



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22e étage  
20, rue queen ouest  
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**IN THE MATTER OF CLIFTON BLAKE ASSET MANAGEMENT LTD., CLIFTON  
BLAKE MORTGAGE FUND TRUST, QASIM (KC) DAYA, VICTOR HSU, AND WESLEY  
MYLES**

**SETTLEMENT AGREEMENT**

**PART I – INTRODUCTION**

1. Registration requirements under Ontario securities law are set out in the *Securities Act*, RSO 1990 c S.5 (the “Act”) and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”). Mortgage investment entities (“MIEs”) that invest all or substantially all of their assets in mortgages and are in the business of trading securities, which include the distribution of the securities of MIEs, require registration.
2. CSA Staff Notice 31-323 *Guidance Relating to the Registration Obligations of Mortgage Investment Entities*, which was published in February 2011, re-iterates that MIEs, or any other person or company trading in the securities of an MIE, is required to register with the Ontario Securities Commission (the “Commission”) if it is in the business of trading securities. Staff Notice 81-722 *Mortgage Investment Entities and Investment Funds*, which was published in September 2013, provides further guidance on the distinction between MIEs and investment funds and their respective registration requirements. This information is reiterated to market participants in OSC Staff Notice 33-738 *2012 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers*. This information was publicly available during the Relevant Period (defined below).

3. The parties shall jointly file a request that the Commission issue a Notice of Hearing (the “Notice of Hearing”) to announce that it will hold a public hearing to consider whether, pursuant to section 127 of the Act, it is in the public interest for the Commission to make certain orders in respect of Clifton Blake Asset Management Ltd. (“CBAM”), Clifton Blake Mortgage Fund Trust (“CBMF Trust”), Qasim (KC) Daya (“Mr. Daya”), Victor Hsu (“Mr. Hsu”), and Wesley Myles (“Mr. Myles”) (collectively, the “Respondents”).

## **PART II - JOINT SETTLEMENT RECOMMENDATION**

4. Staff of the Commission (“Staff”) recommend settlement of the proceeding (the “Proceeding”) against the Respondents to be commenced by the Notice of Hearing, in accordance with the terms and conditions set out in this settlement agreement (the “Settlement Agreement”). The Respondents consent to the making of an order (the “Order”), in substantially 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 Respondents agree with the facts set out in Part III and the conclusions in Part IV of this Settlement Agreement.

## **PART III - AGREED FACTS**

### **A. OVERVIEW**

5. From July 2015 to December 2016 (the “Relevant Period”), the Respondents were in the business of trading in the securities of the CBMF Trust in Ontario. The Respondents sold approximately \$25 million worth of units in CBMF Trust, an MIE, to approximately 144 investors, most of whom live in Ontario. The Respondents were not registered with the Commission and no registration exemption was available.
6. During the Relevant Period, trades in the units of CBMF Trust were made in reliance on prospectus exemptions since no prospectus or preliminary prospectus had been filed with the Commission. While the Respondents sought to rely on prospectus exemptions, they failed to

comply with the applicable requirements on certain occasions and in those cases an exemption was therefore not available.

7. The Respondents engaged in conduct contrary to the public interest by failing to adequately know their clients and ensure “Know Your Client” (“KYC”) information was collected and assessed for each investor in the CBMF Trust, and thereby failed to ensure the investments were suitable for each of the investors.

## **B. THE RESPONDENTS**

8. CBAM operates a broad-based Ontario real estate business including development, asset management, property management, and mortgage lending and administration. CBAM also raises capital through the sale of partnership units in real estate private equity funds (the “CB Funds”) and the sale of units in the CBMF Trust. All of the CB Funds are Ontario limited partnerships of which CBAM is the general partner. CBAM manages the CB Funds and the CBMF Trust.
9. In June 2015, CBAM and the Principals (as defined below) established the CBMF Trust, an MIE with a pooled mortgage fund structure, with Clifton Blake Capital Corp. (“CBCC”) as the originator and administrator of the mortgage loans funded by CBMF Trust. Clifton Blake Mortgage Fund LP (“CBMF LP”) is an Ontario limited partnership wholly owned by CBMF Trust which holds the portfolio of first and second mortgages funded by the CBMF Trust.
10. CBMF Trust is a mutual fund trust for tax purposes that carries on a mortgage origination and lending business. The CBMF Trust is managed by CBAM. The Trustee is Caledon Trust, which also has a limited management role. The units of CBMF Trust are redeemable in accordance with the terms of CBMF Trust’s Trust Agreement dated June 26, 2015 (the “Declaration of Trust”), which governs the CBMF Trust.
11. CBMF LP is an Ontario limited partnership of which the sole limited partner is the CBMF Trust. The CBMF LP does not conduct any activities other than holding the mortgage portfolio of the Trust.

