

Re Yasinowski

IN THE MATTER OF:

**The Rules of the Investment Industry Regulatory Organization of
Canada**

and

Darryl Joseph Yasinowski

2018 IIROC 29

Investment Industry Regulatory Organization of Canada
Hearing Panel (Saskatchewan District)

Heard: June 25, 2018 in Regina, Saskatchewan

Decision: June 25, 2018

Reasons: July 25, 2018

Hearing Panel:

Eric Spink, QC, Eric Wray and Peter McWilliams

Appearance:

David McLellan, Senior Enforcement Counsel for IIROC staff

Shaunt Parhev, for the Respondent

Darryl Joseph Yasinowski, the Respondent

DECISION ON THE MERITS

1. INTRODUCTION

¶ 1 This Settlement Hearing considered a Settlement Agreement agreed to by the Respondent, Darryl Joseph Yasinowski, dated May 1, 2018, which is attached as Appendix 1.

¶ 2 The Hearing Panel heard submissions from IIROC's counsel, the Respondent's counsel, and the Respondent. After a brief adjournment, the panel accepted and signed the Settlement Agreement with reasons to follow. These are our reasons.

¶ 3 In the Settlement Agreement, the Respondent admits to the following contraventions of IIROC's Rules:

- a) Between approximately May, 2010 and October, 2014, the Respondent failed to use due diligence to learn and remain informed of the essential facts relative to five (5) clients contrary to Dealer Member Rule 1300.1(a)
- b) Between approximately May, 2010 and October, 2014, the Respondent failed to use due diligence to ensure that investment recommendations were suitable for five (5) clients contrary to Dealer Member Rule 1300.1(q).

¶ 4 The following overview of the contraventions is taken from paragraphs 4 – 8 of the Settlement Agreement:

- The Respondent, Darryl Joseph Yasinowski ("Yasinowski") was a Registered Representative ("RR") and Portfolio Manager in Regina, Saskatchewan responsible for the accounts of five clients ("Clients").

- The Clients' accounts were all managed, fee based accounts over which Yasinowski was authorized to exercise discretionary authority.
- Yasinowski failed to know the Clients, who all had limited investment knowledge and varying degrees of vulnerability.
- He failed to use due diligence to ensure that his investment recommendations were suitable for the Clients when he pursued an aggressive investment strategy which involved many high risk, speculative securities such as options (covered and uncovered) and leveraged and inverse ETFs. In addition, he employed extensive use of margin in some of the Clients' accounts.
- The Clients sustained losses of between 32% and 58% of their portfolios.

¶ 5 The Settlement Agreement provides for the following penalties and costs:

- a) A suspension from registration in any capacity for 6 months;
- b) Close supervision for 18 months upon return to the industry;
- c) A fine in the amount of \$90,000; and
- d) Costs in the amount of \$10,000.

¶ 6 As stated in *Re Milewski* [1999] I.D.A.C.D. No. 17, the panel's role in a settlement hearing is to determine whether the proposed settlement falls within "a reasonable range of appropriateness", bearing in mind the facts of the case, the IIROC Sanction Guidelines, and other decisions involving similar misconduct. The *Milewski* decision observed that the panel is asked "to 'accept', rather than approve, a settlement agreement", and that the panel's consideration of specific settlements must "reflect the public interest benefits of the settlement process". In this case, IIROC staff and the Respondent participated in a formal mediation process in coming to the Settlement Agreement, and both counsel emphasized that the settlement process had been "a long road".

¶ 7 With the consent of both parties, the panel was informed of an additional fact not contained in the Settlement Agreement. The Respondent's former firm settled with the Clients in this case by paying them approximately \$115,000, and the Respondent settled with his former firm by paying \$90,000 and foregoing other entitlements.

