

IN THE MATTER OF:

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

AND

MOHAMMAD MOVASSAGHI

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Investment Industry Regulatory Organization of Canada (“IIROC”) will issue a Notice of Application to announce that it will hold a settlement hearing to consider whether, pursuant to Section 8215 of the Consolidated Enforcement, Examination and Approval Rules of IIROC, a hearing panel (“Hearing Panel”) should accept the settlement agreement (“Settlement Agreement”) entered into between the staff of IIROC (“Staff”) and Mohammad Movassaghi (the “Respondent”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

Overview

4. In July 2016, the Respondent began working as a Registered Representative (mutual funds) at Harbourfront Wealth Management Inc. (“Harbourfront”).
5. KO had been his client at his previous employer.

6. In August 2016, the Respondent forged KO's signature on a number of forms. As a result, the holdings in KO's investment accounts were sold and the accounts were transferred to Harbourfront.
7. In addition, the Respondent failed to notify Harbourfront of a potential material conflict of interest with KO in that she rented an apartment from him. The Respondent maintains this was because KO had informed him that she would be moving out.

The Respondent's Registration History

8. From May 22, 2013 to July 8, 2016, the Respondent was registered as a mutual fund dealing representative (formerly known as a mutual fund salesperson) with a member of the Mutual Fund Dealers Association of Canada (the "MFDA member").
9. On July 11, 2016, the Respondent began working at the Vancouver head office of Harbourfront, an IIROC Dealer Member.
10. On July 25, 2016, IIROC approved the Respondent as a Registered Representative (mutual funds).

KB

11. At the MFDA member, the Respondent worked with KB who was registered as a mutual fund dealing representative.
12. On July 11, 2016, KB began working at Harbourfront with the Respondent.
13. On July 25, 2016, IIROC approved KB as a Registered Representative (mutual funds).

The Client

14. KO is a medical doctor.
15. The Respondent owns three furnished apartments which he rents out (the "Rental Properties").
16. In or around October 2013, KO moved to Vancouver and rented one of the Rental Properties.
17. A few months later, KO became a client of the Respondent's at the MFDA member. Ultimately, she opened the following investment accounts:
 - a Registered Retirement Savings Plan Account in her name;
 - a Tax-Free Savings Account in her name; and

- an investment account in the name of her medical corporation (collectively, the “KO Accounts”).

18. As of July 8, 2016, the KO Accounts only held mutual fund units and the combined market value of the KO Accounts was approximately \$104,649.

Informing KO of Move to Harbourfront

19. By way of a July 11, 2016 email, KB informed KO that she and the Respondent had moved to Harbourfront and that they wished to obtain her consent to transfer her accounts to Harbourfront so that they could continue to manage her finances.
20. By way of a July 15, 2016 email, KO, among other things, asked KB whether there would be fees to transfer her accounts to Harbourfront and if she needed to sign papers to initiate the transfer.
21. By way of a July 15, 2016 email, KB told KO that she would have the Respondent call her and later that day the Respondent and KO spoke by telephone.
22. During the course of the telephone conversation, the Respondent informed KO that there would be fees to transfer her accounts from the MFDA member to Harbourfront and that he would provide her with the amount at their next meeting. He also informed her that she would need to sign forms to transfer the accounts and he asked her to email him a copy of her driver’s licence.
23. During the same telephone conversation, KO informed the Respondent that she would be going on a trip in the near future. KO also informed the Respondent that within the next two months she would be moving from his apartment to an apartment that she was in the process of purchasing, and in order to pay for the purchase she would be making a redemption from the KO Accounts.
24. By way of a July 18, 2016 email, KO informed KB that she would be away from July 30 to August 10, 2016 with no access to email and that she would be “happy to sign papers before or after” she was back. Pursuant to the Respondent’s request, KO also attached a copy of her driver’s licence to the email.

