined in subsection 1(1) of the Act.

24. Maxsood deposited investor funds into several bank accounts in his name and in the name of Welcome Place. Maxsood controlled and was a signatory on the Welcome Place bank account. In addition to the monies received for which Promissory Notes were issued, accounts in Maxsood’s name and in the name of Welcome Place received at least an additional \$3,885,000 from approximately 64 other investors as investment funds. In total, approximately \$5,250,000 was received from approximately 90 investors.

Acts in Furtherance Of Unregistered Trading By Zhang

25. Maxsood also directed investor funds to be paid or transferred to the Canadian bank accounts of his spouse. Zhang consequently received a significant amount of funds both from investors directly and from the accounts of Welcome Place and Maxsood as follows:

- (a) \$21,000 directly from investors;
- (b) \$19,589 transferred from Welcome Place; and
- (c) \$984,006.43 transferred from Maxsood’s accounts, consisting mainly of funds deposited to Maxsood’s accounts as investments from investors and fees for trading workshops.

The receipt of funds by Zhang constituted acts in furtherance of unregistered trading, contrary to section 25 of the Act.

Unregistered Trading Conducted By Ashraf

26. In addition to making representations about and soliciting investors to make an investment in Maxsood’s import/export business, Ashraf received funds totalling approximately \$262,000 from various accounts controlled by Maxsood as commission for the solicitation of investors and interest free loans. Further, as compensation for the solicitation of investors, Ashraf became entitled to share in the profits of, and receive other benefits from, Maxsood’s import/export business.

Conclusion Regarding Unregistered Trading

27. By engaging in the conduct described above, the Respondents traded and engaged in, or held themselves out as engaging in, the business of trading in securities, namely investment contracts, without being registered with the Commission to trade in such securities during the Material Time. The Respondents participated in acts, advertisements, solicitations, conduct, or negotiations directly or indirectly in furtherance of the sale or disposition of securities for valuable consideration, in circumstances where there were no exemptions available to them under the Act, contrary to section 25 of the Act.

(iii) Illegal Distribution Contrary To Section 53 of the Act

28. The dealing in Promissory Notes and investment contracts were trades in securities not previously issued and were, therefore, distributions. Maxsood, Ashraf and Welcome Place have never filed a preliminary prospectus or a prospectus with the Commission, and no prospectus receipt has ever been issued to qualify the sale of the Promissory Notes or other investment contracts, contrary to section 53 of the Act.

29. Many of the investors did not qualify as accredited investors or meet applicable exemptions from registration and prospectus requirements, nor were inquiries generally made by Maxsood and/or Ashraf about investors' financial situation. In some instances, the investors borrowed funds to make the investments, including mortgaging their homes.

(iv) Fraudulent Conduct By Maxsood and Welcome Place

30. During the Material Time, Maxsood and Welcome Place breached section 126.1(b) of the Act by directly or indirectly engaging in or participating in an act, practice or course of conduct related to securities, commencing with the solicitation of investors through the trading school, which they knew, or ought to have reasonably known, perpetrated a fraud on investors. Maxsood and Welcome Place engaged in a number of fraudulent acts, practices or courses of conduct which are set out in more detail below.

(a) Misleading Investors As To The Use of Investor Funds

31. Maxsood and Ashraf told some investors that their investor funds would be used in Maxsood's import/export business. Contrary to these representations, only approximately \$1.1 million of the \$5.25 million raised from investors was transferred to a company called Oseka Co. In addition, approximately \$21,000 was sent to another director of Oseka. Instead, as set out

below, most of the investor funds were used to either repay other investors or for personal expenditures of Maxsood and his family.

(b) Using Investor Funds To Repay Other Investors

32. Maxsood and Ashraf told investors they would receive monthly repayment of their initial investment in the range of 2-3% per month. They were further told by Maxsood and Ashraf that the source of the repayments would be from Maxsood's import/export business. Contrary to this representation, Maxsood and Welcome Place had no source of funds other than what was obtained through investors and tuition for the trading workshops. Oseka did not make any payments to either Maxsood or Welcome Place. As tuition fees and revenues from Welcome Place were insufficient, Maxsood and Welcome Place had no other way of repaying the Promissory Note holders and other investors without soliciting other investors.

33. Maxsood directed at least \$1,880,000, of the funds received from investors to be used to make monthly repayments to other investors. To date, \$3,230,087.52 remains due and owing to investors.

