BRITISH COLUMBIA SECURITIES COMMISSION
Securities Act, RSBC 1996, c. 418

Citation: Re Dowlati, 2015 BCSECCOM 255 Date: 20150618

Noshad Dowlati

Panel	Judith Downes	Commissioner
	Audrey T. Ho	Commissioner
Hearing Date	March 23, 2015	
Submissions Completed	March 23, 2015	
Date of Decision	June 18, 2015	

Appearing

Anthony Abato	For the Executive Director

Decision[1]

I. Introduction

[1] This is a hearing under sections 161(1) and 162 of the *Securities Act*, RSBC 1996, c. 418.

[2] In an amended notice of hearing issued on October 31, 2014 (2014 BCSECCOM 452), the executive director alleged that:

a) Noshad Dowlati contravened the Act by perpetrating a fraud contrary to section 57(b) Act when he:
- took $1,000 of an investor's money and used it to pay personal expenses,
- continued to trade on the investor's behalf after the value of the investor's investments fell below a contractually agreed limit, and
- failed to inform the investor that Dowlati had lost or spent all of the investor's original investment at the time the investor gave him an additional $5,000 to invest,

b) Dowlati contravened sections 34(a) and (b) by engaging in the business of trading and advising without being registered, and

[1] Commissioner Farber participated in the hearing but resigned from the Commission before this Decision was issued.

c) Dowlati's conduct described in the amended notice of hearing was contrary to the public interest.

[3] Dowlati did not appear at the set date hearing or at the hearing nor was he represented by counsel at either hearing. We granted the executive director's application that we deal with both liability and sanction concurrently.

[4] At the hearing, documentary evidence tendered by the executive director was admitted as exhibits. The executive director called two witnesses: a Commission investigator and the investor. Dowlati did not enter any evidence or make submissions.

II. Background

[5] Dowlati is a British Columbia resident. He has never been registered in any capacity under the Act.

[6] The investor first met Dowlati when the investor hired him as a tutor. Over the course of the tutoring sessions, the investor and Dowlati began to discuss Dowlati's financial pursuits. Dowlati said that he had job prospects at several investment dealers and that he was interested in entering the securities industry. He also said that he was studying for a securities course.

[7] The investor became aware that Dowlati operated a blog with others called The Morning Reports. Dowlati made entries on an almost daily basis with commentaries on market conditions and his stock picks. The investor followed Dowlati's stock picks on the blog and on Dowlati's Twitter account.

[8] Based on the investor's discussions with Dowlati and his review of Dowlati's blog, the investor concluded that Dowlati had "financial savvy".

[9] In the fall of 2011, the investor approached Dowlati about trading on his behalf. The investor had $10,000 to invest. He told Dowlati that he wanted to earn a return so that he could buy an apartment in the following year and that, as he needed the money back, he didn't want to invest in anything too risky.

[10] On November 26, 2011, Dowlati and the investor signed an agreement whereby:

a) the investor authorized Dowlati to make trades on his behalf with the $10,000,

b) this trading authority ceased if the value of the investments fell below $8,000, and

c) Dowlati was entitled to a 7% commission on any gains in excess of the original investment.

[11] The investor said that Dowlati agreed to give him regular updates on the performance of his investments.

[12] On November 30, 2011, Dowlati deposited the $10,000 into his personal banking account. He transferred $9,000 to his online trading account on December 12 and spent the balance of $1,000 on personal expenses such as credit card payments, retail purchases and restaurant meals.

[13] At the beginning of December 2011, the total market value of the securities and cash in Dowlati's trading account was about $13,900 and by the end of that month, after the deposit of the investor's $9,000, the market value had fallen to about $3,300. By January 4, 2012, the balance in the account was zero.

[14] Dowlati did not inform the investor of the losses incurred nor did he stop trading on the investor's behalf. In fact, in late December, Dowlati told the investor that the value of his investments was up by $500.

[15] Believing that he was making money, the investor decided to give Dowlati an additional $5,000 to invest. On January 20, the investor purchased a bank draft in this amount. He gave it to Dowlati and they revised their written agreement to give Dowlati the authority to make trades with respect to the additional funds.

[16] Dowlati deposited the $5,000 into his personal banking account. The funds were ultimately transferred into a trading account in his sister's name. Although he was not authorized to make trades on his sister's account, Dowlati used this account to make trades with the investor's additional funds.

