

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-20916

In the Matter of

**IHSAN DARIUSH IBRAHIM
GHOLIZADEH INC., and IHSAN
DARIUSH IBRAHIM GHOLIZADEH
TRANSFER TRUST,**

Respondents.

**DIVISION OF ENFORCEMENT'S
MOTION FOR SUMMARY
DISPOSITION**

The Division of Enforcement (the “Division”), pursuant to Commission Rules of Practice (“Rules”) 154(a) [17 C.F.R. § 201.154(a)] and 250(c) [17 C.F.R. § 201.250(c)], respectfully moves the Securities and Exchange Commission (“the Commission”) for summary disposition , and for entry of an order revoking, under Section 17A(c)(3) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78q-1(c)(3)], Respondents Hsan Dariush Ibrahim Gholizadeh Inc.’s (“Gholizadeh Inc.”) and Ihsan Dariush Ibrahim Gholizadeh Transfer Trust’s (“Gholizadeh Trust”) (collectively “the Respondents”) registrations as transfer agents.

I. INTRODUCTION

On June 30 2022, the Commission issued an Order Instituting Proceedings (“OIP”) against the Respondents, each of which registered with the Commission as transfer agents, pursuant to Exchange Act Section 17A(c)(2) [15 U.S.C. § 78q-1(c)(2)] and Rule 17Ac2-1(a) [17 C.F.R. § 240.17Ac2-1(a)] thereunder.

The OIP alleges that the Respondents filed Forms TA-1 that included false addresses for Respondents’ principal offices; failed to file amended Forms TA-1 within 60 days of information

on the Forms TA-1 becoming inaccurate; failed to file annual reports for 2020 and 2021 by March 31 of the following year; engaged in activity as transfer agents in contravention of rules and regulations prescribed by the Commission; and failed to provide other records requested by the Commission staff as part of an examination.

II. PROCEDURAL HISTORY

On June 30, 2022, SEC counsel sent Respondents' representative, Ihsan Dariush Ibrahim Gholizadeh ("Gholizadeh"), an email informing him that documents related to this matter are available for inspection and copying at the Commission's headquarters in Washington, D.C.

Respondents were served with copies of the OIP and Secretary's letter on July 8, 2022. (*See* Declaration to Assist with Record of Service and to Provide Status Report, ¶¶ 6-8, 12, filed on Aug. 10, 2022.)

On August 1, 2022, the Commission's Washington, D.C., office received via U.S. Postal Service delivery a copy of Respondents' combined "Acknowledgment and Acceptance of 'Commissions' Offer Compelling [*sic*] Respondents' Performance; Confession and Avoidance; Order for Commission to Cancel Transfer Agent Registration Pursuant Section 17a(C)(4)(B) of the Act" (the "Answer"). (*Id.*, ¶ 9; *see also id.*, Attach. 1 (Answer).)

A note preceding the Answer's body indicates that Respondents sent a copy to the Office of the Secretary by certified mail and return receipt. (*Id.*, ¶ 10; Answer.) The Answer states that the "Organization currently has no way to access the eFAP system or EDGAR so physical copies of this response will be mailed using USPS certified mail, return receipt to all parties." (Answer § II.A.3.)

Respondents' service of their Answer by U.S. Postal Service on the Secretary and the Division and their explanation as to why they could not electronically file their Answer satisfy the Commission's Rules on service and filing. (*See* Rules 150 (Service of Papers by Parties), 152

(Filing of Papers with the Commission: Procedure), and 153 (Filing of Papers: Form) [17 C.F.R. §§ 201.150-153].) The Answer includes a certification of inability to serve electronically (Answer § II.A.1-3), pursuant to Rule 150(c)(1), and the Answer was served on the Secretary by certified mail return receipt requested, which is permissible under Rule 150(d)(2). The Answer therefore complies with Rule 152, as it contains a certification of inability to serve electronically, meets the formatting requirements of Rule 152(b), and is signed as required by Rule 152(c). Finally, the Answer is properly signed and dated in compliance with Rule 153(a) and includes the address and telephone number required of respondents who are not represented by counsel.

The Answer is treated as an answer under Rule 220 (Answer to Allegations) because, although not entitled “Answer,” it contains information and averments in direct response to the OIP allegations (*see* Answer § II.4-6), and Respondents assert that they did not willfully violate transfer agent statutes and rules (*see* Answer §§ II.6, III).

