Re Bateman

IN THE MATTER OF:

The Dealer Member Rules of the Investment Industry Regulatory Organization of Canada

and

Scott Bateman

2014 IIROC 38

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

Heard: May 28, 2014 in the City of Vancouver, Province of British Columbia
Decision: July 10, 2014

Hearing Panel:
John Rogers, Chair, L. Karen Henderson and Doug Stewart
Appearances:
Stacy Robertson, Enforcement Counsel.
The respondent, Scott Bateman, ("Respondent") was unrepresented.
The Respondent did not attend the settlement hearing

REASONS FOR DECISION ON SETTLEMENT AGREEMENT

¶ 1 A Hearing Panel of the Investment Industry Regulatory Organization of Canada ("IIROC") was convened on May 28, 2014 in accordance with Rule 15 of the IIROC Dealer Member Rules of Practice and Procedure to review a settlement agreement ("Settlement Agreement") dated the 9th day of April, 2014 negotiated between the Enforcement Department of IIROC ("IIROC Staff") and the Respondent in accordance with Rule 20.35 of Part 10 of the IIROC Dealer Member Rules (the "Rules") and Rule 15 of the Dealer Member Rules of Practice and Procedure.

¶ 2 Although the Respondent was not present at the settlement hearing, Enforcement Counsel advised the Hearing Panel that he had been in email contact with the Respondent and that the Respondent had advised Enforcement Counsel that the Respondent did not object to proceeding with the settlement hearing in his absence.

Issue for Determination

¶ 3 The issue before the Hearing Panel upon the conclusion of the settlement hearing was to exercise the powers granted to it pursuant to Rule 20.36 and to determine whether to accept or to reject the Settlement Agreement.

Statement of Facts

¶ 4 The Settlement Agreement contains certain facts agreed to by IIROC Staff and the Respondent for the purpose of the Settlement Agreement. These facts might be summarized as follows:

1. The Respondent was first registered in the securities industry with the Mutual Fund Dealers Association in 2002 while working with Sun Life Financial Investment Services (Canada) Inc. ("Sun Life") and became registered as a Registered Representative with IIROC in April 2007

when he was employed by Raymond James Ltd. ("Raymond James"). He was employed by Raymond James until March 2012. Between March 17, 2008 and June 15, 2009, the Respondent worked for Raymond James in its Kamloops office. Since March 2012, the Respondent has not been registered with IIROC.

2. RF first became a client of the Respondent while the Respondent was employed at Sun Life and in May 2007 transferred his accounts to Raymond James after the Respondent joined Raymond James. As a part of this transfer, RF opened an RRSP account at Raymond James into which in May 2007 he transferred $84,000 in cash.

3. The New Client Application Form ("NCAF") for this RRSP account, signed by RF and dated April 2007 recorded, among other items, the following about RF:

   i. He was born in 1958 and was, therefore, 49 years old;

   ii. His spouse was not employed;

   iii. His investment objectives were 100% growth;

   iv. His risk tolerance was 50% medium and 50% high;

   v. He had an annual income of approximately $100,000;

   vi. He had estimated net liquid assets of $530,000;

   vii. He had estimated net fixed assets of $50,000;

   viii. He had limited investment knowledge and had only previous investment experience with T-Bills/GIC's and Mutual Funds; and

   ix. He did not have brokerage accounts with any other firms.

4. In March 2008, the Respondent recommended that RF purchase units in Horizons BetaPro S&P/TSX Gobal Gold Bull Plus ETF ("HGU"). HGU was a leveraged sector-specific ETF which provided daily investment results that endeavored to correspond to twice the daily performance of the S&P/TSX Global Gold Index. Units of HGU were speculative, high-risk securities. RF did not have any understanding of the risks of investing in leveraged sector-specific ETF's and the Respondent did not adequately explain such risks to him.

5. Based upon the Respondent's recommendations, on March 17, 2008 RF purchased for his RRSP 1,000 units of HGU at a price of $35.64 per unit for a total cost of $35,722.50. Two days later, on March 19, 2008, RF purchased an additional 500 units of HGU at a price of $28.55 per unit for a total cost of $14,357.50. And six months later, on September 9, 2008, RF purchased an additional 400 units of HGU at a price of $10.88 per unit for a total cost of $4,484.50.

6. As a result of these trades, as at March 31, 2008, RF's RRSP account contained securities that were 98% high risk. As well, as at September 30, 2008, the HGU units in RF's RRSP account constituted 57% of the total account value of the securities in the RRSP account.

