



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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

22^e étage
20, rue queen ouest
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
GLOBAL RESP CORPORATION**

SETTLEMENT AGREEMENT

PART I - INTRODUCTION

1. It is critical that all respondents comply with orders of the Ontario Securities Commission (the ‘Commission’) to ensure that the purposes of Commission orders are achieved and to foster confidence in the capital markets.

2. This matter concerns Issam El-Bouji (“Bouji”) and the order dated April 16, 2014 of the Ontario Securities Commission (the “Commission” or the “OSC”) prohibiting Bouji from acting as a director or officer of any reporting issuer, registrant, investment fund manager (“IFM”) or the Global Educational Trust Foundation (the “Foundation”) until April 16, 2023 (the “2014 Order”). On or between January 17, 2015 and December 31, 2017 (the “Material Time”), Bouji acted as a *de facto* officer of the registrant, Global RESP Corporation (“Global RESP” or the “Respondent”), in breach of the 2014 Order. The Respondent has failed to implement and maintain a system of controls and supervision sufficient to ensure that Bouji complied with the 2014 Order.

3. The Commission will issue a Notice of Hearing (the “Notice of Hearing”) to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, RSO 1990, c. S.5, as amended (the “Act”), it is in the public

interest for the Commission to make certain orders against the Respondent in respect of the conduct described herein.

PART II - JOINT SETTLEMENT RECOMMENDATION

4. Staff of the Commission (“Staff”) recommends settlement of the proceeding (the “Proceeding”) against the Respondent commenced by the Notice of Hearing, in accordance with the terms and conditions set out in this Settlement Agreement. The Respondent consents to the making of an order (the “Order”) in the form attached as Schedule “A” to the Settlement Agreement based on the facts set out herein.

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

PART III - AGREED FACTS

6. Unless specifically stated to the contrary, the facts set out in this Settlement Agreement concern events taking place during the Material Time.

A. The Respondent

7. The Respondent, formerly known as Global Educational Marketing Corporation, was incorporated in Canada on or about June 11, 1997. The Respondent has been registered with the Commission as a dealer in the category of scholarship plan dealer since October 9, 1998.

8. The Respondent distributes units of the Global Educational Trust Plan (the “Plan”), a scholarship plan. Global Growth Assets Inc. (“GGAI”) is the registered IFM of the Plan. From December 19, 2009 to January 16, 2015, Bouji was the chief executive officer (“CEO”) and Ultimate Designated Person (“UDP”) of the Respondent. Bouji was an officer and the UDP of GGAI until January 16, 2015. In addition, Bouji is a director and a shareholder of Global Financial Associates Inc, which is the sole shareholder of the

Respondent and Bouji is the sole shareholder of GGAI. He was a director of Global RESP and GGAI and ceased to be a director on June 18, 2014.

B. The 2014 Order

9. On April 14, 2014, Bouji, the Respondent, GGAI, the Foundation and Margaret Singh entered into a settlement agreement with Staff (the “2014 Settlement Agreement”).

10. In the 2014 Settlement Agreement, the Respondent and the other respondents admitted to a number of breaches of Ontario securities law. The Respondent admitted and acknowledged that its compliance system did not meet reasonable compliance practices and that changes were required to strengthen its compliance system.

11. The parties 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 the Respondent and ordering that Bouji, GGAI and the Respondent be jointly and severally liable for an administrative penalty and costs of \$150,000 and \$75,000 respectively, the 2014 Order imposed sanctions against Bouji. In particular, Bouji was:

- permanently suspended as UDP of the Respondent 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.

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

13. One of the terms and conditions imposed on the Respondent’s registration by the 2014 Order was that the Respondent 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.

14. The 2014 Order is a decision of the Commission and constitutes Ontario securities law.

C. Bouji’s Conduct as De Facto Officer of the Respondent

15. The Respondent had communications with Staff of the CRR Branch in the fall of 2015 concerning what activities Bouji could be involved in. CRR Staff advised the Respondent that Bouji could be involved in recruiting sales staff although CRR Staff had concerns with Bouji taking a role in training staff unless and until the Consultant’s follow-up review required under the 2014 Order was completed to the satisfaction of the OSC Manager.