12. Clifton Blake Mortgage Fund (GP) Inc. is a wholly owned subsidiary of CBAM, and is the general partner of the LP.
13. Mr. Daya is a resident of Toronto, Ontario. Mr. Daya is a partner in CBAM, the President and an indirect 33% owner of CBAM. Mr. Daya is licensed as a mortgage broker with FSCO and is the principal broker of CBCC.
14. Mr. Hsu is a resident of Toronto, Ontario. Mr. Hsu is a partner of CBAM and an indirect 33% owner of CBAM.
15. Mr. Myles is a resident of Toronto, Ontario. Mr. Myles is a partner in CBAM and an indirect 33% owner of CBAM.

**C. CBCC**

16. CBCC has advised Staff that it intends to seek registration as an Exempt Market Dealer (“EMD”). CBCC is an Ontario corporation and a wholly owned subsidiary of CBAM operating in Ontario. CBCC is licensed with the Financial Services Commission of Ontario (“FSCO”) as a mortgage broker and administrator. CBCC originates and administers mortgages on behalf of the CBMF Trust. Mr. Daya is the principal broker for CBCC.
17. CBCC, through its senior management and credit committee, evaluates each mortgage loan and property prior to funding, and monitors its construction loans and assets, including conducting site visits.

**D. UNREGISTERED TRADING**

18. CBAM is owned indirectly by Messrs Daya, Hsu, and Myles (collectively, the “Principals”). CBAM began the business of trading in securities in July 2015 when CBAM began selling units in the CBMF Trust.
19. During the Relevant Period, investors in the CBMF Trust subscribed by executing a subscription agreement confirming they were accredited investors, or alternatively, family,

friends and business associates. Investors who invested during the period from October 2016 onward made a capital commitment contingent upon the CBMF Trust finding suitable mortgages to fund in order to increase the CBMF Trust portfolio. Investors only contributed their capital when the CBMF Trust identified a mortgage and then “called” for the capital. Investors received CBMF Trust units once the capital was contributed.

20. Initially CBAM raised \$6.45 million from 15 investors through the sale of units in the CBMF Trust. However, by December 2016, CBAM had raised \$25 million through the sale of units in the CBMF Trust from approximately 144 investors. The significant increase in the number of investors, some of whom contributed only nominal amounts, was in part to qualify CBMF Trust as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) R.S.C., 1985, c. 1 (5th Supp.).
21. No sales commissions or referral fees were charged or paid in respect of these sales.
22. The units of the CBMF Trust are securities as that term is defined in subsection 1(1) of the Act. However, they are not of the nature to permit reliance upon the licensed mortgage broker dealer registration or prospectus exemptions available pursuant to subsections 35(4) and 73.2(3) of the Act. During the Relevant Period, none of the Respondents were registered in any capacity with the Commission.
23. On July 27, 2016, CBCC applied to be registered with the Commission as an EMD in order to act as a dealer in respect of securities of the CBMF Trust and the CB Funds, as well as any future Clifton Blake MIE or fund that might be created. CBCC withdrew this application at Staff’s request on March 1, 2017 pending the completion of the enforcement proceeding underlying this agreement.
24. In the context of reviewing CBCC’s application for registration, Staff of the Compliance and Registration Regulation (“CRR”) Branch examined CBAM on a voluntary basis. On December 7, 2016, the date of the interview, CBAM voluntarily ceased trading in securities of, amongst other things, the CBMF Trust. At the interview, CBAM’s representatives expressed uncertainty about CBAM’s legal obligations. Based on the information provided

by CBAM's representatives, CRR Staff advised that registration was likely required and asked CBAM to stop making distributions.

25. On or about November 1, 2017, CBAM retained an EMD to, amongst other things, conduct a suitability analysis for CBMF Trust investors. The EMD has completed its mandate and produced a report.
26. During the Relevant Period, the Respondents engaged in the business of trading in securities by selling units of the CBMF Trust to the public. As such, the Respondents required dealer registration, yet failed to register under the Act despite there being no exemptions to the registration requirement available to the Respondents under Ontario securities law, contrary to subsection 25(1) of the Act.

