

In the Matter of
The *FINANCIAL INSTITUTIONS ACT*
(RSBC 1996, c.141)
(the “Act”)

and

The INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

and

YAZDI & ASSOCIATES FINANCIAL SERVICES INC.
(the “Former Agency”)

and

ARVIN NAZERZADEH-YAZDI
(the “Former Licensee”)

ORDER

As Council made an intended decision on December 13, 2016, pursuant to sections 231, 236, and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Former Licensee with written reasons and notice of the intended decision dated April 26, 2017; and

As the Former Licensee has decided not to exercise his right to a hearing, in accordance with section 237 of the Act;

Under authority of sections 231, 236, and 241.1 of the Act, Council orders:

1. The Former Licensee is fined \$10,000.00.
2. The Former Licensee is assessed Council’s investigative costs of \$812.50.
3. As a condition of this order, the Former Licensee is required to pay the above-ordered fine and investigative costs no later than **August 24, 2017**. If the Former Licensee does not pay the ordered fine and investigative costs by this date, the Former Licensee will not be permitted to apply for an insurance licence until such time as the ordered fine and investigative costs are paid in full.

Order
Yazdi & Associates Financial Services Inc. and Arvin Nazerzadeh-Yazdi
LIC-192523C139246R1 and LIC-170806C105981R1
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In addition to the order above, Council's intended decision concluded the following:

1. The Former Licensee is prohibited from holding an insurance licence for a minimum period of five years from the date on which Council's order takes effect.
2. The Former Licensee is prohibited from being an officer or director of an insurance agency for a minimum period of five years from the date on which Council's order takes effect.

This order takes effect on the **24th day of May, 2017**.



Dr. Eric Yung
Chairperson, Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

respecting

YAZDI & ASSOCIATES FINANCIAL SERVICES INC.
(the “Former Agency”)

and

ARVIN NAZERZADEH-YAZDI
(the “Former Licensee”)

Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Former Licensee acted in compliance with the requirements of the Act.

As part of Council’s investigation, on September 19, 2016, Council’s Review Committee (the “Committee”) met with the Former Licensee and his legal counsel to discuss allegations the Former Licensee failed to disclose material information to an insurer; knowingly facilitated group benefit coverage based on false information; and, submitted, or assisted with the submission of, false insurance claims for himself and others.

The Committee was comprised of one voting member and three non-voting members of Council. Prior to the Committee’s meeting with the Former Licensee, an investigation report was distributed to the Committee and the Former Licensee for review. A discussion of this report took place at the meeting and the Former Licensee was provided an opportunity to make further submissions. Having reviewed the investigation materials and, after discussing this matter with the Former Licensee, the Committee prepared a report for Council.

The Committee’s report, along with the aforementioned investigation report, were reviewed by Council at its December 13, 2016, meeting, where it was determined the matter should be disposed of in the manner set out below.

PROCESS

Pursuant to section 237 of the Act, Council must provide written notice to the Former Licensee of the action it intends to take under sections 231, 236, and 241.1 of the Act before taking any such action. The Former Licensee may then accept Council's decision or request a formal hearing. This intended decision operates as written notice of the action Council intends to take against the Former Licensee.

FACTS

The Former Licensee was first licensed as a life and accident and sickness insurance agent ("life agent") in British Columbia in 2007. In July 2013, the Former Agency was issued a life insurance licence. The Former Licensee was its nominee and sole director and was the only licensee authorized to represent the Former Agency.

The insurance licences of the Former Licensee and the Former Agency were terminated on February 16, 2015, at the request of the Former Licensee after two insurers terminated their contracts following investigations into the actions of the Former Licensee.

The insurers' investigations related to the Former Licensee's sale of a group health plan to a company (the "Company") of which the Former Licensee was a director. The Former Licensee arranged for two separate group health plans for the Company. The first group health plan was obtained in 2012.

Following a premium hike in 2013 that was a result of the high number of claims filed, the Former Licensee moved the group health plan to another insurer. In arranging to move the group health plan to another insurer, the Former Licensee failed to inform the new insurer of the previous group health plan, as was required.

In establishing the group health plan, the Former Licensee was aware that the Company had only six employees and that the majority of the 25 individuals registered in the group health plan, which included the Former Licensee and members of his family, were not employees of the Company.