¶ 8 IIROC's counsel reviewed the Sanction Guidelines in light of the key factors in this case. He noted that the violations involved 5 Clients over a period of 4 years and emphasized: the Respondent's role as a portfolio manager; the vulnerability of the clients who relied upon his discretion; the resulting fiduciary duty of the Respondent to those Clients; and how the risky, aggressive, leveraged investment strategy was incongruent with the Clients' needs. IIROC's counsel also noted several mitigating factors. The Respondent voluntarily paid compensation to the Clients, and he has no prior disciplinary record. IIROC's counsel also acknowledged that the Respondent was not driven by monetary gain and that the Respondent sincerely believed that he was acting in the best interests of his clients, although that belief was clearly in error.

¶ 9 The panel was referred to previous decisions illustrating the application of the Sanction Guidelines: *Re Matthews* 2015 IIROC 2; *Re Allan* 2013 IIROC 56; *Re Biduk* 2012 IIROC 47; *Re Gareau* 2011 IIROC 72; *Re Martens* 2013 IIROC 40; *Re Renaud* 2016 IIROC 20; *Re Jones* 2015 IIROC 5; *Re Opaleke* 2015 IIROC 10; *Re Hartner* 2018 IIROC; *Re Arapis* 2011 IIROC 37; *Re Husebye* 2016 IIROC 21; and *Re Trapeze Capital Corp.* 2012 IIROC 25.

¶ 10 Although all these decisions are to some extent helpful, each case involves unique facts and many of these cases involved aggravating factors not present here. Of the decisions referred to us, the panel found that situation in *Re Husebye* most closely resembled the case at hand. *Re Husebye* involved investments that were unsuitable because they were excessively risky, including the use of inverse/leveraged ETFs. Moreover, it was also a situation where the representative was sincerely trying to do the best for his clients and believed that the investments were suitable, although that judgment was faulty. The panel in *Re Husebye* imposed a six-month

prohibition on registration, a requirement to complete the Conduct and Practices Handbook course prior to seeking re-registration, a fine of \$20,000, and costs of \$10,000. In discussing the appropriate weight to be given to deterrence, the panel in *Re Husebye* said (at para. 12): “One has to be careful not to impose too high a penalty which might have the effect of discouraging or having a chilling effect on innovation and contrarian thinking in the securities industry.”

¶ 11 For these reasons, the panel decided that the agreed-upon sanctions and costs in this case are reasonable. We therefore accepted and executed the original Settlement Agreement on June 25, 2018.

Dated at Regina, Saskatchewan this 25th day of July, 2018.

Eric Spink

Eric Wray

Peter McWilliams

APPENDIX 1

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Investment Industry Regulatory Organization of Canada (“IIROC”) will issue a Notice of Application to announce that it will hold a settlement hearing to consider whether, pursuant to Section 8215 of the Consolidated Enforcement, Examination and Approval Rules of IIROC, a hearing panel (“Hearing Panel”) should accept the settlement agreement (“Settlement Agreement”) entered into between the staff of IIROC (“Staff”) and Darryl Joseph Yasinowski (“Respondent”).

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

Overview

4. The Respondent, Darryl Joseph Yasinowski, (“Yasinowski”) was a Registered Representative (“RR”) and Portfolio Manager in Regina, Saskatchewan responsible for the accounts of five clients (“Clients”).
5. The Clients’ accounts were all managed, fee based accounts over which Yasinowski was authorized to exercise discretionary authority.
6. Yasinowski failed to know the Clients, who all had limited investment knowledge and varying degrees of vulnerability.
7. He failed to use due diligence to ensure that his investment recommendations were suitable for the Clients when he pursued an aggressive investment strategy which involved many high risk, speculative securities such as options (covered and uncovered) and leveraged and inverse ETFs. In addition, he employed extensive use of margin in some of the Clients’ accounts.
8. The Clients sustained losses of between 32% and 58% of their portfolios.

Registration History

9. Yasinowski first became a Registered Representative in 1996 and a Portfolio Manager (“PM”) in November, 2009. Between July, 2009 and December, 2014, he was employed with Mackie Research

Capital Corporation (“Mackie”) in Regina, Saskatchewan.