[17] By May 2012, Dowlati had incurred significant losses in trading in his sister's account. The total market value of the securities and cash held in the account was about $1,000 at the end of May.

[18] Dowlati did not provide the investor with any updates on the performance of his investments. When the investor ran into Dowlati in May, Dowlati admitted that the investments were not doing well. He told the investor he needed more time.

[19] Dowlati and the investor entered into a further amendment to their written agreement in May which set a goal of $5,000 in investment returns to be earned by October 15, 2012. Dowlati also agreed to be liable for any losses incurred and to return the entire $15,000 to the investor.

[20] By the end of June 2012, the total market value of the securities and cash held in the trading account was about $900. By the end of September 2012, that amount had dropped to about $90.

[21] In October 2012, the investor contacted Dowlati to request that his funds be returned by the end of November. Dowlati agreed but failed to do so. When the investor contacted Dowlati again in December 2012, Dowlati told him that he had suffered "major losses" and that he was in trouble.

[22] The investor obtained a court order against Dowlati in separate legal proceedings in the approximate amount of $15,600. To date, the investor has recovered $950 of that amount through garnishment proceedings.

III. Analysis and Findings

A. Applicable Law

Standard of proof

[23] The standard of proof is proof on a balance of probabilities. In *F. H. v. McDougall*, 2008 SCC 53, the Supreme Court of Canada held:

> 49 In the result, I would reaffirm that in civil cases there is only one standard of proof and that is proof on a balance of probabilities. In all civil cases, the trial judge must scrutinize the relevant evidence with care to determine whether it is more likely than not that an alleged event occurred.

[24] The Court also held (at paragraph 46) that the evidence must be "sufficiently, clear, convincing and cogent" to satisfy the balance of probabilities test.

Meaning of fraud

[25] Section 57(b) says:

> a person must not, directly or indirectly, engage in or participate in conduct relating to securities or exchange contracts if the person knows, or reasonably should know, that the conduct perpetrates a fraud on any person.

[26] The British Columbia Court of Appeal in *Anderson v. British Columbia (Securities Commission)*, 2004 BCCA 7 set out elements that must be proved to establish a finding of fraud under the Act, citing *R v. Théroux*, [1993] 2 SCR 5 at p. 20:

> …the *actus reus* of the offence of fraud will be established by proof of:
> 1. the prohibited act, be it an act of deceit, a falsehood or some other fraudulent means; and
> 2. deprivation caused by the prohibited act, which may consist in actual loss or the placing of the victim's pecuniary interests at risk.
>
> Correspondingly, the *mens rea* of fraud is established by proof of:
> 1. subjective knowledge of the prohibited act; and
> 2. subjective knowledge that the prohibited act could have as a consequence the deprivation of another (which deprivation may consist in knowledge that the victim's pecuniary interests are put at risk).

Trading and advising registration requirements

[27] Sections 34(a) and (b) say:

> A person must not
> (a) trade in a security …,
> (b) act as an adviser,…
> unless the person is registered in accordance with the regulations and in the category prescribed for the purpose of the activity.

[28] "Trade" is defined in section 1(1) to include "(a) a disposition of a security for valuable consideration" and "(f) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the activities specified in paragraphs (a) to (e)".

[29] "Security" is defined in section 1(1) to include "a document, instrument or writing commonly known as a security" and "a document evidencing a subscription or other interest in or to a security".

[30] "Adviser" is defined in section 1(1) as "a person engaging in, or holding himself…out as engaging in, the business of advising another with respect to investment in or the purchase or sale of securities or exchange contracts".

[31] Companion Policy 31-103CP to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* under the heading "Business Trigger for Trading and Advising" lists factors to be considered in determining whether a person is advising in securities for a business purpose. These factors include: engaging in activities similar to a registrant, carrying on the activity with repetition and being or expecting to be compensated for carrying on the activity.

B. Issues and Findings

Fraud

[32] The executive director makes three separate allegations of fraud.

Allegation relating to misappropriation of investor's funds

[33] The first allegation is that Dowlati committed fraud when he kept $1,000 of the $10,000 the investor gave him for trading in securities and spent it on personal expenses.

[34] The evidence clearly establishes that only $9,000 of the $10,000 was transferred to Dowlati's trading account, that Dowlati applied the remaining $1,000 to personal expenditures and that the investor lost all of these monies.

