

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

Citation: Re Movassaghi, 2023 BCSECCOM 435

Date: 20230906

**Order under section 161(6)**

**Mohammad Movassaghi**

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

**Introduction**

- [1] This is an order under sections 161(1) and 161(6)(c) of the *Securities Act*, RSBC 1996, c. 418.
- [2] On June 6, 2023, the executive director of the Commission applied (Application) for an order imposing sanctions on Mohammad Movassaghi (Movassaghi), based on his misconduct and the sanctions imposed by the Investment Industry Regulatory Organization of Canada (IIROC).
- [3] In his Application, the executive director tendered affidavit evidence and submissions to the Commission. We find that executive director provided the respondent notice of the Application. Although Movassaghi was provided the opportunity to be heard, he did not participate in the hearing.
- [4] Section 161(6) facilitates cooperation between the Commission and other securities regulatory authorities, self-regulatory bodies, exchanges, and the courts. If the requirements of the section are met and it is in the public interest, the Commission may issue orders without the need for inefficient parallel and duplicative proceedings in British Columbia (*McLean v. British Columbia (Securities Commission)*, 2013 SCC 67, at para. 54).

**Background**

- [5] On August 18, 2021, the panel provided its reasons for decision for the liability hearing. The panel found that Movassaghi:
  - (a) 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 between July and September 2016; and
  - (b) Mislead IIROC enforcement staff in sworn interviews on December 14, 2016, and February 13, 2019.
- [6] Movassaghi had a prior settlement with IIROC in 2017 for forging one client's signature on a number of documents. This settlement resulted in an 8 month suspension with IIROC. At the time of this settlement agreement, Movassaghi was aware that he had forged other clients' documents but failed to disclose this fact to IIROC.

- [7] On March 4, 2022, the same IIROC panel made the following orders against Movassaghi:
- (a) A fine of \$50,000 for the forgeries;
  - (b) A fine of \$50,000 for misleading IIROC;
  - (c) A permanent ban on any registration with IIROC; and
  - (d) Payment of \$60,000 in costs.
- [8] Movassaghi did not appear at the IIROC liability hearing or the penalty hearing. He provided a response in writing at the liability hearing that the panel found to be without any foundation and contradicted submitted evidence. The panel found that Movassaghi's response was not credible.
- [9] In our decision, we relied on the facts set out in the liability hearing and the sanction hearing.

**Position of the executive director**

- [10] The executive director is seeking that Movassaghi resign any position he holds as a director or officer of an issuer or registrant under section 161(1)(d)(i) of the Act and permanent prohibitions:
- (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives;
  - (ii) under section 161(1)(c), from relying on any of the exemptions set out in this Act, the regulations or a decision;
  - (iii) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant;
  - (iv) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
  - (v) under section 161(1)(d)(iv), from acting in a management or consultative capacity in connection with activities in the securities market; and
  - (vi) under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of
    - (A) an issuer, security holder or party to a derivative, or
    - (B) another person that is reasonably expected to benefit from the promotional activity; and
  - (vii) under section 161(1)(vi) from engaging in promotional activities his own behalf in respect of circumstances that would reasonably be expected to benefit him.

### **Analysis and decision**

- [11] The Commission is established under the Act to regulate the capital markets in British Columbia. Central to the Commission's mandate under the Act is to protect the investing public from those who would take advantage of them, and to preserve investor confidence in the regulated capital markets.
- [12] Under section 161(6)(c), the Commission may, after providing an opportunity to be heard, make an order in respect of a person if the person is subject to an order made by, among other entities, a self-regulatory body such as IIROC, imposing sanctions, conditions, restrictions or requirements on the person.
- [13] The executive director tendered affidavit evidence that Movassaghi is a resident of Vancouver, British Columbia. In his Application, the executive director submitted that that there were no mitigating factors to consider because Movassaghi did not cooperate with the IIROC investigation, did not self-report his misconduct, failed to take remedial steps to compensate for losses except in one circumstance, and blamed others for his misconduct.
- [14] The executive director cited *Re Smith*, 2021 BCSECCOM 486, *Re Cerisse*, 2017 BCSECCOM 142, and *Lohrisch (Re)*, 2012 BCSECCOM 237, in support of his position that permanent market bans are appropriate.
- [15] In *Smith*, the respondent made a false statement to a Commission investigator in addition to IIROC misconduct relating to personal financial dealings with clients, failing to attend an interview with IIROC, and engaging in outside business activities. An IIROC panel ordered a permanent ban on Smith, a \$125,000 fine, and \$20,000 in costs. The executive director sought a 5.5 to 8.5 year prohibition against Smith.
- [16] The Commission panel concluded that Smith should be banned under section 161 of the Act for five years plus an administrative penalty of \$20,000 for lying to a Commission investigator. The panel stated, at paragraph 13, that "Smith's serious misconduct should be distinguished from even more serious misconduct, such as lying repeatedly to investors in order to fraudulently obtain their funds". The panel also took into account the evidence of Smith's bankruptcy and financial situation.
- [17] In *Cerisse*, Cerisse was found to have lied to an investigator. The panel ordered a six month market ban.
- [18] In *Lohrisch*, an IIROC panel found that Lohrisch:
  - (a) lied to IIROC when he stated that he had completed a professional financial planning course when he had failed it;
  - (b) submitted to IIROC a forged transcript that claimed he had passed the course; and
  - (c) obstructed IIROC staff by lying to them about completing the course and forging the transcript
- [19] The IIROC panel ordered a lifetime ban on Lohrisch. The executive director also sought permanent prohibitions against Lohrisch.