During the time the health plan was in effect, the Former Licensee submitted a number of health claims on his own behalf. A subsequent audit of his health claims found that most were not valid. The Former Licensee subsequently reached a settlement with one of the insurers, and has repaid the other for his personal claims.

The Former Licensee also assisted others, including family members, to submit claims for health care services that were subsequently found to be false. While the group health plan was in effect, the Former Licensee assisted in the submission of a death benefit claim which the claimant was not entitled to receive, as the claimant was not an employee of the Company.

The Former Licensee co-operated during the investigations by the insurers. The Former Licensee has admitted his misconduct and acknowledged he exercised poor judgment.

ANALYSIS

Council found that the Former Licensee facilitated a group health insurance plan for the Company which he knew, or ought to have known, was inappropriate. The group health plan provided coverage to a number of individuals, including members of his family, that the Former Licensee knew were not employees of the Company and not entitled to coverage under the group health plan.

Council noted that the Former Licensee, in moving the group health plan from one insurer to another, misrepresented facts and failed to provide material information to the second insurer regarding the initial group health plan.

Once the group health plan was in effect, Council found that the Former Licensee facilitated the submission of false claims on his own behalf and on behalf of family members. Council found the Former Licensee gained financially, both directly and indirectly, from facilitating the group health plans. The financial benefits resulted from commissions earned and claims paid to him and other family members.

Council concluded that the Former Licensee's actions brought into question his trustworthiness, and his ability to act in good faith and in accordance with the usual practice of the business of insurance. Accordingly, Council found the Former Licensee to be unsuitable to hold an insurance licence or be an officer or director of an insurance agency.

INTENDED DECISION

Pursuant to sections 231, 236, and 241.1 of the Act, Council made an intended decision to:

1. Prohibit the Former Licensee from holding an insurance licence for a minimum period of five years from the date on which Council's order takes effect.
2. Prohibit the Former Licensee from being an officer or director of an insurance agency for a minimum period of five years from the date on which Council's order takes effect.
3. Fine the Former Licensee \$10,000.00.
4. Assess the Former Licensee Council's investigative costs of \$812.50.

The Former Licensee is advised that should the intended decision become final, the fine and investigative costs will be due and payable within 90 days of the date of the order. In addition, failure to pay the fine and investigative costs within the 90 days will result in the Former Licensee not being permitted to apply for an insurance licence until such time as the fine and investigative costs are paid in full.

The intended decision will take effect on **May 24, 2017**, subject to the Former Licensee's right to request a hearing before Council pursuant to section 237 of the Act.

RIGHT TO A HEARING

If the Former Licensee wishes to dispute Council's findings or its intended decision, the Former Licensee may have legal representation and present a case at a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Former Licensee must give notice to Council by delivering to its office written notice of this intention by **May 23, 2017**. A hearing will then be scheduled for a date within a reasonable period of time from receipt of the notice. Please direct written notice to the attention of the Executive Director.

If the Former Licensee does not request a hearing by **May 23, 2017**, the intended decision of Council will take effect.

Intended Decision

Yazdi & Associates Financial Services Inc. and Arvin Nazerzadeh-Yazdi

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Even if this decision is accepted by the Former Licensee, pursuant to section 242(3) of the Act, the Financial Institutions Commission still has a right to appeal this decision of Council to the Financial Services Tribunal ("FST"). The Financial Institutions Commission has 30 days to file a Notice of Appeal, once Council's decision takes effect. For more information respecting appeals to the FST, please visit their website at fst.gov.bc.ca or contact them directly at:

Financial Services Tribunal
PO Box 9425 Stn Prov Govt
Victoria, British Columbia
V8W 9V1

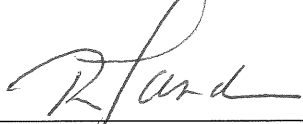
Reception: 250-387-3464

Fax: 250-356-9923

Email: FinancialServicesTribunal@gov.bc.ca

Dated in Vancouver, British Columbia, on the **4th day of May, 2017**.

For the Insurance Council of British Columbia

for 

Gerald Matier

Executive Director

604-695-2001

gmatier@insurancecouncilofbc.com

GM/rm