[35] It is also clear that the agreement between Dowlati and the investor only authorized Dowlati to apply the $10,000 to trading in securities on the investor's behalf.

[36] We find that by retaining $1,000 of the investor's funds and using it for personal expenditures, Dowlati engaged in a deceitful act which constitutes a prohibited act for the purpose of the test in *Théroux.*

[37] We also find that the investor suffered deprivation as a result of the prohibited act as he lost all of the $1,000 retained and spent by Dowlati.

[38] There is no issue that Dowlati had subjective knowledge of his deceit as he signed the agreement setting out the terms of his authority and he directly incurred the personal expenditures.

[39] There is also no issue that Dowlati had subjective knowledge that his deceit could put the investor's pecuniary interests at risk. He knew that by misappropriating these funds, the investor might never recover them and funds available for investment would be diminished.

[40] We find that Dowlati perpetrated a fraud contrary to section 57(b) when he took $1,000 of the investor's funds and used it for personal expenditures.

Allegation relating to failure to inform

[41] The second allegation is that Dowlati committed a fraud when he failed to inform the investor that Dowlati had lost or spent all of the investor's original investment at the time the investor gave him an additional $5,000 to invest.

[42] In *Michael Patrick Lathigee and Earle Douglas Pasquill, FIC Real Estate Projects Ltd., FIC Foreclosure Fund Ltd. and WBIC Canada Ltd.*, 2014 BCSECCOM 264, the Commission found that non-disclosure of important facts can constitute the element of dishonesty in fraud. The Commission said:

> 24. That non-disclosure can constitute dishonesty is fundamental to the public interest purposes of the Act. It is consistent with the disclosure obligations imposed by credible securities regulation regimes everywhere. The requirement for complete and accurate disclosure so that investors can make well-informed investment decisions is fundamental to the fostering of confidence in our capital markets.
>
> 25. It follows that, in the context of fraud under the Act, an "important fact" would include one that would affect a reasonable investor's investment decision.

[43] The evidence clearly establishes that Dowlati had lost or spent all of the investor's initial $10,000 by the time the investor gave Dowlati additional funds to invest and that the only update the investor had received from Dowlati was that his investments had increased in value by $500. The investor said that this news prompted him to give Dowlati the additional funds. The investor lost the entire $5,000.

[44] We find that the loss of the original investment was an important fact that would have affected the investor's decision to give Dowlati additional funds to invest. The loss was evidence of Dowlati's poor performance in investment and trading and thus would have been a critical factor in the investor's decision.

[45] We also find that Dowlati failed to disclose this important fact to the investor and that his failure to do so was a dishonest act and constitutes a prohibited act for the purposes of the test in *Théroux.*

[46] We find that the investor suffered deprivation as a result of the prohibited act as he lost all of the additional funds he gave to Dowlati.

[47] We find that Dowlati had subjective knowledge of his dishonest act. He knew about the investment losses as he carried out all of the trades and was issued monthly account statements showing trading gains and losses. He knew he had not disclosed the losses to the investor.

[48] We also find that Dowlati had subjective knowledge that his dishonest act put the investor's pecuniary interests at risk. Having already lost the entire original investment, Dowlati must have known there was a significant risk that he might also lose the additional investment funds.

[49] We find that Dowlati perpetrated a fraud contrary to section 57(b) when he failed to inform the investor that Dowlati had lost or spent all of the investor's original investment at the time the investor gave him additional funds to invest.

Allegation relating to continued trading

[50] The third allegation is that Dowlati committed fraud when he continued to trade on the investor's behalf after the value of the investor's investments fell below the $8,000 limit specified in the written agreement.

[51] The executive director argues that Dowlati's agreement to abide by this limit was deceptive at the time it was made. No evidence was introduced as to Dowlati's intentions at the time he entered into the agreement with the investor. However, the executive director submits that it can be inferred from Dowlati's subsequent trading losses that he had no intention of complying with this condition at the time he entered into the agreement.

[52] The executive director relies on *R v. Zlatic,* [1993] 2 SCR 29 to support his submission that subsequent actions can be relevant to determination of prior intention relating to dishonest conduct.