Client – SG

(i) Failure to Know Your Client

10. SG lives in Saskatoon, works as a sales account manager, and at all material times was a single parent in her late thirties.
11. In May, 2010, she opened three accounts with Yasinowski: a Canadian and a US Margin account, as well as an RRSP.
12. The accounts were managed, fee based (2% per annum) accounts. Yasinowski was authorized to exercise his discretion concerning recommendations in these accounts.
13. The New Client Account Forms (“NCAFs”) for all three accounts stated that she had assets of \$350,000 (\$100,000 liquid), and an annual income of \$68,000. Her investment knowledge was listed as “limited”. Her stated investment objectives category was “Growth”, but the form did not contain a numerical breakdown of investment objectives and risk tolerance parameters.
14. There were no NCAF updates between May, 2010 and October, 2013, when she closed the accounts.
15. SG initially provided \$115,000 to Yasinowski to invest on her behalf. These funds were borrowed against the equity in her home through a home equity line of credit (“HELOC”). Yasinowski was aware that she had borrowed funds to invest with him.
16. SG states that she was seeking a conservative growth strategy which would generate returns through dividends while protecting the principal amount invested.
17. For the period of May, 2010 to October, 2013, the stated investment objectives of her accounts were too aggressive for SG, who had limited investment knowledge, had borrowed to invest and was seeking a conservative growth strategy.
18. Yasinowski failed to learn and remain informed of the essential facts relative to SG as the stated investment objectives in her accounts were inconsistent with her true financial situation, investment knowledge, investment objectives and risk tolerance.

(ii) Suitability

19. SG was a vulnerable client who relied on Yasinowski for investment advice and recommendations.
20. As he was authorized to conduct discretionary trades, she reposed her trust in him and stood to be adversely affected by the exercise of his discretion. As such, he had a fiduciary duty to act in her best interests in executing trades based on his recommendations in her accounts.
21. Through Yasinowski’s own research, investment ideas and trading activity, he pursued an aggressive investment strategy in her accounts which involved a high degree of risk.
22. In general, although the holdings consisted of a number of large capitalization common stocks and income trusts which paid dividends, as well as equity and balanced mutual funds, the use of margin and leverage together with the nature of the trading significantly increased the risk level in the accounts.
23. Yasinowski purchased a number of high risk junior companies and equity ETFs in volatile sectors (such as materials, energy, and technology).
24. Although this strategy yielded a positive return, Yasinowski purchased a number of inverse/leveraged ETFs (“LETF”) in her accounts. The LETFs, which are high risk securities involving short term speculation, were frequently held for extended periods of time and at times comprised a significant portion of her total portfolio, despite such securities being designed for very short term holding periods.
25. In addition, he used various options strategies in her accounts which involved short term speculation, such

as writing uncovered puts and calls, and writing covered calls. These strategies increased the short term trading and volatility in her accounts, which in turn increased the risk.

26. Yasinowski was aware that a significant amount of the original invested principal was borrowed through a HELOC. In addition, there was use of margin in the accounts as they were in a debit position for 26 of the 41 months.
27. Between February 2011 and January 2013, the level of margin, when drawn, averaged approximately 18% of the market value of invested securities. In effect, this double use of leverage greatly increased the level of risk in the accounts, which leverage was in turn magnified by options positions and LETFs.
28. Between June 2010 and September 2013, SG experienced a loss of approximately \$66,000, representing 55% of her portfolio, including fees of \$5,780. During the same time period, the S&P TSX Composite Index increased by 13.22%.
29. The holdings in her accounts were speculative, and in combination with the high level of leverage, presented a degree of risk which was contrary to her stated investment objectives, as well as her true circumstances. These trades based on his recommendations were not suitable in light of her financial situation, investment knowledge and experience.