#### **E. ILLEGAL DISTRIBUTIONS OF CBMF TRUST SECURITIES**

27. The units of the CBMF Trust had not been previously issued. No prospectus or preliminary prospectus was filed with the Commission and no receipt for them has ever been issued by the Director as required by subsection 53(1) of the Act with respect to the trades of the units of the CBMF Trust.
28. When distributing units of CBMF Trust, the Respondents sought to rely upon the accredited investor and the family, friends and business associates prospectus exemptions. CBAM filed exempt distribution reports required by National Instrument 45-106 – *Prospectus Exempt Distributions* (“NI 45-106”) with the Commission for the distributions made by the CBMF Trust. In certain circumstances, the Respondents failed to comply with the applicable requirements of the friends, family and business associates exemption. The EMD has determined that five of the CBMF Trust investors were ineligible for prospectus exemptions. Two of these five investors voluntarily redeemed their investments effective February 1, 2019.

**F. FAILURE TO MEET OBLIGATIONS AS A DEALER**

29. During the Relevant Period, the Respondents acted as a securities dealer that sold only securities of related issuers.
30. The Respondents did not adequately collect or consider KYC information from investors and did not examine investors' portfolios to ensure that investments in the CBMF Trust were suitable for them.
31. Investors in the CBMF Trust completed subscription agreements and received certificates evidencing their investment. The subscription agreements included forms by which investors could indicate upon which prospectus exemption they were relying. However, aside from checking to see that these forms had been completed, there was no formal KYC review conducted with prospective investors to see if they qualified for the prospectus exemption.
32. CBAM began collecting formal KYC information in June 2016 for existing investors. In September 2016, a more comprehensive KYC document was developed and put into use.
33. The EMD has determined that 12 investors made unsuitable investments in the CBMF Trust, each of whom signed a waiver and risk acknowledgment form and advised the EMD they wished to maintain their investment.

**G. LIABILITY OF DIRECTORS AND OFFICERS**

34. During the Relevant Period the Principals as directors and/or officers of CBAM and *de facto* directors and/or officers of CBMF Trust, authorized, permitted or acquiesced in the corporate Respondents' non-compliance with Ontario securities law.

**H. CONDUCT CONTRARY TO THE PUBLIC INTEREST**

35. The conduct described above was contrary to the fundamental purposes and principles of the Act found in subsections 1.1 and 2.1 of the Act and contrary to the public interest.

## **I. COOPERATION WITH STAFF AND OTHER MITIGATING FACTORS**

36. The Respondents request that the Settlement Hearing panel consider the following mitigating circumstances. Staff do not object to the mitigating circumstances set out by the Respondents below.
37. The Respondents have fully cooperated with Staff's investigation.
38. The Respondents have never been registered in any capacity with the Commission and had no experience with securities registration requirements until the present matter.
39. CBAM retained an EMD, at its own expense and that of the Principals, to conduct a review of the CBMF Trust investments made during the Relevant Period on terms negotiated with and acceptable to Staff. The EMD has completed its mandate. To date, CBAM and the Principals have spent \$117,000 on this engagement. The EMD has conducted the following review and instituted the following steps with regard to the investors who invested in the CBMF Trust during the Relevant Period:
  - a. The EMD contacted the investors who invested in the CBMF Trust during the Relevant Period. The EMD conducted KYC suitability analyses of these investors in accordance with sections 13.2 and 13.3 of NI 31-103, except as described in subparagraph (e) below;
  - b. With respect to those investors that the EMD determined made unsuitable investments, the EMD advised each of them of the reasons for its conclusion that their investments in the CBMF Trust were unsuitable and that the investor had the right to redeem their investments;
  - c. For any investors who were identified by the EMD to have made unsuitable investments in the CBMF Trust, but declined to redeem their units, the EMD requested these investors to sign acknowledgements indicating that:

