

IN THE MATTER OF:

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA**

AND

MOHAMMAD MOVASSAGHI

NOTICE OF HEARING

An initial appearance (“Initial Appearance”) will be held before a hearing panel (“Hearing Panel”) of the Investment Industry Regulatory Organization of Canada (“IIROC”) pursuant to Sections 8203 and 8205 of the Consolidated Enforcement, Examination and Approval Rules of IIROC in this matter. The purpose of the Initial Appearance is to schedule a hearing (“Hearing”).

The Initial Appearance will be held on: June 16, 2020 at 12:45 p.m. (Pacific Time)

The Initial Appearance will be held at: Via Teleconference

The Respondent must serve a Response (“Response”) to this Notice of Hearing and the Statement of Allegations dated [date] (“Statement of Allegations”) in accordance with Section 8415 within 30 days from the effective date of service of this Notice of Hearing.

If the Respondent does not file a Response in accordance with Section 8415(1), the Initial Appearance may be immediately converted to a Hearing.

If the Respondent files a Response in accordance with Section 8415(1), the Initial Appearance will be immediately followed by an initial prehearing conference. In preparation for the prehearing conference, the Respondent must serve and file a prehearing conference form in accordance with Section 8416(5).

The purpose of the Hearing will be to determine whether the Respondent has committed the contraventions that are alleged by the staff of IIROC (“Staff”). The alleged contraventions are contained in the Statement of Allegations.

Pursuant to Section 8409, the Hearing will be conducted as a[n]:

- Oral Hearing
- Electronic Hearing
- Written Hearing

The Initial Appearance, the Hearing and all related proceedings will be subject to the Rules of Practice and Procedure as set out in Section 8400.

Pursuant to the Rules of Practice and Procedure, the Respondent is entitled to attend the Hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, and to make submissions to the Hearing Panel at the Hearing.

If the Respondent fails to serve a Response at the Hearing the Hearing Panel may, pursuant to Section 8415(4):

- (a) proceed with the hearing as set out in this Notice of Hearing, without further notice to the Respondent;
- (b) accept as proven the facts and contraventions set out by Staff in the Statement of Allegations; and
- (c) order sanctions and costs against the Respondent pursuant to Sections 8209, 8210 and 8214 and/or IROC Dealer Member Rules 20.33 and 20.34.

If the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by Staff in the Statement of Allegations, the Hearing Panel may, pursuant to Sections 8209 and 8210 and/or IROC Dealer Member Rules 20.33 and 20.34, impose any one or more of the following sanctions:

Where the Respondent is/was a Regulated Person who is not a Dealer Member:

- (a) a reprimand;
- (b) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention; [delete if not applicable]
- (c) a fine not exceeding the greater of:
 - (i) \$5,000,000/\$1,000,000 [select as appropriate] per contravention; and

- (ii) an amount equal to three times the profit made or loss avoided by the person, directly or indirectly, as a result of the contravention.
- (d) suspension of the person's approval or any right or privilege associated with such approval, including access to a Marketplace, for any period of time and on any terms and conditions;
- (e) imposition of any terms or conditions on the person's continued approval or continued access to a Marketplace;
- (f) prohibition of approval in any capacity, for any period of time, including access to a Marketplace;
- (g) revocation of approval;
- (h) a permanent bar to approval in any capacity or to access to a Marketplace;
- (i) permanent bar to employment in any capacity by a Regulated Person, [delete if not applicable] and
- (j) any sanction determined to be appropriate under the circumstances.

Where the Respondent is/was a Dealer Member:

- (a) a reprimand;
- (b) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention; [delete if not applicable]
- (c) a fine not exceeding the greater of:
 - (i) \$5,000,000 per contravention; and
 - (ii) an amount equal to three times the profit made or loss avoided by the Dealer Member, directly or indirectly, by reason of the contravention;
- (d) suspension of membership in IIROC or of any right or privilege associated with membership, including a direction to cease dealing with clients, for any period of time and on any terms and conditions;
- (e) imposition of any terms and conditions on the Dealer Member's continued membership, including on access to a Marketplace;

- (f) expulsion from membership and termination of the rights and privileges of membership, including access to a Marketplace;
- (g) a permanent bar to membership in IIROC; [delete if not applicable]
- (h) appointment of a monitor; [delete if not applicable] and
- (i) any other sanction determined to be appropriate under the circumstances.

If the Hearing Panel concludes that the Respondent did commit any or all of the contraventions alleged by the Staff in the Statement of Allegations, the Hearing Panel may assess and order any investigation and prosecution costs determined to be appropriate and reasonable in the circumstances pursuant to Section 8214 and/or IIROC Dealer Member Rule 20.49.

DATED this "28" day of April, 2020.

