

Re Pace Securities

IN THE MATTER OF:

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

and

Pace Securities Corp.

2020 IIROC 19

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

Heard: May 21, 2020

Decision: May 21, 2020

Reasons for Decision: June 29, 2020

Hearing Panel:

Deborah Anschell, Chair, Colleen Wright and Randee Pavalow

Appearance:

Rob DeFrate, Senior Enforcement Counsel

Jason Wadden for Pace Securities Corp.

George Benchetrit for Ernst & Young Inc., a court appointed Liquidator for the Respondent

REASONS FOR DECISION

INTRODUCTION

¶ 1 On May 21, 2020, Staff of the Investment Industry Regulatory Organization of Canada (“IIROC”) made an application to this Hearing Panel for an order suspending the membership of PACE Securities Corp. (“Pace”) and ancillary relief (the “Order”) pursuant to Sections 8212 and 8426 of IIROC’s Consolidated Enforcement, Examination and Approval Rules (the “Consolidated Rules”). The Order sought was made with the consent of Pace.

¶ 2 Following a hearing conducted by teleconference call, the Hearing Panel approved the Order, a copy of which is attached, and these are our reasons for doing so.

THE FACTS

¶ 3 The facts relevant to the Order are set out in the IIROC Staff Submissions and Authorities prepared by IIROC Enforcement Counsel. According to the Submissions, Pace had been an IIROC Dealer Member since June 2013. Pace is a wholly owned subsidiary of PACE Savings & Credit Union Limited (“PACE Credit Union”).

¶ 4 On May 14, 2020, Pace made an application pursuant to s. 207 of the Ontario Business Corporations Act (“OBCA”) and s. 214 of the Canada Business Corporations Act (“CBCA”) for an order winding up the company. The order was granted by the Honourable Mr. Justice Hailey of the Superior Court of Justice (Commercial List) on May 14, 2020 (the “Superior Court Order”).

¶ 5 Pursuant to the Superior Court Order, Ernst & Young Inc. was appointed as liquidator of the estate and effects of Pace for the purposes of winding up its business and affairs and distributing its property. Further, all employees of Pace were deemed terminated as of May 14, 2020.

¶ 6 On May 15, 2020, PACE Credit Union, the parent company of Pace, advised its members, including clients of Pace, that Pace was being wound up.

REASONS

¶ 7 Pursuant to s. 8212(2)(ii) of the Consolidated Rules, an IIROC Hearing Panel may make an order suspending membership of a Dealer Member where “a receiver or receiver-manager has been appointed in respect of all or part of the Dealer Member’s Undertaking or property or all or part of the undertaking or property of a parent corporation or control person of the Dealer Member.”

¶ 8 Further, s. 8212(4)(i) of the Consolidated Rules stipulates that after a hearing under this section, a hearing panel may make an order “suspending membership, approval or access to a Marketplace on any terms and conditions”.

¶ 9 In this case, as submitted by Enforcement Counsel, the Order requested will ensure that clients, other Dealer Members and the public in general are made aware that Pace is no longer a member in good standing with IIROC. The proposed Order was required to alleviate the risk of imminent harm to the public, and thus the proposed Order is in the public interest.

¶ 10 The Order sought is consistent with other cases involving IIROC Dealer Members that experienced financial and operating difficulties. These cases are:

Dominick Capital Corporation (Re), 2019 IIROC 23

All Group Financial Services Inc. (Re), 2017 IIROC 06

First Leaside Securities Inc. (Re), 2012 IIROC 16.

¶ 11 For the foregoing reasons, we approved the issuance of the Order.

Dated at Toronto, Ontario this 29 day of June 2020.

Deborah Anshell

Colleen Wright

Randee Pavalow

ORDER

THIS APPLICATION, made by Staff of the Investment Industry Regulatory Organization of Canada (“IIROC”) for an Order suspending the membership of PACE Securities Corp. (“PSC”) and ancillary relief was heard on May 21, 2020 at Toronto, Ontario, pursuant to Sections 8212 and 8426 of the Consolidated Enforcement, Examination and Approval Rules of IIROC (the “Consolidated Rules”).

ON READING the materials filed in support of this application,

AND ON NOTING the Consent of PSC to this Order,

THIS HEARING PANEL ORDERS that:

1. The time for service and filing of the Notice of Application and Application Record is abridged;
2. Pursuant to Section 8212(4)(i) of the Consolidated Rules, PSC’s membership in IIROC is suspended

immediately.

3. Pursuant to Section 8212(4)(iv) of the Consolidated Rules, PSC will immediately cease representing to the public on its website or by any other means that it is a member or provides investment services.
4. PSC will comply with IIROC Dealer Member Rule 600 throughout the suspension period.
5. At any time after the completion of the wind-up of PSC, IIROC Staff may make an application, without notice to PSC, in a written hearing, for an order expelling PSC as a Dealer Member and terminating its rights and privileges of membership.
6. This Order will come into effect immediately.

DATED at Toronto, Ontario, this 21 day of May, 2020.

Executed by:

“Deborah Anshell”

Deborah Anshell

“Colleen Wright”

Colleen Wright

“Ranee Pavalow”

Ranee Pavalow

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