7. Sometime after his initial purchase of the HGU units, RF discussed with the Respondent the loss in value of the HGU units and the Respondent made a recommendation to RF to continue to hold the HGU units until they recovered their initial value.

8. In June 2009, the Respondent sold all the HGU units in RF's RRSP account for a total loss of $31,840, representing a 58% loss in value from the initial purchase prices of these units.

9. In April 2009, the NCAF for RF's RRSP account was updated. There was no change to his investment objectives or risk tolerance, but the following changes were reflected:

   i. RF's employer had changed and his income had increased to $115,000;

ii. His estimated net fixed assets had increased from $50,000 to $400,000; and

iii. His estimated net liquid assets had decreased from $530,000 to $100,000.

10. As well in April 2009, the Respondent recommended that RF purchase for his RRSP account 15,000 shares in Active Control Tech. Inc. ("ACT") at a price of $0.32 per share for a total cost of $4,932.50. Subsequently, in June 2009 the Respondent recommended that RF purchase for his RRSP account an additional 20,000 shares of ACT at a price of $0.20 per share for a total cost of $4,132.50.

11. ACT was an issuer involved in the design, manufacture and marketing of wireless devices for the commercial access control industry and for underground mining communications and locating. Shares of ACT were speculative, high-risk securities. ACT was listed as a tier 2 company on the TSX Venture Exchange.

12. In May 2009, the Respondent recommended the purchase of shares of Appleton Exploration Inc. ("AEX") at a price of $0.20 per share for a total cost of $3,132.50. AEX was an issuer involved in evaluating, acquiring, exploring and developing natural resource properties. Shares of AEX were speculative, high-risk securities. AEX was listed as a tier 2 company on the TSX Venture Exchange.

13. At the end of June 2009, RF's RRSP account had decreased in value by $45,682.05, representing a 54% loss in value from its value on February 29, 2008.

14. The Respondent earned $650 in commissions from the above trades in the HGU units and the shares of ACT and AEX.

15. In June 2011, the NCAF for RF's RRSP account was updated to change the risk tolerance to 100% high risk while leaving the investment objective at 100% growth.

Admitted Contravention

¶ 5 In the Settlement Agreement, the Respondent admitted that between approximately March 2008 and June 2009 he acted contrary to IIROC Dealer Member Rule 1300.1(q) (before June 2008 – IDA Regulation 1300.1(q)) by failing to use due diligence to ensure that the recommendations made in relation to RF's RRSP account were suitable.

Agreed Upon Terms of Settlement

¶ 6 As a result of the admitted contravention of IIROC Dealer Member Rule 1300.1(q), the Respondent agreed to:

1. Pay a fine in the amount of $20,000;

2. Re-write the Conduct and Practices Handbook course prior to any registration with IIROC; and

3. Pay costs to IIROC in the amount of $2,000.

Decision

¶ 7 The Hearing Panel, upon the conclusion of the submissions of Enforcement Counsel, and after due consideration, unanimously found that the agreed upon terms of the Settlement Agreement did not include a penalty that was clearly falling outside a reasonable range of appropriateness and, therefore, determined to accept the Settlement Agreement. The Hearing Panel made an Order accepting the Settlement Agreement on May 28, 2014 and advised that these written reasons would follow in due course.

Reasons

Appropriateness of Penalty

¶ 8 Rule 20.36 empowers a Hearing Panel upon the conclusion of a settlement agreement hearing to either accept or reject the settlement agreement under consideration. Neither in Rule 20.36 nor elsewhere in the

Rules is there guidance as to what criteria a Hearing Panel should use in making this decision.

¶ 9 Past decisions of Hearing Panels determining whether or not to accept a settlement agreement assist in defining these criteria. In Deutsche Bank Securities Ltd. 2013 IIROC 07, Clark [1999] I.D.A.C.D. No. 40, Bulletin No. 2674, December 14, 1999 and Milewski [1999] I.D.A.C.D. No. 17, Bulletin No. 2605, August 5, 1999, a number of criteria were considered in determining whether or not to accept the sanctions contained in a settlement agreement.

¶ 10 The criteria considered included whether or not the agreed upon sanctions strike a reasonable balance between fairness to the respondent in the circumstances but at the same time encouraging the prevention of a repetition of the acknowledged offense; and the need to protect the investing public, the industry membership, the integrity of the disciplinary process, and the integrity of the securities markets.

