

Fact Sheet – Jay Kanth Chaudhary

Investigation into Chaudhary

- In 2019, BCFSA became aware of activities by Jay Kanth Chaudhary, who was alleged to be operating an elaborate scheme to facilitate noncompliant mortgage broker activity in British Columbia with falsified income and savings information being submitted to mortgage lenders.
- Chaudhary had been a registered submortgage broker between April 25, 2007, and December 21, 2007, and between January 4, 2008, and October 20, 2008. On October 16, 2008, Chaudhary was suspended by the Registrar of Mortgage Brokers for 120 days for conducting business in a manner that was prejudicial to the public interest in breach of the Act. Chaudhary did not renew his registration at the completion of his suspension.
- The Office of the Registrar of Mortgage Brokers received two complaints about Chaudhary's activities between July 2017 and October 2017, prompting an investigation into Chaudhary's conduct which uncovered his complex scheme to carry on business as an unregistered submortgage broker.
- This investigation was completed in 2019, at which time BCFSA held an ex parte hearing and ordered that Chaudhary [cease and desist](#) from carrying on business as a submortgage broker, from acting as or holding out as a submortgage broker in British Columbia, and from conducting any unregistered mortgage broker activity in British Columbia in any capacity, unless and until he becomes registered to do so under the provisions of the *Mortgage Brokers Act* ("MBA").
- In addition to issuing the [urgent cease and desist order](#), BCFSA notified applicable law enforcement agencies of Chaudhary's activities immediately, and throughout various stages of its investigation.

Investigations Into Other Individuals

- Following these regulatory interventions against Chaudhary, BCFSA turned its investigatory focus towards the more than 25 individuals who allegedly participated in, benefitted from, and helped to facilitate Chaudhary's activities.
- Real estate licensees involved with Chaudhary are alleged to have referred their clients to his noncompliant services and/or to have used his services in their own mortgage applications and misrepresented their income and savings information.
- Mortgage broker registrants are alleged to have submitted applications to lenders on behalf of Chaudhary and at his direction while Chaudhary was not registered as a mortgage broker.

- Of the more than 25 individuals that were investigated, 23 have been charged. Fifteen of the matters have concluded:
 - Seven mortgage brokers and six real estate licensees have entered into consent orders which included monetary penalties;
 - One real estate licensee has received sanctions after a disciplinary hearing that included licence cancellation and a monetary penalty; and
 - One real estate licensee's hearing has a decision pending.
- Eight real estate licensees and one mortgage broker are awaiting hearings.
- Those found to be involved with Chaudhary's activities and that have either entered into consent orders or received penalties after a hearing include:

Related files – real estate licensees:

- Rashin Rohani – [Decision on Sanction](#) (under appeal to the Financial Services Tribunal)
- Mehdi Parsaeian, aka Mohammad Mehdi Parsaeian – [Consent Order](#)
- Jin Luo and Jin Luo PREC – [Consent Order](#)
- Afsaneh Zarshenas – [Consent Order](#)
- Molenia Golshani – [Consent Order](#)
- Homayoun Karimloo – [Consent Order](#)
- Sayna Mirzadeh – [Consent Order](#)

Related files – mortgage broker registrants:

- Kambiz Parvisi – [Consent Order](#)
- Ksenia Ivanova – [Consent Order](#)
- Jordan Lee Ly – [Consent Order](#)
- Sophiya Dewshi – [Consent Order](#)
- Sarbjit Bains – [Consent Order](#)
- Shane Ballard – [Consent Order](#)
- Jay Chaudhary – [Urgent Order](#)

Legislation Background

- In 2019, the BC Government established the Cullen Commission of Inquiry into Money Laundering in B.C. in response to concerns related to money laundering in the province. Chaudhary provided testimony at commission hearings that included admissions of his own involvement in unregistered mortgage activity and participation in facilitating fraudulent mortgage transactions. The Cullen Report, which was released in June 2022, includes 101 recommendations that apply to many financial service sectors and professions including gaming, lawyers and notaries, accountants, real estate, mortgage brokers, and money service businesses. The recommendations from the Cullen Report prompted the reform of the Mortgage Brokers Act ("MBA"), which will be repealed and replaced by the Mortgage Services Act ("MSA") when it comes into force, and the development of the Money Services Businesses Act ("MSBA").

- In 2021, amendments were made to the *Real Estate Services Act's* ("RESA") administrative penalty framework to expand the penalty threshold by category of contravention. The penalties issued to some real estate licensees reflect pre- 2021 (pre-amendment) penalty amounts.
- As a result of the 2021 amendments, individual real estate licensees who are found to have contravened RESA can face penalties of up to \$250,000 per contravention, or \$500,000 per contravention in the case of a corporation.
- Under the current *Mortgage Brokers Act* ("MBA"), mortgage brokers can face penalties of up to a maximum of \$50,000 for misconduct. The MBA has been in place since 1972 and will be repealed and replaced by the *Mortgage Services Act* ("MSA") when it comes into force.
- The MSA will modernize and enhance discipline processes to allow for greater penalties for misconduct. When the MSA is in force, penalties will increase significantly to \$250,000 per contravention, or \$500,000 per contravention in the case of a corporation. MSA will also expand BCFSA's powers to set licensee standards of conduct and hold the industry to a higher benchmark.
- BCFSA employs a risk-based approach to focus its compliance efforts on high-risk conduct. BCFSA also relies on consumers and regulated entities to provide intelligence by reporting concerns about potential misconduct. Complaints about BCFSA-regulated entities, like mortgage brokers, may result in an investigation and disciplinary action where there is sufficient evidence to support a breach of legislation within BCFSA's jurisdiction, even where the complaint is anonymous or withdrawn.

About BCFSA

B.C. Financial Services Authority ("BCFSA") is the province's regulator for the financial services sector that helps to protect British Columbians during some of the most important financial decisions of their lives. As a Crown agency of the Government of British Columbia, BCFSA oversees credit unions, trust companies, insurance companies, pension plans, mortgage services, real estate services, real estate development marketing, and money services. BCFSA also administers the Credit Union Deposit Insurance Corporation of British Columbia ("CUDIC"). BCFSA's mission is to instill confidence in the financial services sector by focusing on the safety and soundness of regulated entities and consumer protection.

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