"National Hearing Coordinator"
NATIONAL HEARING COORDINATOR
Investment Industry Regulatory Organization of Canada
Suite 2000, 121 King Street West
Toronto, Ontario, M5H 3T9

IN THE MATTER OF:

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA**

AND

MOHAMMAD MOVASSAGHI

STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated April 28, 2020, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1

Between July and September 2016, the Respondent falsified client signatures on account documentation, or knew or ought to have known that certain of his clients' documents were falsified, or failed to exercise due diligence to ensure that certain clients' documents were not falsified contrary to Dealer Member Rule 29.1 and Consolidated Rule 1400 (for conduct after September 1, 2016).

Contravention 2

On December 14, 2016 and February 13, 2019, the Respondent misled Enforcement Staff in sworn interviews and thereby acted contrary to Consolidated Rule 1400.

Contravention 3

Between July and September 2016, the Respondent transferred several client accounts from Investors Group to Harbourfront without the full authorization of those clients and without

disclosing the total charges associated with the sale of deferred sales charge mutual funds held at Investors Group contrary to Dealer Member Rules 29.9 and 1300.1 (a).

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. The Respondent falsified client signatures on certain account documents, or in the alternative, he knew or ought to have known that the account documents had been falsified or in the further alternative, he failed to exercise due diligence as the advisor of record to ensure that clients' documents submitted to Harbourfront contained documents that were actually signed by the clients.
2. The Respondent was interviewed under oath on two separate occasions by Enforcement Staff and misled Enforcement Staff by stating that he was not aware of both falsified client signatures and client complaints relating to falsified signatures.
3. The Respondent transferred several client accounts without their full authorization and without disclosing the early redemption fees that would be incurred on the sale of Investors Group proprietary mutual fund products which could not be transferred in kind.

Background

4. Between May 22, 2013 and July 8, 2016, the Respondent was registered in British Columbia as a dealing representative (formerly known as a mutual fund salesperson) with Investors Group Financial Services Inc. ("IG"), a member of the Mutual Fund Dealers Association ("MFDA").
5. Prior to leaving IG in July 2016, the Respondent was working with KB who was also registered with the MFDA as a dealing representative. The Respondent and KB both moved to Harbourfront Wealth Management Inc. ("Harbourfront"), an IIROC Dealer Member in July 2016.

6. The Respondent's last day with IG was July 8, 2016 and his first day with Harbourfront was July 11, 2016.
7. On August 30, 2016, one of the Respondent's clients emailed the UDP of Harbourfront, the Respondent, KB and others, including the B.C. Securities Commission and the MFDA, about the forged documents and the transfer of her accounts from IG to Harbourfront. Upon receiving the email, the Respondent admitted his forgeries to Harbourfront. After receiving the email on August 30, 2016, Harbourfront told both the Respondent and KB to leave the office and not to contact any clients. On September 2, 2016, Harbourfront terminated the Respondent. KB continued to work at Harbourfront and became the advisor of record for the clients that were transferred from IG to Harbourfront.
8. On September 2, 2016, Harbourfront terminated the Respondent for forging a client's documents including transfer documents to transfer the client's account from IG to Harbourfront.
9. On June 28, 2017, an IIROC hearing panel accepted a settlement agreement between IIROC and the Respondent relating to the client forgeries which included an eight month suspension from registration in any capacity with IIROC (the "IIROC Settlement").
10. The Respondent admitted in the IIROC Settlement to forging the signature of a client on at least nine client documents to transfer the client's account from IG to Harbourfront. The Respondent admitted that he used the client's driver's license as a template to sign the documents.

Falsification of Account Documents

11. As a result of the forged client signatures identified on August 30, 2016, Harbourfront's compliance department sent some of the Respondent's clients a letter along with account

documentation requesting that the clients review the documents to ensure they were correct and to notify Harbourfront of any discrepancies.

12. In response, client DC sent an email on September 16, 2016 to KB noting several discrepancies in the documents, noting: "It would appear that Mo [the Respondent] has signed this document in my name. It is my understanding that I should be signing it as well. Is that correct?"
13. Client DC and EC also received a letter from IG's compliance department with transfer documents to confirm their signatures. DC emailed KB on November 6, 2016 stating that neither she nor EC had signed the transfer documents and asking why they were never asked to sign them. DC and EC also complained to KB again in February 2017 when they were again sent their account documents with signatures they said were falsified EC and DC's account documents were dated and signed by the Respondent on the same day as the purported signatures of EC and DC.
14. In response to an email from KB on August 24, 2016 about an investment product, client RM responded to KB in an email dated September 3, 2016 questioning how her IG accounts had been transferred to Harbourfront without her consent or any of her signatures. KB did not notify anyone at Harbourfront of this client email complaint. However, approximately 30 minutes after the September 3, 2016 client email complaint to KB, the Respondent who was no longer employed at Harbourfront, texted the client to call him. In a text exchange between RM and the Respondent, the Respondent texted the client on November 28, 2016 acknowledging her decision to move her accounts out of Harbourfront, apologizing for the stress he had caused the client and stating: "I should have known better. I can assure you that I'm not that person anymore who could ever tamper with a document. Too many sleepless nights and anxiety filled days take their toll!" RM's account documentation was dated and signed by the Respondent on the same day as the purported RM signature.