Client – LM

(i) Failure to Know Your Client

30. LM is a 61 year old retired school teacher living in Regina. She is divorced and the sole income earner in her household.
31. In May, 2011, she opened four accounts with Yasinowski: a Canadian and US margin account, as well as an RRSP and a TFSA. At that time, she was 55 years old and living from her pension payments while supplementing her income with occasional substitute teaching.
32. These accounts were all managed, fee based accounts (2% per annum). Yasinowski was authorized to exercise his discretion concerning recommendations in these accounts. She also opened non-managed accounts with Yasinowski but these were never used.
33. Her NCAFs stated that she had a net worth of \$750,000 (\$125,000 liquid), and an annual income of \$45,000. Her investment knowledge was listed as “limited”. Her stated investment objectives category was “Growth”.
34. There were no NCAF updates between May 2011 and December 2013, when she closed the accounts.
35. LM provided approximately \$300,000 to Yasinowski to invest. She states that she was seeking a conservative growth strategy which would generate some growth over the long term. She relied on her pension income for living expenses but did not rely on her investment portfolio.
36. For the period of May, 2011 to December, 2013, the stated investment objectives of her accounts were too aggressive for LM, who was semi-retired, in her late 50s, divorced and had limited investment knowledge.
37. Yasinowski failed to learn and remain informed of the essential facts relative to LM as the stated investment objectives in her accounts were inconsistent with her true financial situation, investment knowledge, investment objectives and risk tolerance.

(ii) Suitability

38. LM was a vulnerable client who relied on Yasinowski for investment advice and recommendations.
39. As he was authorized to conduct discretionary trades, she reposed her trust in him and stood to be adversely affected by the exercise of his discretion. As such, he had a fiduciary duty to act in her best interests in executing trades based on his recommendations in her accounts.

40. Through Yasinowski's own research, investment ideas and trading activity, he pursued an aggressive investment strategy in her accounts which involved a high degree of risk.
41. In general, although the holdings consisted of a number of large capitalization common stock and income trusts which paid dividends, as well as equity mutual funds and convertible debentures, the use of margin together with the nature of the trading activity significantly increased the risk level in the accounts.
42. Yasinowski purchased a number of high risk junior companies and equity ETFs in volatile sectors (such as materials, energy, and technology).
43. Although this strategy did not result in losses, Yasinowski also purchased and held a number of LETFs for extended periods of time despite such securities being designed for very short term holding periods. At times, these LETFs comprised a significant portion of her total portfolio.
44. Yasinowski used various options strategies in her accounts such as writing uncovered puts and writing covered calls. These strategies, and in particular writing uncovered puts, resulted in short term trading and volatility in her accounts, which in turn increased the risk.
45. There was also frequent use of margin in the accounts. Between June 2011 and December 2013, her margin accounts were in a debit position for 12 of the 30 months. The level of margin, when drawn, averaged approximately 10% of the market value of invested securities. In effect, this use of leverage increased the level of risk in the accounts, which in turn was further magnified by options positions and LETFs.
46. Between June 2011 and December 2013, LM experienced a loss of approximately \$96,000, representing 32% of her portfolio, including fees paid of \$13,260. During the same time period, the S&P TSX Composite Index increased by 2.4%.
47. The holdings in her accounts were speculative, and in combination with the high level of leverage, presented a degree of risk which was contrary to her stated investment objectives, as well as her true circumstances. These trades based on his recommendations were not suitable in light of her financial situation, investment knowledge and experience.

Client – JJ

(i) Failure to Know Your Client

48. JJ is a 54 year old self-employed salesperson living in Regina. She is divorced and the sole income earner in her household.
49. In December 2010, she opened three accounts with Yasinowski: a Canadian and a US margin and a short margin account, as well as an RRSP. At that time she was 47 years old.
50. The accounts were all managed fee based accounts (2% per annum). Yasinowski was authorized to exercise his discretion concerning recommendations in these accounts.
51. The NCAFs for all her accounts stated that she had a net worth of \$425,000 (\$200,000 liquid), and an annual income of \$130,000. Her investment knowledge was listed as "poor". Her stated investment objectives category was "Growth".
52. There were no NCAF updates between December 2010 and February 2014, when she closed the accounts.
53. JJ initially provided approximately \$173,000 to Yasinowski to invest, consisting of \$100,000 borrowed from a HELOC and \$73,000 from an RRSP transferred over from another financial institution.
54. She states that she was seeking a conservative growth strategy which would generate some growth over the long term, in the range of 3 to 7% per year.
55. For the period of December 2010 to February 2014, the stated investment objectives were too aggressive for JJ, who was using borrowed fund and had poor investment knowledge.