On August 15, 2022, the Division filed Respondents’ Answer with the Commission as an attachment to a motion for an extension of time.

On August 25, 2022, the Secretary entered an Order, granting the Division’s motion for an extension of time, continuing indefinitely the deadline for the prehearing conference and the hearing, ordering that the parties file a status report concerning settlement negotiations and any other developments in the case by December 19, 2022, and extending the deadline for filing a motion for a ruling on the pleadings to December 19, 2022. Order, Release No. 95598 (Aug. 25, 2022). The Order also noted that, if a settlement does not occur, the Division should consider whether a motion for a ruling on the pleadings or for summary disposition is the appropriate course to request remedial relief. *Id.*

On August 10, 2022, the Division filed its Declaration to Assist with Record of Service and to Provide Status Report and attached Respondents' Answer. The Division sent copies to Respondents by email and U.S. Postal Service Express Mail and included a cover letter offering to meet and confer, and to resolve the action through settlement.

On August 17, 2022, the Division sent Gholizadeh—via U.S. Postal Service (USPS) delivery—copies of proposed settlement documents. The USPS tracking system shows that those documents were picked up at the U.S. Postal Service's office in Roxbury, Massachusetts, on August 23, 2022

Gholizadeh has not responded to the Division's August correspondence.

III. RESPONDENTS' ANSWER

In their Answer, Respondents make clear that they do not object to revocation of their transfer agent registrations. In fact, they expressly seek such an outcome:

Respondents **IHSAN DARIUSH IBRAHIM GHOLIZADEH INC., and IHSAN DARIUSH IBRAHIM GHOLIZADEH TRANSFER TRUST**, ("Organizations" or "Trust") hereby humbly *requests the cancelation [sic], termination of Transfer Agent Registrations* and ALL connected and subsequent filings and requests removal of all public records associated with respondents. Respondents deem it appropriate and in the public and private interests of all parties that these relations end.

(Answer § I (italics added for emphasis).) Additionally, Respondents state that they request and authorize the Commission "to **cancel, terminate and withdraw said registrations** for these organizations." (*Id.* § IV.C (emphasis added).)

Respondents do not dispute any of the specific factual allegations in the OIP. Instead, they claim that "[s]ince no transactions and no transfer agent activities were made, [they] were not aware that any annual reports needed to be reported," and, moreover, their violations were "caused by a general lack of understanding of the rules and was NOT a Willful act, and [they] reemphasize it was a Mistake." (*Id.* § II.A.5-6; *see also id.* § III.B.) (emphasis in original).

In sum, Respondents do not object to the allegations presented in the OIP; they admit to committing the violations alleged in the OIP, albeit not willfully; and they agree to revocation of their transfer agent registrations.

IV. THE OIP'S UNDISPUTED ALLEGATIONS

As stated above, Respondents' sole objection to the allegations in the OIP is whether their violations were willful. As such, the allegations in the OIP are to be treated as admitted except as to willfulness. Rule 220(c) [17 C.F.R. § 201.220(c)] ("Any allegation not denied shall be deemed admitted."); *Anthony C. Zufelt*, SEC Release No. 1374, 2019 WL 1761611, at *2 (ALJ April 22, 2019) (citing Rule 220(c)).

The following undisputed pleaded facts are recited in support of the Division's motion:

A. Respondents Failed to Amend Forms TA-1

Gholizadeh Trust registered with the Commission as a transfer agent on September 15, 2020, and Gholizadeh Inc. registered with the Commission as a transfer agent on November 5, 2020, by filing Forms TA-1, but they did not complete the forms according to the instructions. Among other things, Respondents were required to provide their principal office address, defined on the form as the address "where transfer agent activities are, or will be, performed." OIP ¶¶ 5-6.

Gholizadeh Inc. listed its principal office address as 55 Roxbury Street, Suite 192046, Roxbury, MA 02119-9998. *Id.* ¶ 6. Gholizadeh Trust also listed its principal office address as 55 Roxbury Street, Suite 192046, Roxbury, MA 02119-9998. *Id.* The 55 Roxbury Street address is not Respondents' principal office; the 55 Roxbury Street address is a United States Post Office. *Id.* ¶ 8.

Since the address Respondents provided on their Forms TA-1 as Respondents' principal office was inaccurate, Respondents were each required to file an amended Form TA-1 within 60 days following the date on which the information became inaccurate, misleading, or incomplete.