¶ 11 However, these decisions also highlight that the Hearing Panel must be cognizant of the importance of the settlement process and that it should not interfere lightly in a negotiated settlement which results from a process that might involve the consideration of numerous factors by the parties to the negotiation, including the time and expense of a liability hearing and the availability and convenience of witnesses, particularly clients who might have already incurred significant financial losses. Indeed, these decisions caution that when considering a settlement agreement, a Hearing Panel should not substitute its views for that of the parties and reject the settlement agreement unless the Hearing Panel determines that the penalty as negotiated between the parties is one that clearly falls outside a reasonable range of appropriateness.

Disciplinary Sanction Guidelines

¶ 12 In his submissions, Enforcement Counsel referenced IIROC Disciplinary Sanction Guideline 3.1 entitled "Unsuitable Recommendations – Dealer Member Rule 1300.1(p)" and noted that:

1. The contravention agreed to by the Respondent involved only one client making six purchases in three securities over a period of approximately one year;
2. The Respondent has no disciplinary record, he fully cooperated with IIROC Staff even though he was no longer registered in the industry, and by agreeing to the Settlement Agreement he saved the time and expense of a liability hearing and the requirement of having his client, RF, testify; and
3. If the Respondent had recommended suitable investments for RF, the commission he generated would most likely have been the same, suggesting that the Respondent's motivation for the imputed recommendations to RF was not financial gain.

¶ 13 Enforcement Counsel noted that this Guideline recommends, among other sanctions, a minimum fine of $10,000 and a requirement to re-write the Conduct and Practices Handbook.

¶ 14 He submitted that the agreed to penalty was appropriate as:

1. RF was a reasonably unsophisticated investor investing for his retirement in his RRSP account;
2. RF's NCAF for his RRSP account was updated in April 2009 with no change being made to his investment objectives or risk tolerance at a time when the securities in the account were clearly offside the investment and risk tolerance stated in his NCAF; and
3. RF suffered significant losses in terms of dollar amounts and percentage of funds invested.

Relevant Precedents

¶ 15 Enforcement Counsel submitted the following decisions of IIROC Hearing Panels dealing with considerations relevant to the matter before us: Brodie 2013 IIROC 39, Beaulne 2012 IIROC 61, and Bush 2011 IIROC 52.

¶ 16 In Brodie, following a disciplinary hearing at which the Hearing Panel found that the respondent had made discretionary and unsuitable trades for two clients over a four year period and then tried to settle matters

directly with the clients, the Hearing Panel imposed sanctions on the respondent, including a fine of $20,000 for each of the three counts for which he was found liable.

¶ 17 Beauline involved a disciplinary hearing where the respondent had not responded to the notice of hearing. The Hearing Panel determined to proceed under Rule 7.2 of IIROC's Rules of Practice and Procedure without the respondent being present and found him liable for making unsuitable recommendations over an 18 month period to two clients who were retired and who depended upon their investment income. In their decision, the Hearing Panel found that the respondent who was under strict supervision at the time the unsuitable recommendations were made engaged in "blatant mismanagement" of the clients' affairs. The sanctions imposed by the hearing panel included a fine of $30,000.

¶ 18 While Bush involved a Hearing Panel considering a settlement agreement negotiated with a respondent who had made unsuitable recommendations over a period of 18 months to two clients. The fine agreed to by the Hearing Panel for these unsuitable recommendations was $7,500. It is noted that the decision includes reference to the fact that the respondent was subject to internal discipline by his employer, which disciplinary action included a fine of $30,000 imposed upon the respondent by his employer.

¶ 19 It is to be noted that the three cases referenced above included the imposition of additional sanctions on the respondents. However, for the purpose of this decision, the Hearing Panel focused strictly on the fines imposed.

Areas of Concern

¶ 20 In reviewing the terms of the Settlement Agreement, there are a number of areas which have caused us concern.

¶ 21 The first is the fact that the Settlement Agreement disclosed that the NCAF for RF's RRSP account was updated in July 2011 to change the risk tolerance for the account to 100% high risk. This update occurred after RF's RRSP account had in June of 2009 lost 54% of its value. Although we have no evidence before us as to what might have transpired in RF's RRSP account after June 2009, this change to risk tolerance for the NCAF for RF's RRSP account suggests to the Hearing Panel that RF subsequently affirmed the transactions in the RRSP account notwithstanding what would appear to have been a substantial loss of value to the account as at June 2009. In that there was no evidence that RF did not willingly sign this updated NCAF, his agreement to this change by signing this new NCAF implies that RF was fully party to and well aware of the risk aspects of his RRSP account.