(c) Using Investor Funds For Personal Expenditures

34. Further, Maxsood misappropriated and directed investor funds to be used for the personal benefit of himself and his family members as follows:

- (a) in addition to the approximately \$1,000,000 transferred to Zhang's Canadian bank accounts as described in paragraph 25 above, a further \$44,000 was transferred to a bank account held by Zhang in China;
- (b) approximately \$573,000 was transferred offshore to Thailand and China and paid to family members and/or related parties of Maxsood and/or Zhang;
- (c) approximately \$382,000 was used to make payments to mortgages on properties owned by Maxsood and/or Zhang located in Ontario; and
- (d) approximately \$271,000 was used to pay credit card bills in the names of Maxsood, Zhang and Welcome Place.

35. Investors were never told that their investment funds would be used for the personal expenditures of Maxsood and his family.

(v) *Breach of Section 44(2) of the Act*

36. Further, in making representations to investors that their funds would be used for an import/export business and omitting to tell investors that their funds would be used to pay other investors and/or for the personal expenditures of Maxsood and his family, Maxsood and Welcome Place made statements about matters that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading relationship with Maxsood and Welcome Place and the statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act.

D. BREACHES OF THE SECURITIES ACT AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

37. The Respondents admit to the following breaches:

- (a) During the Material Time, Maxsood, Welcome Place, and Ashraf traded and engaged in, or held themselves out as engaging in, the business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to paragraph 25(1)(a) of the Act as that section existed at the time the conduct commenced in 2008, and after September 28, 2009, contrary to subsection 25(1) of the Act;
- (b) During the Material Time, Maxsood, Welcome Place and Ashraf distributed securities when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to subsection 53(1) of the Act;
- (c) During the Material Time, Maxsood and Welcome Place engaged or participated in acts, practices, or courses of conduct relating to securities that they knew perpetrated a fraud on persons or companies contrary to paragraph 126.1(b) of the Act;
- (d) During the Material Time, Maxsood and Welcome Place made statements about matters that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading relationship with Maxsood and Welcome Place and the statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act;

- (e) During the Material Time, Maxsood, being an officer and director of Welcome Place, authorized, permitted or acquiesced in Welcome Place's non-compliance with Ontario securities law and accordingly failed to comply with Ontario securities law, contrary to section 129.2 of the Act; and
- (f) Maxsood, Welcome Place and Ashraf's conduct was contrary to the public interest and harmful to the integrity of the capital markets in Ontario.

E. CEASE TRADE ORDER AND FREEZE DIRECTIONS

38. On July 2, 2013, the Commission issued a temporary order pursuant to subsections 127(1) and (5) of the Act, ordering that:

- (a) All trading in securities by Welcome Place, Maxsood, Zhang and Ashraf shall cease; and
- (b) The exemptions in Ontario securities law do not apply to any of Welcome Place, Maxsood, Zhang and Ashraf. (the "Cease Trade Order")

39. On July 12, 2013, the Commission extended the Cease Trade Order to January 31, 2014, pursuant to sections 127(7) and (8) of the Act. On January 27, 2014, the Commission further extended the Cease Trade Order until the final disposition of the proceeding in this matter, pursuant to sections 127(7) and (8) of the Act.

40. On July 2, 2013 the Commission also issued 6 Freeze Directions pursuant to subsection 126(1) of the Act with respect to bank accounts in the name of Welcome Place, Maxsood and Zhang to the Royal Bank of Canada, the Toronto Dominion Bank and the Canadian Imperial Bank of Commerce. On July 9, 2013, the Commission issued a further Freeze Direction pursuant to subsection 126(1) of the Act with respect to a bank account in the name of Zhang to the National Bank of Canada. All of the Freeze Directions were continued by the Ontario Superior Court of Justice on October 16, 2013 pursuant to subsection 126(5) of the Act until further order of the Court or until the Commission revokes the Freeze Directions or consents to the release of the property.

41. On July 9, 2013, the Commission issued a Certificate of Direction to the Land Registrar of Halton pursuant to subsections 126(1) and (4) of the Act, with respect to property located at 3322 Raspberry Bush Trail, Oakville, Ontario (the "Property") on the basis that the evidence established that \$382,000 of investor funds had been used to pay the mortgage on the Property. On October 16, 2013, the Ontario Superior Court of Justice continued the Certificate of Direction

until further order of the Court or until the Commission revokes the Freeze Directions or consents to the release of the Property.