Exchange Act § 17A(c)(2) [15 U.S.C. § 78q-1(c)(2)] and Exchange Act Rule 17Ac2-1(c) [17 C.F.R. § 240.17Ac2-1(c)]. Gholizadeh Inc. never amended its Form TA-1 to correct its address. *Id.* and OIP ¶¶ 11-12, *supra*. Gholizadeh Trust amended its registration nearly one month late on December 9, 2020, using a Form TA-1/A, but did not change the principal office address, which is a Post Office location. OIP. ¶ 7.

By filing Forms TA-1 that included incorrect addresses for Respondents' principal offices, Respondents violated Exchange Act Section 17A(c)(2) [15 U.S.C. § 78q-1(c)(2)] and Rule 17Ac2-1(a) [17 C.F.R. § 240.17Ac2-1(a)] thereunder. *Id.* ¶ 20.

By failing to file amendments to their Forms TA-1 with the correct addresses for Respondents' principal offices within 60 days of information on the Forms TA-1 becoming inaccurate, Respondents violated Exchange Act Section 17A(c)(2) and Rule 17Ac2-1(c) [17 C.F.R. § 240.17Ac2-1(c)] thereunder. *Id.* ¶ 21.

B. Respondents Failed to Make Records Available for Examination by Commission Staff.

Gholizadeh signed the registration forms for each Respondent, and he is listed as Gholizadeh Inc.'s CEO and Gholizadeh Trust's Treasurer. *Id.* ¶ 15.

On April 13, 2021, staff of the Commission's Division of Examinations (the "Exam Staff") attempted to contact Gholizadeh by phone and email to schedule examinations of Gholizadeh Inc. and Gholizadeh Trust. Exam Staff did not receive any error (or bounce-back) message indicating that the email could not be delivered. *Id.*

On April 20, 2021, Exam Staff called two other numbers from public records for Gholizadeh, but did not reach anyone. Exam Staff also sent a second email and did not receive any error (or bounce-back) message indicating that the email could not be delivered. *Id.* ¶ 16.

Neither Gholizadeh—nor anyone else claiming to represent Gholizadeh Inc., Gholizadeh Trust or Gholizadeh—responded to the Exam Staff’s attempts to contact Respondents to schedule examinations of their records. *Id.* ¶ 17.

By failing to make records available for examination by Commission representatives, Respondents violated Exchange Act Section 17(b)(1) [15 U.S.C. § 78q(b)(1)]. *Id.* ¶ 24.

C. Respondents Failed to File Annual Reports.

Having registered as transfer agents in 2020, Respondents were required to file annual reports for by March 31 of the successive years. *Id.* ¶¶ 5-6, 13. Respondents failed to file any annual reports for 2020 or 2021 by March 31 of the following years. *Id.* ¶ 13.

By failing to file annual reports for 2020 by March 31, 2021, and failing to file annual reports for 2021 by March 31, 2022, Respondents violated Exchange Act Section 17A(c)(2) and Rule 17Ac2-2 [17 C.F.R. § 240.17Ac2-2] thereunder. *Id.* ¶ 22.

D. Respondents Engaged in Transfer Agent Activities in Contravention of Rules and Regulations Prescribed by the Commission.

By violating the regulations promulgated by the Commission, Respondents violated Exchange Act Section 17A(d)(1) [15 U.S.C. § 78q-1(d)(1)], which prohibits registered transfer agents from engaging in activity as transfer agents in contravention of rules and regulations prescribed by the Commission.

V. THERE CAN BE NO GENUINE FACTUAL DISPUTE THAT RESPONDENTS ACTED WILLFULLY, DESPITE THEIR DENIAL.

Summary disposition should be granted in the Division’s favor if “the undisputed pleaded facts...show that there is no genuine issue with regard to any material fact and that the movant is entitled to summary disposition as a matter of law.” Rule 250(b); *In the Matter of Legacyxchange, Inc.*, Exchange Act Release No. 34-96401, 2022 WL 17345980, *1 (Nov. 29, 2022). The undisputed pleaded facts in the OIP and Respondents’ Answer show that there is no genuine

factual issue as to whether Respondents acted willfully. Their conclusory denial that they did not act “willful[ly]” (Answer at 2) is based on their misunderstanding of the legal definition of the term “willfully” in this context—not a factual dispute. Therefore, summary disposition of these proceedings is appropriate.