¶ 22 The second area of concern is the statement in the Settlement Agreement agreed to by the Respondent that "the recommendations made by the Respondent to continue to hold units of HGU in RF's RRSP account after these units had dropped significantly in value were not suitable".

¶ 23 Our concern arises from the fact that the trades in HGU occurred between March and September of 2008, a period well known as being one of extreme volatility for the stock markets. It is common knowledge that at that time of market instability, a number of investment advisers were recommending an investment in gold related securities. Although the risk profile of the total value of the HGU units was clearly offside the risk tolerance of RF's RRSP account, the three purchase trades in this security recommended by RF appear to be an attempt to average down the cost of RF's holding of this security, rather than the Respondent attempting to introduce a new trading strategy. In addition, given the volatility of the markets at that time, a later recommendation to continue to hold the security rather than to sell into a falling market might well have been a valid recommendation.

¶ 24 In other words, we believe that the question of the suitability of a recommendation made by a registrant to a client cannot be considered in isolation. It must be considered in the context of the client's risk tolerance and investment objectives, but it must also include such factors as the conditions of the markets at the time that the imputed recommendation is made.

¶ 25 Finally, we are concerned that the Respondent was unrepresented by legal counsel and is no longer employed in the investment industry. Although we are advised by Enforcement Counsel that the Respondent

cooperated fully with IIROC Staff during the investigation of the matter before us and willingly executed the Settlement Agreement, we are concerned that if the Respondent had been represented by legal counsel and if he had wished to continue his employment in the investment industry, that he might been more vigorous in his negotiations and might not have agreed to the size of the fine included in the Settlement Agreement.

¶ 26 This concern is borne out by the fact that the respondent in Bush agreed to a fine of $7,500 in a matter involving unsuitable recommendations made to two clients over an 18 month period.

¶ 27 We are expressing these concerns in furtherance of the observations of the hearing panel in Clark which noted at page 4 that "panels must also be careful in using previous settlements as precedents. The settlement process is one of negotiation and compromise and the penalty imposed following a settlement will often be less onerous that one imposed following a hearing where similar findings are made".

¶ 28 The matter at hand involves one client, a time period of just over one year, and six trades in three securities. In reviewing these aspects of this matter, rather than finding the agreed upon fine "less onerous" as in Clark, we find the fine agreed upon to be definitely at the higher end of what we might consider to be a reasonable range. Indeed, we feel that based upon the facts before us as disclosed in the Settlement Agreement, if the Settlement Agreement had contained the minimum fine of $10,000 as recommended by IIROC Disciplinary Sanction Guideline 3.1 referred to above, we would have been quite comfortable in finding that such a minimum fine did not fall outside a reasonable range of appropriateness.

¶ 29 However, notwithstanding our reservations above expressed, we have determined that terms of the Settlement Agreement do not include a penalty that is clearly falling outside a reasonable range of appropriateness and we, therefore, determined to accept the Settlement Agreement.

Dated at the City of Vancouver, Province of British Columbia this 10th day of July 2014

John Rogers, Chair

L. Karen Henderson

Doug Stewart

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. IIROC Enforcement Staff and the Respondent, Scott Bateman (the "Respondent"), consent and agree to the settlement of this matter by way of this settlement agreement ("the Settlement Agreement").
2. The Enforcement Department of IIROC has conducted an investigation ("the Investigation") into the conduct of the Respondent.
3. On June 1, 2008, IIROC consolidated the regulatory and enforcement functions of the Investment Dealers Association of Canada and Market Regulation Services Inc. Pursuant to the Administrative and Regulatory Services Agreement between IDA and IIROC, effective June 1, 2008, the IDA has retained IIROC to provide services for IDA to carry out its regulatory functions.
4. The Respondent consents to be subject to the jurisdiction of IIROC.
5. The Investigation discloses matters for which the Respondent may be disciplined by a hearing panel appointed pursuant to IIROC Transitional Rule No.1, Schedule C.1, Part C ("the Hearing Panel").

II. JOINT SETTLEMENT RECOMMENDATION

6. Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement.
7. The Respondent admits to the following contravention of IIROC Dealer Member Rules, Guidelines,

IDA By-Laws, Regulations or Policies:

> Between approximately March 2008 and June 2009, the Respondent acted contrary to IIROC Dealer Member Rule 1300.1(q) (before June 2008 – IDA Regulation 1300.1(q)) by failing to use due diligence to ensure that the recommendations made in relation to the account of client RF were suitable.