PART IV – THE POSITION OF THE RESPONDENTS

42. The Respondents request that the settlement hearing panel consider the following mitigating circumstances:

- (a) The Respondents understood the monies involved to be loans. The majority of the individuals who provided monies to Maxsood and Welcome Place were provided promissory notes. The Respondents agreed that the principal amount would be paid back and that the interest portion was to be 2 - 3% depending on how Oseka performed;
- (b) \$1,880,391.00 was repaid prior to Staff obtaining the Freeze Directions. Repayment ceased because of the Freeze Directions. Since the Freeze Directions have been issued by the Commission and continued by the Ontario Superior Court of Justice, the Respondents have continued to pay money back. The Respondents state that to date, they have paid back \$500,000 (of which, only \$186,985.00 has been confirmed by Staff to have been repaid based on the records provided by the Respondents) without Staff requesting same. The Respondents have also agreed as part of this Settlement Agreement to having the monies held pursuant to the Freeze Directions being paid to the Commission as partial satisfaction of the disgorgement order and to the monies being distributed to investors;
- (c) The Respondents used the monies as their own as they understood these to be loans;
- (d) The Respondents were not aware that their activities were regulated by the Commission;
- (e) The Respondents have cooperated with the Staff's investigation and sought settlement with Staff, thereby avoiding the need for a protracted hearing, and the associated time and expense. The Respondents consented to the continuation of the Freeze Directions and the Certificate of Direction by the Ontario Superior Court of Justice;

- (f) The Respondents advise that there are no civil claims against them. The Respondents have maintained a positive relationship with all of the people that provided funds to Maxsood and Welcome Place; and
- (g) Zhang did not meet with or deal with any of the people providing monies to Maxsood or Welcome Place. There were four cheques made payable directly to Zhang which were deposited into her bank accounts. There was also a cheque made payable to Maxsood which was deposited directly into her bank accounts. She also received funds as set out above in Part III which were transferred from Maxsood's and Welcome Place's bank accounts.

PART V – TERMS OF SETTLEMENT

- 43. The Respondents agree to the terms of settlement listed below.
- 44. The Commission will make an order, pursuant to subsection 127(1) and section 127.1 of the Act that:
 - (a) the Settlement Agreement is approved;
 - (b) Maxsood, Ashraf and Welcome Place are reprimanded;
 - (c) pursuant to paragraph 2 of subsection 127(1), any trading in any securities of Welcome Place shall cease permanently;
 - (d) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by each of Welcome Place and Maxsood shall cease for a period of 10 years;
 - (e) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Ashraf shall cease for a period of 5 years;
 - (f) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by each of Welcome Place and Maxsood is prohibited for a period of 10 years;
 - (g) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Ashraf is prohibited for a period of 5 years;
 - (h) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to each of Welcome Place and Maxsood for a period of 10 years;

- (i) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Ashraf for a period of 5 years;
- (j) pursuant to paragraph 7 of section 127(1), each of Maxsood and Ashraf shall resign any positions that he holds as a director or officer of an issuer;
- (k) pursuant to paragraphs 8, 8.2 and 8.4 of section 127(1) of the Act, Maxsood is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of 10 years;
- (l) pursuant to paragraphs 8, 8.2 and 8.4 of section 127(1) of the Act, Ashraf is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of 5 years;
- (m) pursuant to paragraph 9 of section 127(1) of the Act, Maxsood shall pay an administrative penalty of \$110,000, which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;
- (n) pursuant to paragraph 9 of section 127(1) of the Act, Ashraf shall pay an administrative penalty of \$10,000, on a joint and several basis with Maxsood, which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;
- (o) pursuant to paragraph 10 of section 127(1) of the Act, Maxsood and Welcome Place shall disgorge \$2,967,901.52 to the Commission, on a joint and several basis, which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;
- (p) pursuant to paragraph 10 of section 127(1) of the Act, Ashraf shall disgorge \$262,186.00, on a joint and several basis with Maxsood, which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;
- (q) pursuant to subsection 127(2) of the Act, Maxsood and Zhang shall have provided a written consent to an order of the Superior Court on or before February 10, 2016 that funds in the total amount of \$662,829.00 held pursuant to Freeze Directions issued on July 2 and 9, 2103 by the Commission and continued by the Ontario Superior Court of Justice on October 16, 2013 be paid to the Commission in partial satisfaction of the disgorgement amounts owing by Maxsood and Welcome

Place pursuant to this Settlement Agreement and that such funds are designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;