- i. They had a meaningful discussion with the EMD about the unsuitability of their investments;
    - ii. They had been specifically advised of the reasons for the EMD's conclusions regarding the unsuitability of their investments; and
    - iii. They instructed the EMD that they wished to retain their investments;
  - d. The EMD reviewed all of the investments made in the CBMF Trust to determine if a prospectus exemption is available for each investor, or was available at the time of the investment. Three investors currently invested in the CBMF Trust, who invested a combined total of \$16,000, did not and do not qualify for any prospectus exemption and have declined CBAM's offers to date to redeem their investments; and
  - e. 17 CBMF Trust investors did not respond to the EMD's repeated attempts to contact them, and as a result the EMD was not able to hold a meaningful discussion with regard to suitability and exemption status with these investors. The EMD conducted such exemption and suitability analysis as was possible from the information available in CBAM's files, and has no suitability concerns with regard to these investors. Each of these investors invested a *de minimis* amount and/or is an accredited investor, a permitted client, or the spouse of a permitted client. These investors have been informed that they may redeem their investments at any time.
- 40. The EMD produced a report, signed by the Ultimate Designated Person of the EMD and the Chief Compliance Officer of the EMD, indicating that the review has been completed (the "Report"). The Report included, among other items:
  - a. The number of investors for whom the review was completed;
  - b. An attestation that the EMD had completed the review for the investors included in item (a);
  - c. The number of investors who were identified by the EMD to have made unsuitable investments in the CBMF Trust;

- d. The number of investors who were identified by the EMD to be permitted clients and whether the investor chose to waive, in writing, the EMD's obligation to conduct a suitability analysis;
  - e. The number of investors who signed an acknowledgment form as described in paragraph 39(c) (because they declined to redeem the units despite the EMD's finding that the investment is not suitable);
  - f. A description of the information and documentation provided to investors for whom it was determined that the investment was unsuitable; and
  - g. The number of investors who had not responded despite repeated attempts by the EMD to contact them, and about whom certain information about exemption status and suitability was available from CBAM's files, as described at subparagraph 39(e) above.
41. Should the review and changes outlined above have required, the Respondents agree to make any revisions to the reports of exempt distributions for investments made during the Relevant Period.
42. Of the investors reviewed, 12 investors were determined to have made unsuitable investments in the CBMF Trust, each of whom has subsequently signed a waiver and risk acknowledgement form and advised the EMD they wish to retain their investments, as described in subparagraph 39(c) above. Only five have been identified as ineligible for any prospectus exemption. Two of these five investors have redeemed their investments effective February 1, 2019. The remaining three investors declined offers from CBAM to redeem their investments, as described at subparagraph 39(d) above. These three investors invested a combined total of \$16,000 in the CBMF Trust.
43. On January 12, 2017, Staff of the CRR Branch wrote to counsel for CBAM requesting additional information on the business of CBAM and related or affiliated entities, including information relevant to registration and distribution requirements pursuant to Ontario securities law, which was provided on January 27, 2017. On February 27, 2017, during a

conference call, CBAM voluntarily agreed to continue the cease trade, and agreed not to issue any new funds without prior notice to Staff. Commencing on or about April 2017, CBAM began distributing securities in the CBMF Trust through the EMD with Staff's prior approval.

44. Staff have found no evidence of any dishonest or deceptive conduct by the Respondents. The CMBF Trust appears to have been profitable and multiple investors have declined offers to redeem their investments. The units of CBMF Trust are redeemable in accordance with the terms of the Declaration of Trust governing CBMF Trust.

#### **PART IV - CONTRAVENTIONS OF ONTARIO SECURITIES LAW**

45. By engaging in the conduct described above, the Respondents admit and acknowledge that they have breached Ontario securities law and engaged in conduct contrary to the public interest. In particular:
- a. CBAM engaged in the business of, or held themselves out as engaging in the business of, trading in securities of the CBMF Trust, without being registered in accordance with Ontario securities law as a dealer, contrary to subsection 25(1) of the Act, and where there were no exemptions available;
  - b. Certain of the distributions in the CBMF Trust were made in reliance on the family, friends and business associates exemption. In certain circumstances, the Respondents failed to comply with the applicable requirements of the friends, family and business associates exemption, and in those cases an exemption was therefore not available. These distributions constituted distributions of securities in circumstances where: (1) no preliminary prospectus and prospectus were filed and receipts had not been issued for them by the Director; and, (2) where there were no exemptions available under Ontario securities law, contrary to section 53 of the Act;
  - c. The Respondents engaged in conduct contrary to the public interest by failing to adequately know their clients and ensure sufficient KYC information was collected

for each investor in the CBMF Trust in order to ensure the investments were suitable for each of the investors; and

- d. The Principals, as directors and/or officers of CBAM and *de facto* directors and/or officers of the CBMF Trust, authorized, permitted or acquiesced in CBAM's and CBMF Trust's non-compliance with Ontario securities law as set out above, and accordingly, failed to comply with Ontario securities law contrary to section 129.2 of the Act.