56. Yasinowski failed to learn and remain informed of the essential facts relative to JJ as the stated investment objectives in her accounts were inconsistent with her true financial situation, investment knowledge, investment objectives and risk tolerance.

(ii) Suitability

57. JJ was a vulnerable client who relied on Yasinowski for investment advice and recommendations.

58. As he was authorized to conduct discretionary trades, she reposed her trust in him and stood to be adversely affected by the exercise of his discretion. As such, he had a fiduciary duty to act in her best interests in executing trades based on his recommendations in her accounts.

59. Through Yasinowski's own research, investment ideas and trading activity, he pursued an aggressive investment strategy in her accounts which involved a high degree of risk.

60. In general, although the holdings consisted of a number of large capitalization common stocks and income trusts which paid dividends, as well as equity mutual funds, the use of margin, leverage and the trading activity significantly increased the risk level in the accounts.

61. Yasinowski purchased a number of high risk junior companies and equity ETFs in volatile sectors (such as materials, energy, and technology).

62. Although this strategy yielded a positive return, Yasinowski also purchased and held a number of LETFs for extended periods of time despite such securities being designed for very short term holding periods. At times, these LETFs comprised a significant portion of her total portfolio.

63. For example, in February 2011, Yasinowski purchased 4900 shares of Horizons Beta S&P/TSX 60 Bear+ ETF (symbol: HXD), a two times inverse LETF tracking the daily performance of the S&P/TSX 60 Index, for a total investment of \$80,302. This one high risk investment represented 48% of her total portfolio. This security was held for 4 months, far beyond the recommended holding period for a LETF.

64. Yasinowski used various options strategies in her accounts, such as writing uncovered puts and calls, writing covered calls and buying puts and calls. These strategies, in particular writing uncovered puts and calls, resulted in short term trading and volatility in her accounts, which in turn increased the risk.

65. In addition, there was frequent use of margin in the accounts. Between December 2010 and February 2014, her margin accounts were in a debit position for 20 of the 38 months. The level of margin averaged approximately 23% of the market value of invested securities. In effect, this double use of leverage increased the level of risk in the accounts, which in turn was further magnified by options positions and LETFs.

66. Between December 2010 and January 2014, JJ experienced a loss of approximately \$57,000, representing 34% of her portfolio, including fees paid of \$8,560. During the same time period, the S&P TSX Composite Index increased by 1.9%.

67. The holdings in her accounts were speculative, and in combination with the high level of leverage, presented a degree of risk which was contrary to her stated investment objectives, as well as her true circumstances. These trades based on his recommendations were not suitable in light of her financial situation, investment knowledge and experience.

Clients – DW/LP

(i) Failure to Know Your Client

68. DW and LP are a couple who own and operate a small business. They each have a grade 12 education, with LP also holding an engineering diploma. They do not have a fixed address, and have lived in a mobile recreational vehicle for a number of years.

69. In September 2011, while both were 50 years old, they opened individual accounts with Yasinowski. DW opened a LIRA. LP opened Canadian and US margin accounts, an RRSP, and a TFSA. She also opened a

LIRA in October 2011.

70. These accounts were all managed, fee based accounts (2% per annum). Yasinowski was authorized to exercise his discretion concerning recommendations in these accounts.

DW

71. The September 2011 NCAF for DW's LIRA stated that he had a net worth of \$492,000 (\$90,000 liquid), and an annual income of \$30,000. His investment knowledge was listed as "limited". His stated investment objectives category was "Growth".
72. In October 2012, DW also opened Canadian and US margin accounts. All of the information was the same as the September, 2011 NCAF, with the exception of his investment knowledge. It was now listed as "good".
73. In total DW invested \$133,971 with Yasinowski (\$78,971 in the LIRA account, \$55,000 in the Canadian Margin account). He withdrew \$20,500, for a total net investment of approximately \$113,000.