16. During the Material Time, Bouji was in charge of sales at the Respondent and was involved in the following conduct at the Respondent:

- i. *Recruitment* – Bouji participated in recruiting for sales positions, including senior level positions, such as for the positions of Branch Managers, Sales Directors and Vice President of Sales.
- ii. *Interviewing* – Bouji interviewed potential candidates for sales positions, including senior level positions.
- iii. *Hiring and Performance Reviews* – Bouji negotiated terms of employment and extended offers of employment on behalf of the Respondent. He also conducted formal and informal performance reviews of the Respondent’s sales staff including Sales Managers, Sales Directors and the Vice President of Sales.
- iv. *Terminating employees* – Bouji instructed senior level personnel, such as the Vice President of Sales, to terminate other employees, including senior level employees such as Sales Directors.

- v. *Training* – Bouji provided training to employees including the training of senior level personnel.
- vi. *Strategic sales planning* – Bouji directed and led strategic sales planning at the Respondent 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 level personnel for failing to reach various sales objectives and targets.
- vii. *Participation in meetings* – Bouji attended, presided over and presented at sales meetings, director meetings and executive meetings.
- viii. *Control over expenses* – Bouji exercised control over marketing and sales expenses incurred and to be incurred by the Respondent.
- ix. *Compensation* – Bouji set and adjusted the compensation structure (e.g. salary vs. commission-based) for the Respondent’s staff, including bonuses for senior level personnel.

17. 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.

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

D. The Respondent’s Failure to Implement an Adequate System of Controls and Supervision

19. During the Material Time, the Respondent failed to implement any policies and procedures to provide reasonable assurance of compliance with the 2014 Order.

20. Notwithstanding that the 2014 Order prohibited Bouji from acting as an officer of the Respondent, no procedures were implemented to prevent Bouji from acting as a *de*

facto vice president of sales for the Respondent and performing functions normally performed by an officer of the Respondent.

21. As a result, the Respondent permitted Bouji to act as a *de facto* officer of the company as set out in paragraphs 15 to 18 above.

22. The Respondent's failure to implement a system of controls and supervision sufficient to provide reasonable assurance of Bouji's compliance with the 2014 Order and to manage the risks associated with its business in accordance with prudent business practices breached section 11.1 of National Instrument 31-103 *Registrant Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") and section 32 of the Act.

E. Mitigating Factors

23. The Respondent requests that the panel presiding at the Settlement Hearing (as defined below) consider the following mitigating circumstances.

24. As set out in paragraph 15, the Respondent contacted CRR Staff in the fall of 2015 to make enquires as to what activities Bouji could be involved in.

25. The Respondent did not consider Vice President of Sales to be an officer position with the Respondent.

PART IV - NON-COMPLIANCE WITH ONTARIO SECURITIES LAW [AND/OR] CONDUCT CONTRARY TO THE PUBLIC INTEREST

26. The Respondent acknowledges and admits that, during the Material Time:

- (a) the Respondent failed to implement a system of controls and supervision sufficient to provide reasonable assurance that Bouji complied with Ontario securities law contrary to section 11.1 of NI 31-103 and section 32 of the Act; and
- (b) as set out in paragraphs 15 to 18 above, by permitting or acquiescing in the conduct set out above, the Respondent engaged in conduct contrary to the public interest.

PART V - TERMS OF SETTLEMENT

27. The Respondent agrees to the terms of settlement set out below and consents to the Order, which provides that:

- (a) this Settlement Agreement be approved, pursuant to subsection 127(1) of the Act;
- (b) the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
- (c) the following terms and conditions be imposed on the Respondent's registration:
 - (i) the Respondent shall not permit Bouji to provide any service to the Respondent of any kind, or to participate in the operations or management of the Respondent, whether as an employee, an independent contractor, unpaid service provider, or any capacity whatsoever, although Bouji, as the representative of the shareholder of the Respondent will maintain all of the rights as an indirect shareholder of the Respondent (subject to the terms and conditions imposed on the Respondent's registration) and will be permitted to attend and vote at the Respondent's shareholder meetings in the role as the representative of the Respondent's sole shareholder. Bouji is also permitted to receive communications in the normal course of a shareholder nature from the board and the CEO/UDP on a quarterly basis and periodically as required, which includes communicating the strategic direction of the regulated companies and the plan to achieve the strategy. Without restricting the generality of the foregoing, the Respondent will not permit Bouji directly or indirectly to:
 - A. act as an integral part of the mind and management of Global RESP and perform functions similar to those normally performed by an officer or director of the Respondent including:
 - a. proposing, nominating and appointing new officers;