- (r) pursuant to subsection 127(2) of the Act, with respect to the Certificate of Direction that was issued with respect to the Property by the Commission on July 9, 2013 and continued by the Ontario Superior Court of Justice on October 16, 2013, Maxsood shall have made payment of \$382,000 by way of certified cheque to the Commission on or before February 10, 2016 in partial satisfaction of the disgorgement amounts owing by Maxsood and Welcome Place pursuant to this Settlement Agreement, which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act. Once the amount of \$382,000 has been paid in full, the Commission will consent to an order of the Ontario Superior Court removing the Certificate of Direction from the Property;
- (s) pursuant to section 127.1 of the Act, Maxsood and Welcome Place shall pay the costs of Commission's investigation in the amount of \$120,000 on a joint and several basis;
- (t) until the entire amount of the payments set out in paragraphs 44(m), (n), (o), (p), (q), (r) and (s) is paid in full, the provisions of paragraphs 44(d), (f), (h) and (k) shall continue in force without any limitation as to time period; and
- (u) until the entire amount of the payments set out in paragraphs 44(n) and (p) is paid in full, the provisions of paragraphs 44(e), (g), (i) and (l) shall continue in force without any limitation as to time period.

45. The Respondents acknowledge that failure to pay in full any monetary sanctions and/or costs ordered will result in their name being added to the list of "Respondents Delinquent in Payment of Commission Orders" published on the OSC website.

46. The Respondents acknowledge that this Settlement Agreement and proposed Order may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Settling Respondents. The Respondents should contact the securities regulator of any other jurisdiction in which he or she may intend to engage in any securities related activities, prior to undertaking such activities.

PART VI – STAFF COMMITMENT

47. If the Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against the Respondents in relation to the facts set out in Part III herein.

48. If the Commission approves this Settlement Agreement and the Respondents fail to comply with any of the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against any of the Respondents. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement. In addition, if this Settlement Agreement is approved by the Commission, and any of the Settling Respondents fail to comply with the terms of the Settlement Agreement, the Commission is entitled to bring any proceedings necessary to recover the amounts set out in paragraphs 44(m), (n), (o), (p), (q), (r), and (s) above.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

49. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission on a date to be scheduled according to the procedures set out in this Settlement Agreement and the Commission's Rules of Procedure.

50. Staff and the Settling Respondents agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Settling Respondents' conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

51. If the Commission approves this Settlement Agreement, the Settling Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

52. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

53. Whether or not the Commission approves this Settlement Agreement, the Settling Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or

process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

54. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule “A” to this Settlement Agreement:

- (a) this Settlement Agreement and all discussions and negotiations between Staff and the Settling Respondents before the settlement hearing takes place will be without prejudice to Staff and the Settling Respondents; and
- (b) Staff and the Settling Respondents will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

55. The terms of the Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of the Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of the Respondents and Staff or as may be required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

56. This agreement may be signed on one or more counterparts which, together, constitute a binding agreement.

57. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

Signed in the presence of:

“Tao Zhang”

“Daniel Maxsood”

Witness

Daniel Maxsood

“Daniel Maxsood”

(Print Name)

Dated this “10” day of February, 2016

“Tao Zhang”

“Daniel Maxsood”

Witness

Welcome Place
Per Daniel Maxsood
“I have authority to bind the
corporation.”

“Daniel Maxsood”

(Print Name)

Dated this “10” day of February, 2016

“Daniel Maxsood”

“Talat Ashraf”

Witness

Talat Ashraf

“Talat Ashraf”

(Print Name)

Dated this “10” day of February, 2016

“Daniel Maxsood”

“Tao Zhang”

Witness

Tao Zhang

“Tao Zhang”

(Print Name)

Dated this “10” day of February, 2016

STAFF OF THE ONTARIO SECURITIES COMMISSION

“Tom Atkinson”

Tom Atkinson
Director, Enforcement Branch

Dated this “10” day of February, 2016.



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
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Schedule "A"

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF WELCOME PLACE INC., DANIEL MAXSOOD also known as
MUHAMMAD M. KHAN, TAO ZHANG, and TALAT ASHRAF**

- and -

**IN THE MATTER OF A
SETTLEMENT AGREEMENT BETWEEN STAFF
OF THE ONTARIO SECURITIES COMMISSION AND WELCOME PLACE INC.,
DANIEL MAXSOOD also known as MUHAMMAD M. KHAN, TAO ZHANG, and
TALAT ASHRAF**

ORDER

(Subsections 127(1) and 127(2) and Section 127.1)