LP

74. The September 2011 NCAF for LP's accounts stated that she had a net worth of \$492,000 (\$90,000 liquid), and an annual income of \$20,000. Her investment knowledge was listed as "limited". Her stated investment objectives category was "Growth".
75. In total, LP invested \$121,600 with Yasinowski.
76. There were no additional NCAF updates to either DW's or LP's accounts. They closed their accounts in October 2014.
77. DW and LP had no previous experience with financial markets. They told Yasinowski that this was their retirement money. They state that they were seeking a growth strategy with a reasonable level of risk and did not require income from their portfolio.
78. For the period of September 2011 to October 2014, the stated investment objectives were too aggressive for DW and LP, who had limited investment knowledge.
79. Yasinowski failed to learn and remain informed of the essential facts relative to DW and LP as the stated investment objectives in their accounts were inconsistent with their true financial situation, investment knowledge, investment objectives and risk tolerance.

(ii) Suitability

80. DW and LP were vulnerable clients who relied on Yasinowski for investment advice and recommendations.
81. As he was authorized to conduct discretionary trades, they individually reposed their trust in him and stood to be adversely affected by the exercise of his discretion. As such, he had a fiduciary duty to act in their best interests in executing trades based on his recommendations in their accounts.
82. Through Yasinowski's own research, investment ideas and trading activity, he pursued an aggressive investment strategy in their accounts which involved a high degree of risk.

DW

83. In general, although the holdings consisted of a number of large capitalization common stocks and income trusts which paid dividends, as well as equity and balanced mutual funds, the use of margin and the trading activity significantly increased the risk level in the accounts.
84. Yasinowski purchased a number of high risk junior companies and equity ETFs in volatile sectors (such as materials and energy). In particular, three high risk materials and energy sector securities caused the majority of losses in DW's accounts.

85. In March, 2013, Yasinowski purchased \$28,000 worth of units in ProShares Short 20+ Year Treasury ETF (symbol: TBF). This is a high risk security speculating on the daily performance of a US treasury bond index. Although this position did result in a \$2,000 gain, it represented 24% of DW's total portfolio when it was purchased and significantly increased the risk level in the portfolio.
86. Yasinowski also used various options strategies in his accounts, such as writing uncovered puts, writing covered calls and buying puts and calls. These strategies, in particular writing uncovered puts, resulted in short term trading and volatility in his accounts, which in turn increased the risk.
87. In addition, there was frequent use of margin in the accounts. Between January, 2012 and October, 2014 his margin accounts were in a debit position for 17 of the 34 months. The level of margin averaged approximately 10% of the market value of invested securities. This use of leverage increased the level of risk in the accounts, which in turn was further magnified by options positions.
88. Between January, 2012 and October, 2014, DW experienced a loss of approximately \$65,000, representing 58% of his portfolio, including fees paid of \$4,720. During the same time period, the S&P TSX Composite Index increased by 16%.

LP

89. In general, although the holdings consisted of a number of large capitalization common stocks and income trusts which paid dividends, as well as equity and balanced mutual funds, the use of margin and the trading activity significantly increased the risk level in the accounts.
90. Yasinowski purchased three high risk materials and energy sector securities which caused the majority of the losses in LP's accounts.
91. Yasinowski also purchased a number of LETF's. In March, 2013 he purchased units worth \$34,000 in ProShares Short 20+ Year Treasury ETF (symbol: TBF), an inverse ETF. This is a high risk security speculating on the daily performance of a US treasury bond index. Although this position did result in a \$2,300 gain, it represented 24% of LP's total portfolio when it was purchased and significantly increased the risk level in the portfolio.
92. Yasinowski also used various options strategies in her accounts, such as writing uncovered puts, writing covered calls and buying puts and calls. These strategies, in particular writing uncovered puts, resulted in short term trading and volatility in her accounts, which in turn increased the risk.
93. In addition, there was frequent use of margin in the accounts. Between January 2012 and September 2014, her margin accounts were in a debit position for 31 of the 33 months. The level of margin averaged approximately 7% of the market value of the invested securities. In effect, this use of leverage increased the level of risk in the accounts, which in turn was further magnified by options positions and LETFs.
94. Between January 2012 and October 2014, LP experienced a loss of approximately \$40,000, representing 32% of her portfolio, including fees of \$7,610. During the same time period, the S&P TSX Composite Index increased by 17%.
95. The holdings in the accounts of DW and LP were speculative, and presented a degree of risk which was contrary to their stated investment objectives, as well as their true circumstances. These trades based on his recommendations were not suitable in light of their financial situation, investment knowledge and experience.