The Respondent Forges KO’s Signature

25. On August 9, 2016, the Respondent signed KO’s signature on the following forms in relation to the KO Accounts:
- Transfer Authorization Forms;
 - New Client Application Forms;

- Tax Free Savings Account Application Form;
 - Corporate Resolution for Opening Account;
 - Second Party Account Supplement Form;
 - Corporate Account Ownership/Directorship Supplement;
 - Treaty Supplement Form;
 - Foreign Account Tax Compliance Act Classification and Self Certification for Legal Entities Form; and
 - Form W-8BEN-E, Certificate of Status of Beneficial Owner for United States Tax Withholding and Reporting (Entities).
26. The Respondent used the signature that was on the copy of KO's licence to guide his forgeries.
27. The Respondent caused all of the above-noted forms which contained KO's forged signature to be submitted to Harbourfront for processing.
28. As a result, all of the mutual fund units which were held in the KO Accounts were sold because the Transfer Authorization Forms indicated that the holdings were to be transferred in cash. Given that the KO Accounts held proprietary mutual funds they could not be transferred in kind. In total, KO incurred approximately \$3,600 in deferred sales charges.
29. The Respondent did not earn any commission or fees from the transfer of the KO Accounts to Harbourfront.
30. By way of an August 22, 2016 email, KO asked KB to schedule a meeting for her with the Respondent. Ultimately, the meeting was scheduled for August 30, 2016.
31. In late August 2016, the MFDA member informed KO that the holdings in the KO Accounts had been sold and the KO Accounts had been transferred to Harbourfront.
32. By way of an August 30, 2016 email to the Respondent and Harbourfront, KO indicated that she had learned that her signature had been forged which resulted in the KO Accounts being transferred to Harbourfront without her consent. She further indicated she wanted Harbourfront to reverse the transfer.
33. After receiving KO's email, the Respondent admitted to Harbourfront that he had forged KO's signature on various forms.

34. On September 2, 2016, Harbourfront terminated the Respondent for cause. The Respondent has not worked in the securities industry since then.

Failure to Disclose KO's Rental

35. At all material times, the Respondent informed Harbourfront that he owned and operated the Rental Properties.
36. The Respondent did not inform Harbourfront that KO rented one of the Rental Properties which represented a potential material conflict of interest with KO. The Respondent maintains this was because KO had informed him that she would be moving out.

PART IV – CONTRAVENTIONS

37. By engaging in the conduct described above, the Respondent committed the following contraventions of IIROC's Rules:

Contravention 1

In August 2016, the Respondent forged KO's signature on various forms, contrary to IIROC Dealer Member Rule 29.1 (now Consolidated Rule 1400).

Contravention 2

In July 2016, the Respondent failed to inform Harbourfront that KO rented an apartment from him, contrary to IIROC Dealer Member Rule 42.

PART V – TERMS OF SETTLEMENT

38. The Respondent agrees to the following sanctions and costs:
- a) a fine in the amount of \$27,500;
 - b) a suspension from registration in any capacity for 8 months;
 - c) 12 months of close supervision upon approval in any capacity with IIROC; and
 - d) costs in the amount of \$2,500.
39. If this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Staff and the Respondent.

PART VI – STAFF COMMITMENT

40. If the Hearing Panel accepts this Settlement Agreement, Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.
41. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Rule 8200 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

42. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
43. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with the procedures described in Sections 8215 and 8428, in addition to any other procedures that may be agreed upon between the parties.
44. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the Hearing Panel.
45. If the Hearing Panel accepts the Settlement Agreement, the Respondent agrees to waive all rights under the IIROC Rules and any applicable legislation to any further hearing, appeal and review.
46. If the Hearing Panel rejects the Settlement Agreement, Staff and the Respondent may enter into another settlement agreement or Staff may proceed to a disciplinary hearing based on the same or related allegations.
47. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.
48. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and IIROC will post a full of copy of this Settlement Agreement on the

IIROC website. IIROC will also publish a summary of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement.

49. If this Settlement Agreement is accepted, the Respondent agrees that neither he nor anyone on his behalf, will make a public statement inconsistent with this Settlement Agreement.
50. The Settlement Agreement is effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

51. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
52. A fax or electronic copy of any signature will be treated as an original signature.

DATED this “21” day of June, 2017.

“Witness”
Witness

“Mohammad Movassaghi”
Respondent

DATED this “22nd” day of June, 2017.

“Wes Chan”
Witness

“Lorne Herlin”
Lorne Herlin
Senior Enforcement Counsel
on behalf of Enforcement Staff of the
Investment Industry Regulatory
Organization of Canada

The Settlement Agreement is hereby accepted this “28th” day of June, 2017 by the following Hearing Panel:

Per: “Joseph Bernardo”
Panel Chair

Per: “Alexandra Williams”
Panel Member

Per: “Robert Travers”
Panel Member