- [20] The panel imposed permanent prohibition against Lohrisch, noting that forgery “is a line, once crossed, affords little opportunity for retreat. It is cold, hard evidence of an intent to deceive.” The panel stated, at paragraph 49:

The integrity of registrants is especially important to investor confidence. A registrant who makes a mistake, even a dishonest one, and remedies it, is one thing. A registrant whose dishonesty continues and escalates as the pressure increases is quite another. That evinces a character flaw that is inconsistent with credible participation in the capital markets. As the IIROC panel recognized, honesty is the central value for registrants.

- [21] Of the three cases relied on by the executive director, the closest one in fact to Movassaghi’s misconduct is *Lohrisch*. Like Lohrisch, Movassaghi committed forgeries and lied about his actions to IIROC staff. Movassaghi’s conduct was more serious than Lohrisch’s because of Movassaghi’s betrayal of his clients’ trust and because his misconduct took place over a number of years.
- [22] We have considered the executive director’s Application, the circumstances of Movassaghi’s misconduct, and the factors from *Re Eron Mortgage Corporation*, [2000] 7 BCSC Weekly Summary 22, and *Davis v. British Columbia (Securities Commission)*, 2018 BCCA 149.
- [23] Movassaghi’s conduct was extremely serious. His forgeries and concealment of those forgeries were deliberate and intentional and took place over three years. Movassaghi intended to deceive his clients and his regulator. His misconduct demonstrates that he is a significant risk to the public and the capital markets. We find that he is unfit to participate in the capital markets of British Columbia and that permanent prohibitions are warranted.
- [24] Despite Movassaghi’s serious misconduct, his securities history indicates that trading in retirement accounts for his sole benefit does not pose a risk to the public and the capital markets. We find that it is in the public interest to provide a limited exception to the permanent prohibitions ordered and will permit Movassaghi to provide for his retirement through registered retirement accounts so long as it is done through a registered dealer who has been made aware of this order.
- [25] We find that Movassaghi’s concealment of his other forgeries in his 2017 settlement to be an aggravating factor. As noted by the panel at paragraph 266 of the IIROC liability decision, Movassaghi “had a professional duty of candor and honesty and he ought to have advised IIROC Staff of the additional complaints and potential forgery of other clients’ documents”. Movassaghi’s conduct indicates that he has no regard for the legal requirements of the securities industry.
- [26] We find that it is in the public interest to order that:
- (a) under section 161(1)(d)(i), Movassaghi resign any position he holds as a director or officer of an issuer or registrant, except that he may continue to act as a director or officer of an issuer whose securities are solely owned by him or his immediate family members (being: Movassaghi’s spouse, parent, child sibling, mother or father-in-law, son or daughter-in-law, or brother or sister-in-law);

(b) he is permanently prohibited:

- (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, except that, if he gives the registered dealer a copy of this order, he may trade and purchase securities through a registered dealer in:
  - (A) RRSPs, RRIFs, or tax-free savings accounts (as defined in the *Income Tax Act* (Canada)), or locked-in retirement accounts for his own benefit;
- (ii) under section 161(1)(c), from relying on any of the exemptions set out in this Act, the regulations or a decision;
- (iii) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant;
- (iv) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
- (v) under section 161(1)(d)(iv), from acting in a management or consultative capacity in connection with activities in the securities or derivatives markets; and
- (vi) under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of
  - (A) an issuer, security holder or party to a derivative, or
  - (B) another person that is reasonably expected to benefit from the promotional activity; and
- (vii) under section 161(1)(d)(vi) from engaging in promotional activities on his own behalf in respect of circumstances that would reasonably be expected to benefit him.

September 6, 2023

**For the Commission**

Gordon Johnson  
Vice Chair

Karen Keilty  
Commissioner