



British Columbia Securities Commission

Citation: 2014 BCSECCOM 287

Notice of Hearing

Noshad Dowlati

Section 161 of the *Securities Act*, RSBC 1996, c. 418

¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing (Hearing) at which the Executive Director will tender evidence, make submissions and apply for orders against Noshad Dowlati (Dowlati) under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Background

1. Dowlati is a resident of British Columbia. He has never been registered under the Act.
2. Beginning in 2011, Dowlati operated a blog and a Twitter account that gave general investment advice about publicly listed stocks. Dowlati identified himself as “The Shadow Trader”, and he wrote about “great plays” of the day, which included recommendations about specific stocks.
3. In November 2011, a follower of Dowlati’s investment blog (Investor) approached Dowlati about trading stocks on the Investor’s behalf. The Investor gave \$10,000 to Dowlati and they agreed that Dowlati:
 - would receive a 7% commission on any trading profits, and
 - would not continue trading if the value of the investments fell below \$8,000.
4. Dowlati took \$1,000 of the Investor’s money and used it to pay his personal expenses, including paying his Visa bill and shopping at Starbucks, Shoppers Drug Mart, and other retail stores and restaurants.
5. Dowlati used the remaining \$9,000 to trade in penny stocks. He experienced significant trading losses and, without telling the investor, continued to trade after the value of the investments fell below \$8,000, eventually losing all of the Investor’s money.

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6. In January 2012, the Investor gave Dowlati an additional \$5,000 for trading stocks. They agreed to continue the 7% rate of commission on any profits, but this time Dowlati promised that after five months he would return the Investor's total principal investment of \$15,000.
7. Dowlati used the additional \$5,000 to buy penny stocks in his sister's online trading account. He did not have authorization to trade in that account.
8. Dowlati proceeded to make risky trades in his sister's online trading account. Again, Dowlati traded and lost all of the Investors' money within months. He did not return any of the Investor's principal to him.

Misconduct

Fraud

9. By engaging in the conduct described in this Notice of Hearing, Dowlati perpetrated a fraud on the Investor contrary to section 57(b) of the Act.

Unregistered Trading and Advising

10. By engaging in the business of trading and advising without registration and without any of the applicable exemptions to registration, Dowlati contravened sections 34(a) and (b) of the Act.

Public Interest

11. Dowlati's conduct described in this Notice of Hearing is contrary to the public interest.
12. It is in the public interest that the Commission issue orders under sections 161 and 162 of the Act.

Hearing Process

- ¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Tuesday, August 19, 2014, at 9:00 a.m.** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondent upon request to the Executive Director.
- ¶ 3 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.



- ¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director will apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.

Paul C. Bourque
Jul 21 2014 8:26 AM

- ¶ 5 Paul C. Bourque, Q.C.
Executive Director