[53] *Zlatic* does not support the executive director's submission. In *Zlatic*, the appellant accepted delivery of goods from his supplier, either on credit or in return for post-dated cheques. The appellant used the monies received from the sale of these goods on

gambling and lost all of the money. The Court accepted the finding of the trial judge that, at the time Zlatic received the goods, he did not care whether or not he paid for them. The issue before the Court was not whether Zlatic's subsequent gambling activities were evidence of his intention at the time he accepted the goods. Rather, having accepted the finding as to Zlatic's state of mind, the question was whether the combined act of taking the goods without concern for payment and gambling away the value they represented constituted dishonest conduct amounting to "other fraudulent means" within the meaning of the actus reus of fraud.

[54] Dowlati breached a contractual covenant when he continued to trade after the value of the investor's investments fell below the $8,000 limit specified in the agreement. However, in the absence of evidence regarding Dowlati's intention at the time he entered into the agreement, we find that the executive director has not proved that Dowlati's agreement to abide by this limit was deceptive at the time it was made.

[55] We do not find that Dowlati committed fraud contrary to section 57(b) when he continued to trade after the value of the investor's investments fell below $8,000.

Trading and advising without registration

[56] The executive director alleges that Dowlati engaged in the business of trading and advising without being registered in contravention of sections 34(a) and (b).

[57] As noted above, Dowlati has never been registered in any capacity under the Act.

[58] Dowlati entered into an agreement with the investor authorizing him to make trades on the investor's behalf and then carried out trades in stock exchange-listed securities over a period of approximately eight months. We find that in entering into the agreement, Dowlati engaged in acts or conduct in furtherance of a trade and, in carrying out the trades, he traded in securities. We also find that there were no exemptions from the registration requirements available for his activities.

[59] We find that, in these circumstances, Dowlati traded in securities in contravention of section 34(a).

[60] Under the terms of the agreement, Dowlati was granted discretionary authority to make investment decisions on the investor's behalf. He made such decisions with respect to the trades he effected with the investor's funds over an approximate eight-month period. These are the same type of activities as those carried out by persons registered as portfolio managers in managing their clients' investment portfolios. The agreement also entitled Dowlati to a commission on returns earned on the investments.

[61] Based on this, we find that Dowlati engaged in activities similar to a registrant in expectation of compensation and carried on those activities with repetition. As a consequence, he engaged in the business of advising another with respect to investments in securities and, therefore, acted as an "adviser" within the meaning of the Act. We find

there were no exemptions from the adviser registration requirements available for his activities.

[62] We find that, in these circumstances, Dowlati acted as an adviser in contravention of section 34(b).

Conduct contrary to the public interest

[63] The executive director alleges that Dowlati's conduct described in the amended notice of hearing was contrary to the public interest. As we have already found that Dowlati committed some of the most serious misconduct prohibited by the Act by contravening sections 57(b) and 34, we do not find it necessary to make a separate finding regarding the public interest allegation with respect to this conduct.

IV. Sanctions

[64] The executive director seeks the following orders under 161(1) and 162 for Dowlati's contraventions of the Act:

a) Dowlati be permanently prohibited from trading in securities and exchange contracts,

b) Dowlati be permanently prohibited from becoming or acting as a director or officer of any issuer or registrant, acting in a management or consultative capacity in connection with activities in the securities market and engaging in investor relations activities, and

c) Dowlati "disgorge" $15,000 and pay an administrative penalty of $65,000.

Factors

[65] Orders under section 161(1) and 162 are protective and preventative, intended to be imposed to prevent future harm. See *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, 2001 SCC 37.

[66] In *Re Eron Mortgage Corporation* [2000] 7 BCSC Weekly Summary 22, the Commission identified a non-exhaustive list of factors that are usually relevant to orders under sections 161 and 162 of the Act:

- the seriousness of respondent's conduct,
- the harm suffered by investors as a result of the respondent's conduct,
- the damage done to the integrity of the capital markets in British Columbia by the respondent's conduct,
- the extent to which the respondent was enriched,
- factors that mitigate the respondent's conduct,
- the respondent's past conduct,
- the risk to investors and the capital markets posed by the respondent's continued participation in the capital markets of British Columbia,
- the respondent's fitness to be a registrant or to bear the responsibilities associated with being a director, officer or adviser to issuers,

- the need to demonstrate the consequences of inappropriate conduct to those who enjoy the benefits of access to the capital markets,
- the need to deter those who participate in the capital markets from engaging in inappropriate conduct, and
- orders made by the Commission in similar circumstances in the past.

[67] Of those factors, the following are the most relevant to determining the appropriate sanctions against Dowlati in this case.