WHEREAS

1. the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to subsection 127(1) and section 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") to consider whether it is in the public interest to make orders, as specified therein, against and in respect of Daniel Maxsood, also known as Muhammad M. Khan ("Maxsood"), Welcome Place Inc. ("Welcome Place"), Tao Zhang ("Zhang") and Talat Ashraf ("Ashraf") (the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") issued on December 18, 2014 (the "Statement of Allegations");
2. the Respondents entered into a settlement agreement with Staff (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

3. on February 10, 2016, the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Respondents;
4. the Respondents acknowledge that failure to pay in full any monetary sanctions and/or costs ordered will result in the Respondents' names being added to the list of "Respondents Delinquent in Payment of Commission Orders" published on the OSC website;
5. the Commission has reviewed the Settlement Agreement, the Notices of Hearing and the Statement of Allegations of Staff, and heard submissions from counsel for the Respondents and Staff;
6. the Commission is of the opinion that it is in the public interest to make this order;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;
2. Maxsood, Ashraf and Welcome Place are reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
3. any trading in securities of Welcome Place shall cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;
4. any trading in any securities or derivatives by each of Welcome Place and Maxsood shall cease for a period of 10 years, pursuant to paragraph 2 of subsection 127(1) of the Act;
5. any trading in any securities or derivatives by Ashraf shall cease for a period of 5 years, pursuant to paragraph 2 of subsection 127(1) of the Act;
6. the acquisition of any securities by each of Welcome Place and Maxsood is prohibited for a period of 10 years, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
7. the acquisition of any securities by Ashraf is prohibited for a period of 5 years, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

8. any exemptions contained in Ontario securities law do not apply to each of Welcome Place and Maxsood for a period of 10 years, pursuant to paragraph 3 of subsection 127(1) of the Act;
9. any exemptions contained in Ontario securities law do not apply to Ashraf for a period of 5 years, pursuant to paragraph 3 of subsection 127(1) of the Act;
10. each of Maxsood and Ashraf shall resign any positions that he holds as a director or officer of an issuer, pursuant to paragraph 7 of section 127(1);
11. Maxsood is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of 10 years, pursuant to paragraphs 8, 8.2 and 8.4 of section 127(1) of the Act;
12. Ashraf is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of 5 years, pursuant to paragraphs 8, 8.2 and 8.4 of section 127(1) of the Act;
13. Maxsood shall pay an administrative penalty of \$110,000, which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act, pursuant to paragraph 9 of section 127(1) of the Act;
14. Ashraf shall pay an administrative penalty of \$10,000, on a joint and several basis with Maxsood, which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act, pursuant to paragraph 9 of section 127(1) of the Act;
15. Maxsood and Welcome Place shall disgorge \$2,967,901.52 to the Commission, on a joint and several basis , which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act, pursuant to paragraph 10 of section 127(1) of the Act;
16. Ashraf shall disgorge \$262,186.00, on a joint and several basis with Maxsood, which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act, pursuant to paragraph 10 of section 127(1) of the Act;
17. Maxsood and Zhang shall have provided written consent to an order of the Ontario Superior Court on or before February 10, 2016 that funds in the total amount of

\$662,829.00 held pursuant to the Freeze Directions that were issued on July 2 and 9, 2103 by the Commission and continued by the Ontario Superior Court of Justice on October 16, 2013 be paid to the Commission in partial satisfaction of the disgorgement amounts owing by Maxsood and Welcome Place pursuant to this Order, which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act, pursuant to subsection 127(2) of the Act;

18. with respect to the Certificate of Direction on the Property, Maxsood shall have made payment of \$382,000 by way of certified cheque to the Commission on or before February 10, 2016 in partial satisfaction of the disgorgement amounts owing by Maxsood and Welcome Place pursuant to this Order, which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act, pursuant to subsection 127(2) of the Act. Once the amount of \$382,000 has been paid in full, the Commission will consent to an order of the Ontario Superior Court removing the Certificate of Direction from the Property;
19. Maxsood and Welcome Place shall pay \$120,000, on a joint and several basis, in respect of costs of the investigation, pursuant to section 127.1 of the Act;
20. Until the entire amount of the payments required by paragraphs 13, 14, 15, 17, 18 and 19 is paid in full, the provisions of paragraphs 4, 6, 8 and 11 shall continue in force without any limitation as to time period; and
21. Until the entire amount of the payments required by paragraphs 14 and 16 is paid in full, the provisions of paragraphs 5, 7, 9 and 12 shall continue in force without any limitation as to time period.

DATED AT TORONTO this day of February, 2016.
