



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
ISSAM EL-BOUJI**

STATEMENT OF ALLEGATIONS

(Subsections 127(1) and (2) and Section 127.1
of the *Securities Act*, RSO 1990, c. S.5, as amended)

A. ORDERS SOUGHT

1. Staff of the Enforcement Branch (“Staff”) of the Ontario Securities Commission (the “Commission”) requests that the Commission make the following orders:
 - a. pursuant to paragraph 6 of subsection 127(1) of the *Securities Act*, RSO 1990, c. S.5, as amended (the “Act”), that Issam El-Bouji (“Bouji”) be reprimanded;
 - b. pursuant to paragraph 8.1 of subsection 127(1) of the Act, that Bouji resign one or more positions he holds as a director or officer of an issuer;
 - c. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, that Bouji be prohibited from becoming or acting as an officer and director of any issuer, a registrant or an investment fund manager for such period as is specified by the Commission;
 - d. pursuant to paragraph 8.5 of subsection 127(1) of the Act, that Bouji be prohibited from becoming or acting as a registrant, an investment fund manager or a promoter for such period as is specified by the Commission;

- e. pursuant to paragraph 9 of subsection 127(1) of the Act, that Bouji pay an administrative penalty of not more than \$1 million for each failure by Bouji to comply with Ontario securities law;
- f. pursuant to subsection 127.1 of the Act, that Bouji pay costs of the Commission investigation and the hearing; and
- g. such other order as the Commission considers appropriate in the public interest.

B. FACTS

2. Staff makes the following allegations of fact:

Overview

3. It is critical that all respondents comply with Commission orders to ensure that: (i) the purposes of Commission orders are achieved; and (ii) confidence in the capital markets is fostered.

4. This matter concerns Bouji's flagrant disregard for a nine year director and officer ban that was imposed against him as part of a settlement agreement with Staff dated April 14, 2014 (the "2014 Settlement Agreement").

5. In the 2014 Settlement Agreement, Bouji admitted to certain conduct including self-dealing conduct involving undisclosed conflicts of interest in transactions that paid undisclosed finder's fees/commissions to a company controlled by Bouji. As a result of this and other conduct, the Commission imposed various sanctions on Bouji and others by Commission order dated April 16, 2014 (the "2014 Order").

6. The 2014 Order required Bouji to resign as an officer of any registrant (including Global RESP) or investment fund manager (“IFM”) and as an officer of the Global Educational Trust Foundation (the “Foundation”) by January 16, 2015 at the latest and prohibited Bouji from acting as a director or officer of any reporting issuer, registrant, IFM or of the Foundation until April 16, 2023.

7. Bouji resigned as an officer of Global RESP on January 16, 2015.

8. In complete disregard for the 2014 Order, Bouji has acted as a *de facto* vice-president of sales of Global RESP during the almost three year period of January 17, 2015 to December 31, 2017 (the “Material Time”).

The Respondent

9. Prior to January 16, 2015, Bouji was registered with the Commission in connection with a number of registered firms and was chief executive officer of Global RESP, Global Growth Assets Inc. (“GGAI”) and the Foundation (together, the “Global Entities”). Bouji was registered as an officer and the ultimate designated person (“UDP”) for Global RESP and GGAI until January 16, 2015. Bouji ceased to be a director of Global RESP and GGAI on June 18, 2014.

10. Bouji is a director and a shareholder of Global Financial Associates Inc. which is the sole shareholder of Global RESP. Bouji is the sole shareholder of GGAI.

11. Global RESP, formerly known as Global Educational Marketing Corporation, was incorporated in Canada on or about June 11, 1997 and has been registered with the Commission as a dealer in the category of a scholarship plan dealer since October 9, 1998. Global RESP distributes units of the Global Educational Trust Plan (the “Plan”), a scholarship plan. GGAI is the registered IFM of the Plan.

The 2014 Order

12. On April 14, 2014, Bouji entered into a settlement agreement with Staff along with the Global Entities and Margaret Singh, Global RESP's chief compliance officer (the "2014 Settlement Agreement"). The conduct admitted to in the 2014 Settlement Agreement involved undisclosed conflicts of interest in transactions that paid an undisclosed finder's fees/commissions to a company controlled by Bouji, advising without registration, failure to provide full, true and plain disclosures in two prospectuses and significant compliance deficiencies by Global RESP.

13. In the 2014 Settlement Agreement, Bouji and others admitted to a number of breaches of Ontario securities law. The respondents, including Bouji and the Global Entities, agreed to sanctions that were imposed as part of the 2014 Order which approved the 2014 Settlement Agreement. In addition to imposing terms and conditions on the registration of GGAI and Global RESP and ordering that Bouji, GGAI and Global RESP be reprimanded, the 2014 Order ordered that Bouji disgorge \$1,950,575.34 obtained through non-compliance with Ontario securities law and that he be jointly and severally liable with Global RESP and GGAI for an administrative penalty in the amount of \$150,000 and costs of \$75,000. The 2014 Order also imposed sanctions intended to restrict Bouji's role with the Global Entities. In particular, Bouji was:

- Permanently suspended as UDP of Global RESP and GGAI;
- Required to resign as a director or officer of the Foundation and of any registrant or IFM;
- Prohibited for nine years from becoming or acting as a director or officer of any reporting issuer, registrant, IFM or the Foundation; and
- Permanently prohibited from becoming or acting as a UDP or chief compliance officer of any registrant or IFM.