8. Staff and the Respondent agrees to the following terms of settlement:

   a) The Respondent must pay a fine in the amount of $20,000; and

   b) The Respondent must re-write the Conduct and Practices Handbook course prior to any registration by IIROC.

9. The Respondent agrees to pay costs to IIROC in the sum of $2,000.

III. STATEMENT OF FACTS

(i) Acknowledgment

10. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Factual Background

Overview

11. These facts relate to the period of time between March 17, 2008 and June 15, 2009 (the "Relevant Time Period") while the Respondent, Scott Bateman, was an Registered Representative with the Kamloops office of Raymond James Ltd. ("Raymond James").

12. The Respondent made recommendations for purchases in his client RF's account that were unsuitable given RF's investment objectives, risk tolerance, investment knowledge, financial circumstances and the account's initial investment portfolio composition and risk level. These unsuitable recommendations resulted in significant losses in RF's account during the Relevant Time Period.

Registration History

13. The Respondent was first registered in the securities industry with the Mutual Fund Dealers Association in 2002 while working with Sun Life Financial Investment Services (Canada) Inc. ("Sun Life"). In April 2007, the Respondent moved from Sun Life to Raymond James Ltd. where he was employed as a Registered Representative until March 2012.

14. The Respondent became registered with IIROC in April 2007. The Respondent is not currently registered in any capacity with IIROC and has not been registered since March 21, 2012.

Client RF

15. RF first became a client of the Respondent's when the Respondent was employed at Sun Life. RF transferred his accounts to Raymond James in May 2007 after the Respondent joined Raymond James.

16. In April 2007 RF opened an RRSP account at Raymond James. In May 2007, RF transferred approximately $84,000 in cash to his RRSP account at Raymond James.

17. The New Client Application Form ("NCAF") for RF's RRSP account at Raymond James was signed by RF in April 2007 and recorded the following information:

   a) he was born in 1958;

   b) he was married and his spouse was not employed;

   c) his investment objectives were 100% growth;

   d) his risk tolerance was 50% medium and 50% high;

e) he had an annual income of approximately $100,000;

f) he had estimated net liquid assets of $530,000;

g) he had estimated net fixed assets of $50,000;

h) he had limited investment knowledge and had only previous investment experience with T-Bills/GICs and Mutual Funds; and

i) he did not have any other brokerage accounts with any other firms.

18. The NCAF for RF's account was updated in April 2009 and included the following updates:

a) his employer had changed and his annual income was approximately $115,000;

b) he had estimated net fixed assets of $400,000; and

c) he had estimated net liquid assets of $100,000.

19. The update to the NCAF in April 2009 did not change RF's investment objectives or risk tolerance.

20. The NCAF for RF's account was further updated in July 2011 to change the risk tolerance to 100% high risk. The investment objective of 100% growth did not change in the update.

Suitability for RF's Account

21. RF trusted the Respondent and relied on his knowledge and expertise to manage his RRSP account.

22. The Respondent made almost all, if not all, of the recommendations for the purchase and sale of securities in RF's account.

23. Starting in March 2008, the Respondent recommended the purchase of securities in RF's RRSP account which increased the risk profile of the account beyond the risk tolerance recorded in the NCAF. The details of these purchases are detailed in the table below:

Trade Date	Security	Qty	Share Price	Total (Including Commission and ticket charges)	Commission	% in High Risk at Month End
Mar-17-2008	Horizons Beta S&P Gld Bull	1,000	$35.64	$35,722.50	$75	98%
Mar-19-2008	Horizons Beta S&P Gld Bull	500	$28.55	$14,357.50	$75	98%
Sep- 9-2008	Horizons Beta S&P Gld Bull	400	$10.88	$4,484.50	$125	98%
Apr-23-2009	Active Control Tech. Inc.	15,000	$0.32	$4,932.50	$125	91%
May-21-2009	Appleton Exploration Inc.	15,000	$0.20	$3,132.50	$125	100%
Jun-15-2009	Active Control Tech Inc.	20,000	$0.20	$4,132.50	$125	38%
Total					$650	

24. As of March 31, 2008, RF's account contained securities that were 98% high risk.

Horizons BetaPro S&P/TSX Global Gold Bull Plus ETF

25. Horizons BetaPro S&P/TSX Global Gold Bull Plus ETF ("HGU") is a leveraged sector-specific ETF that provides daily investment results that endeavor to correspond to two times (200%) the daily performance of the S&P/TSX Global Gold Index. Units of HGU are speculative, high-risk securities.