## **PART V - TERMS OF SETTLEMENT**

46. The Respondents agree to the terms of settlement listed below and to the Order in substantially the form attached as Schedule "A" to this Settlement Agreement, to be made by the Commission pursuant to section 127 of the Act, the terms of which include that:
  - a. The Settlement Agreement be approved;
  - b. Each of the Respondents be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
  - c. Three investors currently invested in the CBMF Trust, who invested a combined total of \$16,000, did not and do not qualify for any prospectus exemption and have declined CBAM's offers to date to redeem their investments. Given the *de minimis* number of investors and amounts at issue, CBAM and the Principals shall not be required to redeem the investments of these investors; however, CBAM and the Principals shall redeem these investments, if requested by the investor, in accordance with the terms of the Declaration of Trust as they exist on the date of the Order, and notwithstanding any future amendments to the Declaration of Trust;
  - d. CBAM and the Principals shall redeem the investments of the 17 CBMF Trust investors with whom the EMD was not able to hold a meaningful discussion with regard to suitability and exemption status, described at subparagraph 39(e) above, if requested by the investor, in accordance with the terms of CBMF Trust's Declaration

of Trust as they exist on the date of the Order, and notwithstanding any future amendments to the Declaration of Trust;

- e. CBAM and the Principals shall pay an administrative penalty of \$100,000, on a joint and several basis, which is designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act, pursuant to paragraph 9 of subsection 127(1) of the Act; and
  - f. Pursuant to subsection 127(2) of the Act, the following term and condition applies to the approval of this Settlement Agreement: the Respondents shall for a period of two years following the approval of the settlement agreement provide to any dealer registered under Ontario securities law engaged by the Respondents a copy of the Settlement Agreement and of the Order approving the Settlement Agreement.
47. The Respondents undertake to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing the requirement set out in subparagraph 46(f) above. This requirement may be modified to reflect the provisions of the relevant provincial or territorial securities law.
48. The Respondents agree to attend in person at the hearing before the Commission to consider the approval of this Settlement Agreement.
49. The Respondents agree to make the payment specified in subparagraph 46(e), by certified cheque prior to the issuance of any Commission order approving this Settlement Agreement.
50. The voluntary cease trade in respect of the securities of CBMF Trust and the CB Funds shall terminate on the date of the Commission's order approving this Settlement Agreement, and any subsequent trades of securities of the CBMF Trust and the CB Funds will be made through or to a dealer registered under Ontario securities law in a category that permits such trade, or by the Respondents directly only if and when registered to conduct such trades.

51. This Settlement Agreement, including any failure to satisfy the terms of the Settlement Agreement, may be considered as a factor relevant to suitability for registration in any future application for registration by the Respondents.
52. 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 Respondents. The Respondents agree to contact the securities regulator of any other jurisdiction in which they may intend to engage in any securities-related activities, prior to undertaking such activities.

#### **PART VI - STAFF COMMITMENT**

53. If the Commission approves this Settlement Agreement, Staff will not commence or continue any proceeding against the Respondents under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 54 below.
54. If the Commission approves this Settlement Agreement and the Respondents fail to comply with any of the terms of this Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondents. These proceedings may be based on, but will not be limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

#### **PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT**

55. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission to be conducted according to the procedures set out in this Settlement Agreement and the Commission's Rules of Procedure.
56. This Settlement Agreement will form all of the agreed facts that will be submitted at the Settlement Hearing on the Respondents' conduct, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

57. If the Commission approves this Settlement Agreement, the Respondents irrevocably waive all right to a full hearing, judicial review or appeal of this matter under the Act.
58. If the Commission approves this Settlement Agreement, neither Staff nor the Respondents will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.
59. Whether or not the Commission approves this Settlement Agreement, the Respondents 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 otherwise be available.

#### **PART VIII - DISCLOSURE OF SETTLEMENT AGREEMENT**

60. If the Commission does not approve this Settlement Agreement or does not make an order in substantially the form attached as Schedule "A" to this Settlement Agreement:
  - a. This Settlement Agreement and all discussions and negotiations between Staff and the Respondents before the Settlement Hearing takes place will be without prejudice to Staff and the Respondents; and
  - b. Staff and the Respondents will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Statement of Allegations of Staff in this matter. 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.
61. The parties will keep the terms of this Settlement Agreement confidential until the Commission approves this Settlement Agreement, subject to the parties' need to make submissions at the public hearing.