- b. participating in any meeting of the board or any committee of the board, unless specifically invited to attend by the independent directors;
 - c. providing instructions or direction to management of the Respondent or to any legal or financial advisors on behalf of the Respondent;
 - d. having signing authority for the Respondent including without limitation signing authority over any bank or other accounts of the Respondent;
 - e. hiring, supervising or terminating staff of the Respondent or providing input or participating in decisions relating to hiring, supervising or terminating staff or to executive compensation;
- B. participate in any decisions with or attempt in any way to influence management or the board of the Respondent, or make any recommendations in relation to decisions: (a) affecting the compliance by the Respondent with securities legislation, including its system of controls and supervision; and (b) relating to the preparation of any filing or disclosure documents required to be submitted or filed by the Respondent under Ontario securities law, except as required by law in respect of Bouji's individual filing requirements;
- C. play any role (other than as a representative of the shareholder) in the Respondent's financial affairs; and
- D. play any role in the business or day-to-day management of the Respondent;

- (ii) the Respondent shall not enter into any oral or written retainer, with or without compensation, that allows Bouji to act as a consultant, advisor or supplier of any services to the Respondent;
- (iii) the Respondent shall prepare and maintain written policies and procedures designed to provide reasonable assurance that the Respondent is complying with subparagraphs 27(c)(i) and (ii) above, and shall take reasonable steps to ensure that all senior level personnel of the Respondent review those policies and procedures and agree to abide by them,

pursuant to paragraph 1 of subsection 127(1) of the Act;

- (d) the Respondent pay an administrative penalty in the amount of \$50,000, pursuant to paragraph 9 of subsection 127(1) of the Act, to be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
- (e) the Respondent pay costs of the investigation in the amount of \$25,000, pursuant to section 127.1 of the Act.

28. The Respondent consents to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraph 27, other than subparagraphs 27(a), 27(d) and 27(e). These sanctions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

29. The Respondent agrees to attend at the hearing before the Commission to consider the Settlement Agreement.

30. The Respondent agrees to make the payments referred to in paragraphs 27(d) and (e) by certified cheque at the hearing before the Commission to approve this Settlement Agreement, if this Settlement Agreement is approved.

31. The Respondent acknowledges that this Settlement Agreement and the Order may form the basis for orders of parallel effect in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions allow orders made in this matter to take effect

in those other jurisdictions automatically, without further notice to the Respondent. The Respondent should contact the securities regulator of any other jurisdiction in which the Respondent intends to engage in any securities or derivatives-related activities, prior to undertaking such activities.

PART VI - FURTHER PROCEEDINGS

32. If the Commission approves this Settlement Agreement, Staff will not commence or continue any proceeding against the Respondent under Ontario securities law based on the misconduct described in Part III of this Settlement Agreement, unless the Respondent fails to comply with any term in this Settlement Agreement, in which case Staff may bring proceedings under Ontario securities law against the Respondent that may be based on, among other things, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

33. The Respondent acknowledges that, if the Commission approves this Settlement Agreement and the Respondent fails to comply with any term in it, the Commission is entitled to bring any proceedings necessary to, among other things, recover the amounts set out in sub-paragraphs 27(d) and 27(e) above.

34. The Respondent waives any defences to a proceeding referenced in paragraphs 33 or 34 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement.

PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT

35. The parties will seek approval of this Settlement Agreement at a public hearing (the "Settlement Hearing") before the Commission, which shall be held on a date determined by the Secretary to the Commission in accordance with this Settlement Agreement and the Commission's *Rules of Procedure and Forms* adopted on October 31, 2017.

36. The Respondent will attend the Settlement Hearing.

37. The parties confirm that this Settlement Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

38. If the Commission approves this Settlement Agreement:

- (a) the Respondent irrevocably waives all rights to a full hearing, judicial review or appeal of this matter under the Act; and
- (b) 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.

39. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may be available.

PART VIII - DISCLOSURE OF SETTLEMENT AGREEMENT

40. If the Commission does not make the Order:

- (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the Settlement Hearing will be without prejudice to Staff and the Respondent; and
- (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in a Statement of Allegations that may be issued in respect of the Proceeding. Any such proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.

41. The parties will keep the terms of this Settlement Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law.

PART IX - EXECUTION OF SETTLEMENT AGREEMENT

42. This Settlement Agreement may be signed in one or more counterparts which together constitute a binding agreement.

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

DATED at Toronto, Ontario this 22nd day of May, 2018.

