



**CIRO · OCRI**

Canadian Investment  
Regulatory  
Organization

Organisme canadien  
de réglementation  
des investissements

Order

File No. 201925

**IN THE MATTER OF  
THE MUTUAL FUND DEALER RULES<sup>i</sup>  
and  
Re: Mohammad Movassaghi**

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**ORDER**

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**WHEREAS** on March 21, 2019, the Mutual Fund Dealers Association of Canada (the “MFDA”), now called the Canadian Investment Regulatory Organization (“CIRO”), issued a Notice of Hearing pursuant to sections 20 and 24 of MFDA By-law No. 1 (now Mutual Fund Dealer Rules 7.3 and 7.4) in respect of a disciplinary proceeding commenced against Mohammad Movassaghi (“Movassaghi”) and Kindle Briten Megan Blythe (“Blythe”);

**AND WHEREAS** the first appearance in this hearing was held electronically by teleconference on May 28, 2019 during which a schedule was set for the proceeding, which was amended during subsequent appearances;

**AND WHEREAS** the Notice of Hearing was amended on August 30, 2019, November 15, 2019, and December 10, 2019;

**AND WHEREAS** on January 2, 2020, Staff of CIRO (“Staff”) and Blythe entered into a settlement agreement, which was approved by a hearing panel of the Pacific Regional Council (now the Pacific District Hearing Committee) at a settlement hearing that occurred on January 6, 2020;

**AND WHEREAS** on October 19-23, 2020, January 18-20, 2021, March 5, 2021, and March 19, 2021, the Hearing on the Merits in respect of Movassaghi was conducted before

a differently constituted hearing panel of the Pacific Regional Council (the “Hearing Panel”);

**AND WHEREAS** Movassaghi and Movassaghi’s counsel only attended the Hearing on the Merits on October 19-23, 2020, did not call witnesses to testify, or make written or oral submissions;

**AND UPON** reading the affidavits and other documentary evidence filed by the parties and the written submissions of Staff, and hearing the testimony of witnesses called by Staff and the oral submissions of Staff, the Hearing Panel is of the opinion that Movassaghi:

- a. between April 2015 and October 2015, falsified client X’s signature on 9 account forms, contrary to the policies and procedures of the Member and MFDA Rules 2.1.1, 2.5.1, and 1.1.2;
- b. between April 8, 2015 and June 9, 2015, instructed another Approved Person to submit 3 KYC Update Forms to update records concerning the investment accounts of client X without the knowledge or authorization of client X, and failed to exercise due diligence to learn the fact relative to client X or to maintain accurate and complete KYC information on file prior to client trades, contrary to the policies and procedures of the Member and MFDA Rules 2.2.1, 2.5.1, and 1.1.2;
- c. between January 2015 and June 2016, processed or directed other Approved Persons or employees subject to his authority to process at least 180 trades in the investment accounts of client X without the knowledge or authorization of client X, contrary to the policies and procedures of the Member and MFDA Rules 2.3.1(a),<sup>1</sup> 2.1.1, 2.10 and 1.1.2;
- d. between January 2015 and June 2016:

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<sup>1</sup> At the time of the misconduct hearing, the relevant part of MFDA Rule 2.3.1(a) had been incorporated into MFDA Rule 2.3.1(b).

- i. created or in some cases directed another Approved Person or other employees who worked in his office to create records of purported instructions received from client X which had not in fact been received (the “**Records of Instructions**”); or
  - ii. failed to exercise due diligence to ensure that the Records of Instructions accurately described instructions that had been received from client X;  
  
contrary to the policies and procedures of the Member and MFDA Rules 2.1.1, 5.1(b), 2.10, 2.5.1 and 1.1.2; and
- e. between January 2014 and August 2016, failed to disclose actual or potential conflicts of interest to the Member and failed to abide by the conditions of approval of his outside activities, contrary to the policies and procedures of the Member and MFDA Rules 1.2.1(c),<sup>2</sup> 2.1.4, 2.1.1, 2.5.1, 2.10 and 1.1.2.

**AND WHEREAS** a hearing to determine the appropriate sanction in this proceeding (the “Sanction Hearing”) was scheduled to proceed as an electronic hearing by videoconference on December 12, 2023;

**AND WHEREAS** Movassaghi and Movassaghi’s counsel did not attend the Sanction Hearing, although having received notice of the date set for the Sanction Hearing,;

**AND UPON** reading the written submissions and hearing the oral submissions of Staff concerning the appropriate sanction to impose on Movassaghi;

**IT IS HEREBY ORDERED THAT:**

1. The Respondent is permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any Dealer Member of

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<sup>2</sup> At the time of the misconduct hearing, MFDA Rule 1.2.1(c) had been incorporated into MFDA Rule 1.3.

CIRO registered as a mutual fund dealer commencing on the date of this Order pursuant to s. 24.1.1(e) of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1(e)).

2. The Respondent shall pay a fine in the amount \$70,000 on the date of this Order, pursuant to s. 24.1.1(b) of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.1.1(b)).

3. The Respondent shall pay costs in the amount \$45,000 on the date of this Order, pursuant to s. 24.2 of MFDA By-law No. 1 (now Mutual Fund Dealer Rule 7.4.2).

4. If at any time a non-party to this proceeding, with the exception of the bodies set out in Mutual Fund Dealer Rule 6.3, requests production of or access to exhibits in this proceeding that contain personal information as defined by CIRO's Privacy Policy, then the Corporate Secretary's Office, Mutual Fund Dealer Division of CIRO shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all intimate financial and personal information, pursuant to Rules 1.8(2) and (5) of the Mutual Fund Dealer Rules of Procedure.

**DATED** this 14th day of December, 2023.

"Stephen Gill"

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Stephen D. Gill,  
Chair

"Holly Martell"

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Holly Martell,  
Industry Representative

"Richard R. Sydenham"

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Richard R. Sydenham,  
Industry Representative

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<sup>i</sup> On January 1, 2023, the Investment Industry Regulatory Organization of Canada ("IIROC") and the Mutual Fund Dealers Association of Canada (the "MFDA") were consolidated into a single self-regulatory organization that is called the Canadian Investment Regulatory Organization (referred to herein as "CIRO")

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and is recognized under applicable securities legislation. CIRO adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the "Interim Rules"). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and certain by-laws, rules and policies of the MFDA that were in force immediately prior to amalgamation. Pursuant to Mutual Fund Dealer Rule 1A and s. 14.6 of By-law No. 1 of CIRO, contraventions of former MFDA regulatory requirements may be enforced by CIRO. Pursuant to Mutual Fund Dealer Rule 1A, MFDA By-law No. 1 continues to be applicable to this proceeding.