15. Harbourfront sent a welcoming letter to the Respondent's former clients in or around December 2016 enclosing the clients' signed New Client Application Forms and other account opening documents to review and requested that they contact Harbourfront with any discrepancies.
16. Several clients responded to this welcome package with emails to KB stating that their signatures had been falsified. KB did not notify Harbourfront of any of these email complaints.
17. Client CY received the Harbourfront welcome package dated December 15, 2016. CY's original account documentation was purported to be signed by her on August 8, 2016. In late September 2016, CY signed new account documents after KB noticed some discrepancies on CY's account opening documents. On December 22, 2016, CY emailed KB in response to receiving the Harbourfront welcome package with her original August 8, 2016 signed documents, noting that there were many discrepancies and that the documents were not the same ones that she signed. She stated: "Harbourfront obviously has the forged documents, why wasn't mine sent out to me as confirmation? ... Please in the future do not sign for me without my consent." CY's account documentation was dated and signed by the Respondent on the same day as the purported signature of CY.
18. Client RS received the December 15, 2016 Harbourfront welcome package with his account documents to review. On January 7, 2017, RS emailed KB stating that the signatures were not his. RS's account documentation was dated and signed by the Respondent on the same day as the purported signatures of RS.
19. The Respondent was not employed by Harbourfront when KB received the client email complaints. KB did not notify anyone at Harbourfront about the client email complaints. However, KB notified the Respondent after each of the clients' complaints regarding falsification of their account documentation. KB says that the Respondent denied the

falsification and asserted that the clients had either forgotten what they signed or that an administrative assistant was responsible for the falsification of signatures.

Misleading Enforcement Staff

20. In the course of Enforcement Staff's investigation of the Respondent's conduct that led to the IIROC Settlement, the Respondent was interviewed under oath on December 14, 2016. The Respondent stated several times that he had not forged any other client signatures.
21. At that time, the Respondent had already met with DC at her residence with KB, as a result of DC's September 16, 2016 email complaint. The Respondent had been terminated by Harbourfront prior to this meeting.
22. On November 28, 2016, the Respondent texted another client who had sent an email complaint to KB, apologizing to her, and making a statement about tampering with documents. KB contacted the Respondent about each of the client email complaints to get his response to the allegation.
23. When the Respondent was interviewed by Enforcement Staff on December 14, 2016, the Respondent knew or ought to have known about additional client complaints concerning falsification of signatures on client account documentation. At that time, Enforcement Staff was not yet aware of the additional client complaints that were sent to KB.
24. The Respondent was interviewed under oath by Enforcement Staff again on February 13, 2019. At this time, IIROC was aware of the additional client complaints. The Respondent denied forging any other client signatures other than the signature of the client that led to the IIROC Settlement.
25. The Respondent made several other misrepresentations to Enforcement Staff relating to the client account documentation including that client RM attended Harbourfront's office

on July 28, 2016 to sign documents and that he was not aware of RM's allegations until sometime in 2018.

26. Client RM did not attend Harbourfront's office on July 28, 2016 and was not even aware of the location of the Respondent's new office until she texted him on August 19, 2016 to get the location.
27. The Respondent texted with RM about her account and spoke several times about the unauthorized transfer of her account. After the Respondent was terminated from Harbourfront, the Respondent paid RM \$4746.87 to cover fees incurred in the unauthorized transfer of her account from IG to Harbourfront. This amount was paid in several installments with the last installment paid around July 10, 2017.

Failure to Disclose all Charges Before Transferring Client Accounts

28. Several clients' accounts were transferred without their written authorization. Some of these clients were aware that the Respondent was moving from IG to Harbourfront but they were not aware of any fees associated with the transfer of their accounts.
29. Dealer Member Rule 29.9 (a) requires disclosure of all of the actual or reasonable estimate of the charges associated with the sale of any mutual fund prior to the sale.
30. These clients held proprietary mutual funds at IG which could not be held or transferred to another financial institution. Therefore, if the client wanted to transfer the money in those funds then those funds would have to be sold. Those mutual funds were subject to deferred sales charge fees. Clients CY, RS and RM were not advised of the fees associated with the sale of those funds at IG, which was required to transfer their accounts to Harbourfront.
31. The Respondent informed some of the clients that there would be a rebate at Harbourfront for the fees associated with the transfer of their accounts from

Harbourfront but the specific fees or a reasonable estimate of those fees was not disclosed prior to the actual transfer of the accounts from IG to Harbourfront.

32. Clients CY and RM indicated that they may not have transferred their accounts from IG to Harbourfront if they knew the amounts of the fees. Client RM transferred her account out of Harbourfront after learning of the full extent of the fees associated with the transfer.

DATED at Vancouver, British Columbia this 28th day of April, 2020.