“Russell Mercado”

Witness: Russell Mercado

Global RESP Corporation

By: *“Alex Manickaraj”*

Name: Alex Manickaraj
Title: Acting UDP/CEO

DATED at Toronto, Ontario, this 22nd day of May, 2018.

COMMISSION STAFF

By: *“Jeff Kehoe”*

Name: Jeff Kehoe
Title: Director, Enforcement Branch

Schedule "A"



Ontario
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de l'Ontario

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22e étage
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File No.: 2018-26

**IN THE MATTER OF
GLOBAL RESP CORPORATION**

Timothy Moseley, Vice-Chair and Chair of the Panel
Deborah Leckman, Commissioner
William J. Furlong, Commissioner

May 25, 2018

ORDER

(Subsection 127(1) and section 127.1 of the
Securities Act, RSO 1990, c S.5)

WHEREAS on May 25, 2018, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the Application made jointly by Global RESP Corporation (the **Respondent** or **Global RESP**) and Staff of the Commission (**Staff**) for approval of a settlement agreement dated May 22, 2018 (the **Settlement Agreement**);

ON READING the Joint Application Record for a Settlement Hearing, including the Statement of Allegations dated May 22, 2018, the Settlement Agreement and the Consent of the parties to an Order in substantially this form, and on hearing the submissions of counsel for both parties;

IT IS ORDERED THAT:

- (a) the Settlement Agreement be approved;
- (b) pursuant to paragraph 6 of subsection 127(1) of the Act, Global RESP be reprimanded;
- (c) pursuant to paragraph 1 of subsection 127(1) of the Act, the following terms and conditions be imposed on the Respondent's registration:
 - (i) the Respondent shall not permit Issam El-Bouji (**Bouji**) to provide any service to the Respondent of any kind, or to participate in the operations or management of the Respondent, whether as an employee, an independent contractor, unpaid service provider, or any capacity whatsoever, although Bouji, as the representative of the shareholder of the Respondent will maintain the rights as an indirect shareholder of the Respondent (subject to the terms and conditions imposed on the Respondent's registration) and will be permitted to attend and vote at the Respondent's shareholder meetings in the role as the representative of the Respondent's sole shareholder. Bouji is

also permitted to receive communications in the normal course of a shareholder nature from the board and the CEO/UDP on a quarterly basis and periodically as required, which includes communicating the strategic direction of the regulated companies and the plan to achieve the strategy. Without restricting the generality of the foregoing, the Respondent will not permit Bouji directly or indirectly to:

- A. act as an integral part of the mind and management of Global RESP and perform functions similar to those normally performed by an officer or director of the Respondent including:
 - a. proposing, nominating and appointing new officers;
 - b. participating in any meeting of the board or any committee of the board, unless specifically invited to attend by the independent directors;
 - c. providing instructions or direction to management of the Respondent or to any legal or financial advisors on behalf of the Respondent;
 - d. having signing authority for the Respondent including without limitation signing authority over any bank or other accounts of the Respondent;
 - e. hiring, supervising or terminating staff of the Respondent or providing input or participating in decisions relating to hiring, supervising or terminating staff or to executive compensation;
 - B. participate in any decisions with or attempt in any way to influence management or the board of the Respondent, or make any recommendations in relation to decisions: (a) affecting the compliance by the Respondent with securities legislation, including its system of controls and supervision; and (b) relating to the preparation of any filing or disclosure documents required to be submitted or filed by the Respondent under Ontario securities law, except as required by law in respect of Bouji's individual filing requirements;
 - C. play any role (other than as a representative of the shareholder) in the Respondent's financial affairs; and
 - D. play any role in the business or day-to-day management of the Respondent;
- (ii) the Respondent shall not enter into any oral or written retainer, with or without compensation, that allows Bouji to act as a consultant, advisor or supplier of any services to the Respondent;
 - (iii) the Respondent shall prepare and maintain written policies and procedures designed to provide reasonable assurance that the Respondent is complying with subparagraphs (c)(i) and (c)(ii) above,

and shall take reasonable steps to ensure that all senior level personnel of the Respondent review those policies and procedures and agree to abide by them;

- (d) pursuant to paragraph 9 of subsection 127(1) of the Act, the Respondent pay an administrative penalty in the amount of \$50,000, to be designated for allocation or use by the Commission in accordance with clause 3.4(2)(b) of the Act; and
- (e) pursuant to section 127.1 of the Act, the Respondent pay costs of the investigation in the amount of \$25,000.

Timothy Moseley

Deborah Leckman

William J. Furlong