14. Bouji's nine year prohibition from becoming or acting as an officer or director of any reporting issuer, registrant, IFM or the Foundation will expire on April 16, 2023.

15. One of the terms and conditions imposed on Global RESP's registration by the 2014 Order was that Global RESP was to create and permanently maintain an independent board of directors comprised of a minimum of two independent external board members that form a majority of the board of directors and that the independent directors were to be approved by a Manager of the Compliance and Registrant Regulation ("CRR") Branch.

16. The 2014 Order is a decision of the Commission to which Bouji is subject, and constitutes Ontario securities law in respect of Bouji.

Communications with CRR Staff Regarding Bouji's Role at Global RESP

17. On October 6, 2015, Global RESP made inquiries of CRR Staff on the permissible scope of Bouji's role at the Global Entities given the 2014 Order.

18. On November 4, 2015, CRR Staff advised Global RESP that CRR Staff did not take issue with Bouji recruiting sales staff but CRR Staff did have concerns with Bouji taking a role in training sales staff unless and until the compliance consultant's follow-up review was completed. The compliance consultant had been retained by Global RESP pursuant to an earlier Commission order dated July 26, 2012 and a follow-up review was required under the 2014 Order. CRR Staff wanted to ensure that any training by Bouji was done in accordance with training modules approved by the consultant as part of Global RESP's remediation plan. CRR Staff also advised Global RESP that given the 2014 Order, Bouji may not provide any services that would be provided by a director or officer of any of the registered firms in the ordinary course.

CRR Staff Becomes Aware that Bouji is in Charge of Sales at Global RESP

19. In November and December 2016, CRR Staff interviewed a former Global RESP Branch Manager who advised that Bouji played a significant sales role and was responsible for overseeing and directing various day-to-day affairs at Global RESP.

20. In March 2017, CRR Staff interviewed Bouji's daughter following her request to amend her registration to add registration as UDP of Global RESP and GGAI. During this interview, Bouji's daughter described Bouji's role at Global RESP as "in charge of sales".

Bouji's Breach of the 2014 Order

21. During the Material Time, Bouji was in charge of sales at Global RESP and was involved in the following conduct at Global RESP:

- a. *Recruitment* – Bouji participated in the recruiting for sales positions, including senior level positions that have a combined sales and compliance function such as for the positions of Branch Managers, Sales Directors and Vice President of Sales.
- b. *Interviewing* – Bouji regularly interviewed potential candidates for sales positions, including senior level positions that have a combined sales and compliance function.
- c. *Hiring and Performance Reviews* – Bouji negotiated terms of employment and extended offers of employment on behalf of Global RESP. He also conducted formal and informal performance reviews of Global RESP's staff, including Sales Managers, Sales Directors and the Vice President of Sales.
- d. *Terminating employees* – Bouji instructed senior level personnel, such as the Vice President of Sales, to terminate other employees, including employees in senior-level positions, such as Sales Directors.
- e. *Training* – Bouji provided training to employees, including the training of senior personnel.
- f. *Strategic sales planning* – Bouji directed and led strategic sales planning at Global RESP by holding regular meetings, including one-on-one meetings, to

discuss progress in reaching various sales objectives and targets and disciplining and/or reprimanding senior personnel for failing to reach various sales objectives and targets.

- g. *Participation in meetings* – Bouji attended, presided over and presented at sales meetings, sales director meetings and executive meetings.
- h. *Control over expenses* – Bouji exercised control over marketing and sales expenses incurred and to be incurred by Global RESP.
- i. *Compensation* – Bouji participated in setting and adjusting the compensation structure (e.g. salary vs. commission-based) for Global RESP’s staff, including bonuses for senior personnel.
- j. *Expansion* – Bouji instructed senior personnel of Global RESP to open new Global RESP branches in various locations across Canada.

22. Under Ontario securities law, “officer” includes every individual who performs functions similar to those normally performed by an officer and therefore includes *de facto* officers.

23. Bouji’s conduct, as set out above, demonstrates that he acted as a *de facto* officer of Global RESP during the Material Time. In doing so, Bouji breached the 2014 Order which prohibited him from acting as an officer and director of a registrant.

C. BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

24. Staff alleges that during the Material Time, Bouji breached subsection 122(1)(c) of the Act by breaching the 2014 Order.

25. Staff alleges that the conduct set out above was also conduct contrary to the public interest.

26. Staff reserves the right to amend these allegations and to make such further and other allegations as Staff deems fit and the Commission may permit.

DATED this 24th day of May, 2018.

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