Seriousness of conduct; damage to integrity of the capital markets

[68] There is no issue regarding the seriousness of Dowlati's misconduct. The Commission has consistently held that fraud is the most serious misconduct prohibited by the Act. The Commission has also consistently held that any contravention of section 34 is inherently serious as that section is one of the foundational investor protections of the Act.

[69] Dowlati's misconduct damaged the reputation and integrity of the capital markets. In *Manna Trading Corp. Ltd.*, 2009 BCSECCOM 595, the Commission, at paragraph 18, said: "Nothing strikes more viciously at the integrity of the capital markets than fraud."

[70] Additionally, investors become hesitant to invest in the market if they cannot trust those who trade and advise with respect to securities to be competent and ethical and to carry on these activities in compliance with applicable securities laws. In his Investor Impact Statement, the investor said that: "[t]he offence has caused me to not have very much faith in the financial markets or the people that pursue stock trading as a career."

Enrichment

[71] Dowlati was enriched from his misconduct by the $1,000 of investor's funds that he retained for personal use.

Harm to investor

[72] Dowlati's misconduct resulted in significant harm to the investor. He lost all of the funds he gave to Dowlati which had taken him several years to save.

Risk to investors and the capital markets; fitness as director and officer

[73] Dowlati's fraudulent misconduct and failure to comply with foundational investor protection provisions of the Act demonstrate that that his presence in our markets in any capacity represents a risk to investors.

Aggravating and mitigating factors

[74] The executive director submits that Dowlati's unauthorized use of his sister's trading account, his risky margin trading on the investor's behalf and his promise to return funds to the investor when there was no reasonable prospect of doing so are all aggravating factors.

[75] We do not consider any of these to be aggravating factors. We have no evidence before us as to the risk profile of the securities traded by Dowlati. Things that take place after the misconduct in issue, such as Dowlati's promise to return the funds, are not generally considered to constitute aggravating factors. The fact that Dowlati did not have contractual authority to trade in one of the accounts through which some of his illegal trading activities were conducted is not an aggravating factor for the purpose of sanction given the seriousness of his misconduct as a whole.

[76] There are no mitigating factors.

Specific and general deterrence

[77] The sanctions we impose must be sufficiently severe to ensure that Dowlati and others will be deterred from engaging in similar misconduct.

Previous orders

[78] The executive director cited two Commission decisions: *Ajit Singh Basi*, 2011 BCSECCOM 573 and *Jefferson Franklin Mesidor*, 2014 BCSECCOM 6.

[79] In *Basi*, the panel imposed a permanent market ban, disgorgement of $11,055 and a $100,000 administrative penalty for fraud. Basi solicited $15,500 from an investor to invest in a specific security. Basi did not invest any of the monies as promised. He used $11,055 for personal purposes. The investor ultimately recovered the funds which had not been misappropriated.

[80] In *Mesidor*, the panel imposed a permanent market ban, disgorgement of $16,000 and an administrative penalty of $75,000 for fraud. Investors provided Mesidor with $32,280 to invest in foreign exchange contracts. Mesidor invested part of the funds in these contracts but took $16,000 for personal purposes. All of the investments were lost. Mesidor did not solicit the investors.

Appropriate sanctions

Market prohibitions

[81] The executive director has applied for a permanent market ban against Dowlati. The Commission has consistently issued permanent market bans against those who have been found to have committed fraud. *Basi* and *Mesidor* are examples of decisions in which such bans have been issued. In light of Dowlati's fraudulent misconduct and the risk he poses to the markets, we find that a permanent market ban is appropriate in the circumstances. Given our finding that Dowlati's misconduct included acting as an adviser in contravention of section 34(b), we find it appropriate that such ban include an order permanently prohibiting Dowlati from acting as a registrant.

Section 161(1)(g) order

[82] Under section 161(1)(g), if a person has not complied with a provision of the Act, the Commission may order that the person pay to the Commission "any amount obtained… directly or indirectly, as a result of the failure to comply or the contravention." A section 161(1)(g) order is sometimes referred to as a "disgorgement order".

[83] A sanction under section 161(1)(g) is to be applied equitably and in the public interest and is not to be punitive in the circumstances. See *Streamline Properties Inc., 0772835 B.C. Ltd. et al*., 2015 BCSECCOM 66.

