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Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES
AND
SHOLEH SHARIFIAN**

NOTICE OF HEARING

A first appearance will be held before a Hearing Panel of the Canadian Investment Regulatory Organization (“CIRO”)¹ pursuant to Mutual Fund Dealer Rule 7.3 to schedule a hearing in the matter of Sholeh Sharifian (the “Respondent”). The first appearance and the hearing will be subject to Mutual Fund Dealer Rule 7, and the Mutual Fund Dealer Rules of Procedure (“Rules of Procedure”), as further referenced below, that govern the conduct of enforcement proceedings.

The first appearance will be held by way of videoconference on Wednesday, August 13, 2025 at 10:00 a.m. AT

The purpose of the hearing will be to determine whether the Respondent has contravened CIRO requirements. A summary of the facts alleged and intended to be relied upon by CIRO, the conclusions drawn by CIRO based on the alleged facts, and alleged contraventions are contained in the Statement of Allegations attached to this Notice of Hearing.

If the Hearing Panel finds that the Respondent has contravened CIRO requirements as alleged in the Statement of Allegations, the Hearing Panel may impose one or more of the following sanctions pursuant to Mutual Fund Dealer Rule 7.4.1.1:

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
 - (i) \$5,000,000 for each offence, and
 - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- (c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- (d) revocation of the authority of such person to conduct securities related business;
- (e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time; and
- (f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel.

In addition, pursuant to Mutual Fund Dealer Rule 7.4.2, a Hearing Panel may require the Respondent to pay any costs incurred by or on behalf of CIRO in connection with the proceeding and any investigation related to the proceeding.

The Respondent must serve on Enforcement Staff a Reply to this Notice of Hearing in accordance with Rule of Procedure 8 and Mutual Fund Dealer Rule 7.3.2 within 20 days from the effective date of service of this Notice of Hearing. The Respondent must also file the Reply at the Hearing Office in accordance with Rule of Procedure 4.6.

The Reply may either:

- (a) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by CIRO in the Statement of Allegations; or
- (b) admit the facts alleged and conclusions drawn by CIRO in the Statement of Allegations and plead circumstances in mitigation of any penalty to be assessed.

Pursuant to Mutual Fund Dealer Rule 7.3.3 and Rule of Procedure 8.3, the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by CIRO in the Statement of Allegations that the Respondent does not specifically deny in the Reply.

Pursuant to Mutual Fund Dealer Rule 7.3.4 and Rules of Procedure 7.3 and 8.4, if the Respondent fails to:

- (a) serve and file a Reply; or
- (b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a Reply may have been served,

the Hearing Panel may, among other things, proceed with the hearing on the date and at the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without further notice to and in the absence of the Respondent, and the Hearing Panel may accept as proven the facts, conclusions, and contraventions alleged in the Statement of Allegations, and may impose sanctions and costs.

The Respondent is entitled to attend the hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, to present evidence, and to make submissions to the Hearing Panel at the hearing.

DATED May 5, 2025.

“National Hearing Officer”
NATIONAL HEARING OFFICER
Canadian Investment Regulatory Organization
40 Temperance Street, Suite 2600
Toronto, Ontario, M5H 0B4

¹ Where the rules, by-laws, and policies of the Mutual Fund Dealers Association of Canada (the “MFDA”) that were in force immediately prior to amalgamation of the Investment Industry Regulatory Organization of Canada and the MFDA have been incorporated into the Mutual Fund Dealer Rules, Enforcement Staff have referenced the relevant section of the Mutual Fund Dealer Rules.



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Statement of Allegations

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STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated May 5, 2025. , Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Between November 2020 and May 2021, the Respondent processed redemptions at the request of a client, a senior, after receiving information that the client was a victim of a fraud, without making adequate inquiries as to the client’s circumstances or reporting the information to the Dealer Member, contrary to Dealer Member’s policies and procedures and Mutual Fund Dealer Rules 2.1.1, 2.2.1, and 1.1.2 (as it relates to 2.5.1).¹

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. Between November 2020 and May 2021, client A, a senior, requested that the Respondent, Sholeh Sharifian (the “Respondent”), process six mutual fund redemptions from her Registered Retirement Savings Plan (RRSP) totaling \$146,954.29, which effectively depleted the client’s account.
2. At the time of the third redemption, client A advised the Respondent that she required the monies as she had been a victim of a fraud. In total, the Respondent processed four redemptions totaling approximately \$61,250 after being informed that the client was a victim of a fraud.

¹ Effective December 31, 2021, MFDA Rule 2.2.1 was amended. As the Respondent engaged in the alleged misconduct in this proceeding prior to December 31, 2021, in this proceeding, Staff is relying on the version of MFDA Rule 2.2.1 that was in effect prior to the December 31, 2021 amendments.

3. The Dealer Member's policies and procedures required Approved Person to be particularly cognizant of unusual instructions and withdrawals by senior clients or clients in a vulnerable position, and to obtain guidance about the situation after contacting the Dealer Member.
4. The Respondent processed the redemptions without making any further inquiries of the client about the circumstances of the information the client informed about the fraud, nor did the Respondent report the information to the Dealer Member.