**PART IX - EXECUTION OF SETTLEMENT AGREEMENT**

- 62. This Settlement Agreement may be signed in one or more counterparts which, together, constitute a binding agreement.
  
- 63. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

Dated at *Toronto* this *21<sup>st</sup>* day of *March*, 2019.

*“Nicholas Dobbek”*

\_\_\_\_\_  
Witness (print name):

*“Qasim (KC) Daya”*

\_\_\_\_\_  
Qasim (KC) Daya

*“Nicholas Dobbek”*

\_\_\_\_\_  
Witness (print name):

*“Victor Hsu”*

\_\_\_\_\_  
Victor Hsu

*“Nicholas Dobbek”*

\_\_\_\_\_  
Witness (print name):

*“Wesley Myles”*

\_\_\_\_\_  
Wesley Myles

**CLIFTON BLAKE ASSET MANAGEMENT LTD.**

*“Qasim (KC) Daya”*

\_\_\_\_\_  
By: Qasim (KC) Daya  
President

**CLIFTON BLAKE MORTGAGE FUND TRUST,  
by its manager, CLIFTON BLAKE ASSET MANGEMENT  
LTD.**

*“Qasim (KC) Daya”*

\_\_\_\_\_

By: Qasim (KC) Daya  
President

Dated at Toronto this *22nd* day of *March*, 2019.

**ONTARIO SECURITIES COMMISSION**

*“Jeff Kehoe”*

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Jeff Kehoe

Director, Enforcement Branch

## SCHEDULE "A"



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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20 Queen Street West  
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### IN THE MATTER OF CLIFTON BLAKE ASSET MANAGEMENT LTD., CLIFTON BLAKE MORTGAGE FUND TRUST, QASIM (KC) DAYA, VICTOR HSU, AND WESLEY MYLES

File No. \_\_\_\_\_

[Name(s) of Commissioner(s) comprising the Panel]

[Day and date Order made]

## ORDER

(Section 127 of the  
*Securities Act*, RSO 1990 c S.5)

**WHEREAS** on \_\_\_\_, 2019, 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 approval of a settlement agreement dated \_\_\_\_, 2019 (the **Settlement Agreement**) between Staff of the Commission and Clifton Blake Asset Management Ltd. (**CBAM**), Clifton Blake Mortgage Fund Trust (**CBMF Trust**), Qasim (KC) Daya, Victor Hsu, and Wesley Myles (collectively, the **Respondents**).

**ON READING** the Statement of Allegations dated \_\_\_\_, 2019 and the Settlement Agreement and on hearing the submissions of the representatives of each of the parties,

### IT IS ORDERED THAT:

1. The Settlement Agreement is approved;
2. Each of the Respondents is reprimanded, pursuant to paragraph 6 of subsection 127(1) of the *Securities Act*, RSO 1990 c S.5 (the **Act**);

3. The Respondents excluding CBMF Trust shall redeem the following investments upon investor request:
  - a. If requested by any of the three investors currently invested in the CBMF Trust who did not and do not qualify for any prospectus exemption and have declined CBAM's offers to date to redeem their investments, redemption of the requesting investor's investment shall be in accordance with the terms of CBMF Trust's Trust Agreement dated June 26, 2015 (the **Declaration of Trust**) as they exist on the date of this Order, and notwithstanding any future amendments to the Declaration of Trust;
  - b. If requested by any of the 17 CBMF Trust investors with whom the Exempt Market Dealer retained by CBAM was not able to hold a meaningful discussion with regard to suitability and exemption status, as described at subparagraph 39(e) of the Settlement Agreement, redemption of the requesting investor's investment shall be in accordance with the terms of the Declaration of Trust as they exist on the date of this Order, and notwithstanding any future amendments to the Declaration of Trust;
4. The Respondents excluding CBMF Trust shall pay an administrative penalty of \$100,000 pursuant to paragraph 9 of subsection 127(1) of the Act, on a joint and several basis, which amount is designated for allocation or for use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act; and
5. Pursuant to subsection 127(2) of the Act, the following term and condition applies to the approval of the Settlement Agreement in this Order: the Respondents shall for a period of two years following the approval of the settlement agreement provide to any dealer registered under Ontario securities law engaged by the Respondents a copy of the Settlement Agreement and of this Order approving the Settlement Agreement.