[84] In *Streamline*, the Commission confirmed that, in determining the appropriate order under section 161(1)(g), the question is not whether a respondent "profited" from the illegal activity but whether the respondent "obtained amounts" as a result of that activity. All money illegally obtained from investors can be ordered to be disgorged, not just the "profit" made as a result of that activity.

[85] In this case, we have found that Dowlati's misconduct included not only fraud relating to his misappropriation of $1,000 of investor's funds and failure to inform the investor of an important fact, but also illegal trading and advising with respect to all of the trades he conducted with the $15,000 provided by the investor. We find $15,000 to be the amount obtained by Dowlati as a result of his contraventions of the Act.

[86] We do not find payment of the entire amount provided by the investor to be inequitable or punitive in these circumstances even though the majority of the funds were used for the purposes authorized by the investor.

[87] The panel in *Streamline* stated that the fact that proceeds raised were used for the stated purpose of an investment should not automatically reduce the amount of the section 161(1)(g) order. The panel said at paragraph 55:

> In light of the critical importance of investor protection, the fact that the proceeds raised were used for the stated purpose of the investments should not automatically reduce a section 161(1)(g) sanction. Whether the money raised was used for the stated purpose or not, the end result is the same – the investors have been denied the protections required by our securities laws and were harmed as a result of the misconduct. The purpose of a section 161(1)(g) payment is to remove from a respondent any amounts obtained through a violation of the Act. Given that, how a respondent spent the funds raised is not relevant for such purpose.

[88] To date the investor has not recovered any of his investment other than $950 realized through the court order issued in separate legal proceedings commenced by the investor. There was no evidence that the investor will be successful in obtaining the full amount of the judgment.

[89] The executive director says that we should not reduce the amount of the section 161(1)(g) order by the $950 recovered by the investor.

[90] Although the purpose of a section 161(1)(g) order is not to compensate victims and the purpose of our sanctions is different than judgments from a civil court, the fact that an amount was ordered to be repaid and $950 was repaid to the investor is, in essence, a

disgorgement of that amount from Dowlati. This is relevant to our decision as to the appropriate amount of the section 161(1)(g) order.

[91] In *Streamline*, the Commission said that it would be punitive and inequitable if the amounts payable pursuant to a section 161(1)(g) order and the order from a court together exceed the total amount obtained by a respondent from investors through contraventions of the Act.

[92] In the circumstances, it is appropriate to order under section 161(1)(g) that Dowlati pay to the Commission $14,050.

Administrative penalty

[93] The executive director has asked for an administrative penalty of $65,000 on the basis that, while Dowlati committed fraud, his misconduct was less egregious than that in *Basi* and *Mesidor*. He says that Dowlati invested almost all of the investor's funds as authorized by his agreement with the investor, he converted only $1,000 for his personal use and he did not solicit the investor.

[94] We agree that Dowlati's misconduct was less egregious than that in *Basi* and *Mesidor*. However, in our view, an administrative penalty lower than what the executive director seeks is appropriate. The amount of investor's funds misappropriated by Dowlati was significantly less than in *Basi* and *Mesidor*.

[95] In the circumstances of this case, an administrative penalty of $30,000 is warranted. It significantly exceeds the amount of the fraud and enrichment and reflects the seriousness of Dowlati's misconduct and other factors relevant to sanction, making it appropriate for Dowlati personally. Further, it serves as a meaningful and substantial general deterrent to others from engaging in similar misconduct.

V. Orders

[96] Considering it to be in the public interest, and pursuant to sections 161 and 162 of the Act, we order that:

1. under section 161(1)(b)(ii), Dowlati be permanently prohibited from trading in, or purchasing securities or exchange contracts;

2. under section 161(1)(d)(i), Dowlati resign any position he holds as a director or officer of any issuer or registrant;

3. under section 161(1)(d)(ii), Dowlati is permanently prohibited from becoming or acting as a director or officer of any issuer or registrant;

4. under section 161(1)(d)(iii), Dowlati is permanently prohibited from becoming or acting as a registrant;

5. under section 161(1)(d)(iv), Dowlati is permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market;

6. under section 161(1)(d)(v), Dowlati is permanently prohibited from engaging in investor relations activities;

7. under section 161(1)(g), Dowlati pay to the Commission $14,050; and

8. under section 162, Dowlati pay to the Commission and administrative penalty of $30,000.

June 18, 2015

For the Commission

Judith Downes
Commissioner

Audrey T. Ho
Commissioner