Registration History

5. From April 25, 2019 to November 3, 2023, the Respondent was registered in New Brunswick as a Mutual Fund Dealer with Sun Life Financial Services Inc. (the "Dealer Member"), a Dealer Member of CIRO (formerly a Member of the MFDA).
6. The Respondent was also registered with the Dealer Member in Ontario from May 19, 2021 to November 3, 2023, and in Alberta from February 11, 2020 to December 31, 2020.
7. Between January 21, 2022 and October 31, 2023, the Dealer Member designated the Respondent as a Branch Manager.
8. On November 3, 2023, the Dealer Member terminated the Respondent, and she is not currently registered in the securities industry in any capacity.
9. At all material times, the Respondent conducted business in the cities of St. John, NB, Nepean, ON, and Calgary, Alberta.

Failure to Know the Client and Report Information to the Dealer Member

Dealer Member's Policies and Procedures

10. At all material times, the Dealer Member's policies and procedures provided that Approved Persons should be suspicious if the client "requests unusual transfers, withdrawals or other changes", makes "repetitive and pressing requests for withdrawals", or "gives out-of-character instructions for one large or several small cash withdrawals".

11. At all material times, the Dealer Member's policies and procedures also stipulated that "extra caution needs to be used when dealing with seniors [...] who deplete capital through withdrawals that exceed returns".
12. The Dealer Member's policies and procedures also provided that if an Approved Persons suspects a client is in a vulnerable position the Approved Person should:
 - consider meeting with the client more frequently to remain informed about changes in their financial needs, employment status, health and other life events;
 - document the interaction with the Client and the Approved Person's specific concerns, and discuss the situation with their manager; and
 - contact the Dealer Member who will provide guidance to the Approved Person.

Client A

13. In 2019, client A was approximately 67 years old.
14. In June 2019, the respondent met with the client and opened a new Registered Retirement Savings Plan ("RRSP") account for the client at the Dealer Member. The Respondent was the Approved Person responsible for servicing the client's account.
15. The Respondent recorded Know-Your-Client information for the client when opening the RRSP which included:
 - a. client A was self-employed;
 - b. little to no investment knowledge;
 - c. low to medium risk tolerance; and
 - d. a time horizon of three to seven years.
16. In July 2019, client A transferred an RRSP to the Dealer Member from another financial institution. The balance of the account totaling \$132,692 was invested in the RRSP account in a certain mutual fund.

17. Soon after the transfer of client A's RRSP to the Dealer Member, the client initiated a monthly contribution of \$200, purchasing the same mutual fund that client A already held in her account. This monthly contribution ran from August 9, 2019 through October 9, 2020.
18. On November 24, 2020, approximately 16 months after opening the account, client A contacted the Respondent and requested the first of six redemptions from her RRSP account.
19. As described below, between November 2020 and May 2021, client A requested a total of six redemptions from her RRSP, totaling \$146,964.29. The Respondent processed the redemptions on behalf of the client, each of which was paid to client A's bank account on file with the Dealer Member.
20. When requesting the first two redemptions, client A advised the Respondent that the redemptions were required to cover a drop in income that client A experienced due to the COVID-19 pandemic. In respect of the second redemption, client A told the Respondent that she was in "financial jeopardy".
21. On March 25, 2021, client A asked the Respondent to withdraw \$30,000 from her RRSP account. At this time, client A wrote to the Respondent informing her: *"I have been a victim of a fraud and I need some money from my investment to help sort things out"*.
22. In respect of the fourth redemption request, client A informed the Respondent by email that she was very short of money and asked whether there were any monies left invested in her account.
23. Client A made the fifth redemption request after asking the Respondent to help her find out more information about her prescription plan. She asked the Respondent to withdraw \$10,000.
24. On May 12, 2021, the Respondent advised client A that she missed insurance premium payments. Client A told the Respondent that she was overdrawn, and the Respondent then suggested that she withdraw from her RRSP. Client A asked to withdraw \$15,000, and the Respondent informed client A that she only had a balance of approximately \$6,000 remaining. Client A asked the Respondent to withdraw the amounts remaining in her account.
25. The Respondent processed a redemption for \$6,250, which left a balance of about \$156 in client A's RRSP account.

26. At all material times, the Respondent was aware that client A was a senior and was making frequent and repetitive redemptions from her investment accounts that were depleting her retirement savings.
27. The Respondent also processed four redemptions in client A's account totaling \$61,250, after client A informed the Respondent that she was a victim of fraud.
28. The Respondent failed to adequately know the client when she failed to make appropriate inquiries regarding the circumstances of the fraud that the client advised her she was a victim of, or to obtain an accurate understanding of client A's financial position at that time.
29. The Respondent also did not report to the Dealer Member that client A made unusual request for redemptions from her account or that client A had informed her that she was a victim of fraud and continued to process redemptions in the client's account as described above.
30. In August 2022, client A's immediate family member contacted the Respondent expressing concerns about the redemptions in client A's account. The Respondent advised the Dealer Member about the complaint.
31. After investigating the matter, client A accepted payment of compensation from the Dealer Member.
32. By engaging in the conduct described above, the Respondent contravened the Dealer Member's policies and procedures and Mutual Fund Dealer Rules 2.1.1, 2.2.1, and 1.1.2 (as it relates to 2.5.1).

DATED at Toronto , Ontario this May 5, 2025.