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For distribution to relevant parties within your firm

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Discipline

Discipline Penalties Imposed on Kianosh Rahmani – Violations of By-law 29.1 and By-law 18.11

Person Disciplined	The Pacific District Council of the Investment Dealers Association of Canada (the “Association”) has imposed discipline penalties on Kianosh Rahmani, at all material times a registered representative with CIBC World Markets Inc. (“CIBC”) and Canaccord Capital Corporation (“Canaccord”), both Members of the Association.
By-laws, Regulations, Policies Violated	After a hearing that was held on July 7 and 8, 2004, a panel of the Pacific District Council found that Mr. Rahmani: <ul style="list-style-type: none">• Failed to notify the Association in writing that he had been charged with a criminal offence within 10 days of the charge being laid, contrary to Association By-law 18.11;• Submitted to the Association a false Uniform Application for Renewal of Registration, contrary to Association By-law 29.1; and• Submitted to the Association a false form 1-U-2000 Uniform Application for Registration/Approval, contrary to Association By-law 29.1
Penalty Assessed	The penalties assessed against Mr. Rahmani include a permanent prohibition against approval in any registered capacity with any Member of the Association and a fine of \$15,000.00. In addition, Mr. Rahmani is required to pay \$15,000.00 towards the Association’s costs of the investigation of this matter.
Summary of Facts	On June 14, 2004, Mr. Rahmani, by way of letter, requested that the hearing scheduled for July 7 and 8, 2004 be adjourned. The reason for his request was that the appeal of his criminal conviction was on-going, holding the hearing is premature since he had not been registered in any capacity since 2001 and that his right to a fair hearing would be prejudiced if the hearing was held prior to the outcome of the criminal appeal. The Association opposed Mr. Rahmani’s application.

The panel did not grant Mr. Rahmani's adjournment application as the issue before the panel was not that Mr. Rahmani committed the criminal offence of which he was convicted, but whether he breached the rules of the Association by not notifying the Association of the criminal charge being laid in the first instance and then subsequently failing to admit to a criminal charge having been laid in subsequent filings with the Association.

On or about May 4, 2000, and during his employment with CIBC, Mr. Rahmani was charged with one count of sexual assault contrary to Section 271 (1) of the *Criminal Code of Canada* (the "Charge"). He was served with a writ of summons in connection with the Charge by mail on May 8, 2000. Upon service of this summons, Mr. Rahmani advised neither his employer nor the Association of the laying of the Charge.

On November 8, 2000, Mr. Rahmani signed a Uniform Application for Renewal of Registration form (the "Renewal Form") which was filed with the Association. The Renewal Form required the applicant to advise of any amendments to the applicant's registration information and, specifically, asks under question B, "Are you presently subject to a charge or indictment?". The applicant was required to check a box under either the heading "Yes" or "No". On the Renewal Form, Mr. Rahmani checked the box under the "No" heading indicating that he was not at the date that executed the Renewal Form subject to a charge or indictment.

The Renewal Form in its instructions to parties completing the form makes it clear that disclosure is required of any criminal proceedings since the date of last application or renewal. The form contains a warning in bold letters that "ANY APPLICATION CONTAINING A FALSE STATEMENT MAY RESULT IN REFUSAL, SUSPENSION OR CANCELLATION OF ANY REGISTRATION".

Prior to November 8, 2000, the date of the Renewal Form, Mr. Rahmani had made 4 appearances in BC Provincial Court in connection with the Charge.

In 2002, Mr. Rahmani sought employment with Canaccord. In that regard, on February 14, 2002, Mr. Rahmani signed a Form 1-U-2000 application for registration (the "Second Form"). The Second Form was filed with the Association on February 18, 2002.

Question 15 on the Second Form is entitled "Offences Under the Law" and consists of questions dealing with Mr. Rahmani's involvement with law enforcement agencies. Part C of Question 15 is entitled in bold typeface "Current Charges or Indictments" and includes the following "Are you currently the subject of a charge or indictment under any law of any province, territory, state or country for contraventions, criminal offences or..." Mr. Rahmani answered "NO" to this question.

It is important to note that the Second Form contains specific instructions for Questions 15 and 16 and requires the applicant to discuss the questions and answers with an authorized officer of the Member firm. Mr. Rahmani also certified to the truth of the answers on the Second Form. He further swore to the truth of the contents of the Second Form in an affidavit contained on the Second Form. Mr. Rahmani swore to this affidavit on February 14, 2002, the same day he appeared in BC Provincial Court in connection with the Charge.

Mr. Rahmani was subsequently convicted of the Charge. He did not notify the Association of his conviction. Mr. Rahmani is currently appealing the conviction.

In finding that Mr. Rahmani was liable for the alleged breaches of the Association's By-laws, the panel stated the following:

The investment industry is founded upon trust and responsibility. Trust between client and registered representative, trust between the registered representative and his or her employer, and trust between the registered representative and the Association. To ensure that these trust relationships exist, the registered representative, his or her employer, and the Association all must assume specific responsibilities. For the registered representative, one of those specific responsibilities is complete and timely disclosure to the Association of all matters which might affect the registered representative's ability to operate within the industry. Without such disclosure, the Association is not able to carry out its responsibility of regulating the industry.

The panel noted further that:

[T]he Respondent has the personal responsibility for ensuring that his disclosure forms such as the Renewal Forms and the Second Application Forms are accurate. As a professional in the investment industry, he cannot hide behind the claim that his employer completed the form and that he merely signed it. He has a direct responsibility to the Association to ensure that the disclosure form he signs are accurate and complete. It is entirely unacceptable for him to abrogate this responsibility by claiming that he signed a document prepared for him. It is his responsibility to ensure that what he signs and what is filed with the Association is accurate and complete.

In assessing the penalty, the panel noted its belief in the necessity for accurate and complete information on disclosure forms filed with the Association. Any intentional misrepresentation on an application for registration or transfer should be treated severely, and a substantial fine, suspension or permanent prohibition from acting in any capacity should be considered.

Mr. Rahmani has not been employed by a Member Firm since July 30, 2002.

Kenneth A. Nason
Association Secretary