A. The “Willfulness” Standard Is Derived from Exchange Act Section 15.

The Commission may revoke a transfer agent’s registration if it:

finds, on the record after notice and opportunity for hearing, that . . . revocation is in the public interest and that such transfer agent . . . has committed or omitted any act, or is subject to an order or finding, enumerated in subparagraph (A), (D), (E), (H), or (G) of paragraph (4) of section 78o(b) of this title.

Exchange Act § 17A(c)(3)(A) [15 U.S.C. § 78q-1(c)(3)(A)]. Exchange Act Section 15(b)(4)(D) [15 U.S.C. § 78o(b)(4)(D)] authorizes revocation of a registration if there has been a *willful* violation of any provision of the Exchange Act or the rules and regulations thereunder.

B. The Definition of “Willful”

Exchange Act Section 15 does not define “willful,” so the Commission should look to judicial interpretation of the term. The seminal case on this issue is *Wonsover v. SEC*, 205 F.3d 408 (D.C. Cir. 2000). In that case, the Commission affirmed an administrative law judge’s conclusion that Wonsover violated sections of the Securities Act of 1933 and that the violations were willful under Exchange Act Section 15(b)(4). *Id.* at 412. Wonsover appealed, unsuccessfully arguing that the Commission’s willfulness standard was incorrect. *Id.* at 413. In affirming the Commission’s standard, the D.C. Circuit found that “‘willfully’ simply requires the intentional doing of the wrongful acts-no knowledge of the rule or regulation is required.” *Id.* at 414.¹ The

¹ In *Robare Group, Ltd. v. SEC*, 922 F.3d 468, 479 (2019), the D.C. Circuit applied a different interpretation of the “willfully violated” standard in the context of a violation of Section 207 of the Advisers Act. *Robare* neither purported to, nor did, overrule *Wonsover*, as *Robare* was not decided by the D.C. Circuit seated *en banc*. As a result, in the context of remedial provisions,

appellate court elaborated, noting that “[g]enerally, it means no more than that the person charged with the duty knows what he is doing. It does not mean that, in addition, he must suppose that he is breaking the law.” *Id.* at 415.

C. There Is No Factual Dispute That Respondents Knew What They Were Doing, Even If They Did Not Know They Were Breaking the Law, as They Claim.

There is no genuine factual dispute that Respondents knew what they were doing. Respondents knew enough to file transfer agent registrations with the Commission, using Forms TA-1. OIP ¶¶ 5-6. Gholizadeh Trust knew enough to amend its registration on December 9, 2020, using a Form TA-1/A. *Id.* ¶ 7. Respondents knew enough to submit an Answer to the allegations in the OIP, admit to the violations, and agree to revocation of their registrations. Furthermore, Respondents’ failure to respond to the Exam Staff’s communications is not evidence that Respondents did not know what they were doing; it is simply evidence that Respondents decided not to respond—yet another example that they knew what they were doing.

Respondents’ violations were a result of a “general lack of understanding of the rules” (Answer § II.A.5-6). It is not necessary, however, to establish that Respondents had knowledge of the rules or that they knew they were committing violations in order to find Respondents acted willfully. *See Wonsover*, 205 F.3d at 414-15.

VI. CONCLUSION

For the reasons set forth above, the Division respectfully requests that the Commission:

1) grant the Division’s Motion; and 2) enter the attached summary disposition order revoking Respondents’ transfer agent registrations.

including Exchange Act 15(b)(4)—as contemplated here and in *Wonsover*—it is appropriate to continue to apply the standard established in *Wonsover*: that the term “willfully violated” requires only a showing that a respondent intentionally committed the act that constitutes the violation.

Dated: December 21, 2022

Respectfully submitted,

/s/ Gregory N. Miller

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Certificate of Service

Pursuant to Rule 150 of the Commission's Rules of Practice, I hereby certify that on December 21, 2022, the foregoing Division of Enforcement's Motion for Summary Disposition was filed using the e-FAP system, and that a true and correct copy of the motion has been served on Respondents' representative, Ihsan Dariush Ibrahim Gholizadeh, on this 21st day of December, 2022, by U.S. Express Mail sent to 55 Roxbury Street, Suite 192046, Roxbury, MA 02119-9998.

/s/ Gregory N. Miller
Gregory N. Miller