Additional Considerations

96. Yasinowski did spend a considerable amount of time with the Clients, and developed personal relationships with them.
97. Yasinowski met with the Clients personally prior to opening any new accounts. He and the Clients would discuss the Client's financial circumstances and goals in general terms before addressing any specific accounts.

98. Yasinowski states that he felt he was acting in the best interests of the Clients. The 2% fees charged were tied directly and exclusively to the net value of the accounts. The accounts in issue were relatively small with the mean value of net capital invested of approximately \$160,000.
99. Staff and the Respondent participated in a formal mediation process in coming to this Settlement Agreement.

PART IV – CONTRAVENTIONS

100. By engaging in the conduct described above, the Respondent committed the following contraventions of IIROC's Rules:
- a) Between approximately May, 2010 and October, 2014, the Respondent failed to use due diligence to learn and remain informed of the essential facts relative to five (5) clients contrary to Dealer Member Rule 1300.1(a)
 - b) Between approximately May, 2010 and October, 2014, the Respondent failed to use due diligence to ensure that investment recommendations were suitable for five (5) clients contrary to Dealer Member Rule 1300.1(q).

PART V – TERMS OF SETTLEMENT

101. The Respondent agrees to the following sanctions and costs:
- a) A suspension from registration in any capacity for 6 months;
 - b) Close supervision for 18 months upon return to the industry;
 - c) A fine in the amount of \$90,000
 - d) Costs in the amount of \$10,000.
102. If this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees to pay the amounts referred to above within 30 days of such acceptance unless otherwise agreed between Staff and the Respondent.

PART VI – STAFF COMMITMENT

103. If the Hearing Panel accepts this Settlement Agreement, Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.
104. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Rule 8200 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

105. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
106. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with the procedures described in Sections 8215 and 8428, in addition to any other procedures that may be agreed upon between the parties.
107. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the Hearing Panel.
108. If the Hearing Panel accepts the Settlement Agreement, the Respondent agrees to waive all rights under the IIROC Rules and any applicable legislation to any further hearing, appeal and review.

109. If the Hearing Panel rejects the Settlement Agreement, Staff and the Respondent may enter into another settlement agreement or Staff may proceed to a disciplinary hearing based on the same or related allegations.
110. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.
111. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and IIROC will post a full of copy of this Settlement Agreement on the IIROC website. IIROC will also publish a summary of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement.
112. If this Settlement Agreement is accepted, the Respondent agrees that neither he nor anyone on his behalf, will make a public statement inconsistent with this Settlement Agreement.
113. The Settlement Agreement is effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

114. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
115. A fax or electronic copy of any signature will be treated as an original signature.

DATED this 1st day of May, 2018.

“Witness” _____

Witness

“Darryl Joseph Yasinowski” _____

Darryl Joseph Yasinowski

“Witness” _____

Witness

“David McLellan” _____

David McLellan

Enforcement Counsel on behalf of Enforcement
Staff of the Investment Industry Regulatory
Organization of Canada

The Settlement Agreement is hereby accepted this 25 day of June, 2018 by the following Hearing Panel:

Per: “Eric Spink” _____

Panel Chair

Per: “Eric Wray” _____

Panel Member

Per: “Peter McWilliams” _____

Panel Member

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