26. The Respondent recommended the purchase of units of HGU for RF's account on or about March 17, March 19 and September 9, 2008. RF did not have any understanding of the risks of investing in leveraged sector-specific ETFs and the Respondent did not adequately explain the risks to him.

27. As of September 30, 2008, the value of the HGU units held RF's account constituted approximately 57% of the total account value.

28. Sometime after his initial purchase of units of HGU, RF had a discussion with the Respondent about the losses that he had suffered relating to these purchases. The Respondent made a recommendation to RF to continue to hold the units until they recovered their initial value.

29. The recommendations made by the Respondent to RF to purchase units of HGU were not suitable for RF given his investment objectives, risk tolerance, investment knowledge, financial circumstances, the account's initial investment portfolio composition and risk level and his time horizon for retirement.

30. The recommendations made by the Respondent to purchase units of HGU resulted in a concentration of HGU in RF's account that was not suitable given his investment objectives, risk tolerance, investment knowledge, financial circumstances, the account's initial investment portfolio composition and risk level and his time horizon for retirement.

31. The recommendations made by the Respondent to continue to hold units of HGU in RF's account after it had dropped significantly in value were not suitable given his investment objectives, risk tolerance, investment knowledge, financial circumstances, the account's initial investment portfolio composition and risk level, his time horizon for retirement and the particulars of HGU including its daily trading focus and short term investment objective.

Active Control Tech Inc. and Appleton Exploration Inc.

32. Active Control Tech Inc. ("ACT") is an issuer that is involved in the design, manufacture and marketing of wireless devices for the commercial access control industry and for underground mining communications and locating. Shares of ACT are speculative, high-risk securities. ACT is listed as a tier 2 company on the TSX Venture Exchange.

33. The Respondent recommended the purchase of shares of ACT for RF's account on or about April 23 and June 15, 2009 at prices of $0.32 and $0.20 per share, respectively.

34. Appleton Exploration Inc. ("AEX") is an issuer that is involved in evaluating, acquiring, exploring and developing natural resource properties. Shares of AEX are speculative, high-risk securities. AEX is listed as a tier 2 company on the TSX Venture Exchange.

35. The Respondent recommended the purchase of shares of AEX for RF's account on or about May 21, 2009 at a price of $0.20 per share.

36. The recommendations made by the Respondent to RF to purchase shares of ACT and AEX were not suitable for RF given his investment objectives, risk tolerance, investment knowledge, financial circumstances, the account's initial investment portfolio composition and risk level and his time horizon for retirement.

Losses

37. The Respondent sold all of the units of HGU in RF's account in June 2009 for a total loss of $31,840. This represented a 58% loss in value from the initial purchase prices of these units.

38. At the end of June 2009, RF's account had decreased in value by $45,682.05, representing a 54% loss in

value since February 29, 2008.

IV. TERMS OF SETTLEMENT

39. This settlement is agreed upon in accordance with IIROC Dealer Member Rules 20.35 to 20.40, inclusive and Rule 15 of the Dealer Member Rules of Practice and Procedure.

40. The Settlement Agreement is subject to acceptance by the Hearing Panel.

41. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel.

42. The Settlement Agreement will be presented to the Hearing Panel at a hearing ("the Settlement Hearing") for approval. Following the conclusion of the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement.

43. If the Hearing Panel accepts the Settlement Agreement, the Respondent waives his/her/its right under IIROC rules and any applicable legislation to a disciplinary hearing, review or appeal.

44. 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 in relation to the matters disclosed in the Investigation.

45. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel.

46. Staff and the Respondent agree that if the Hearing Panel accepts the Settlement Agreement, they, or anyone on their behalf, will not make any public statements inconsistent with the Settlement Agreement.

47. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately upon the effective date of the Settlement Agreement.

48. Unless otherwise stated, any suspensions, bars, expulsions, restrictions or other terms of the Settlement Agreement shall commence on the effective date of the Settlement Agreement.

AGREED TO by the Respondent at the City of Kamloops in the Province of British Columbia, this 12 day of March, 2014.

"Francis Carroll"	"Scott Bateman"
WITNESS	**RESPONDENT**

NAME: FRANCIS CARROLL

AGREED TO by Staff at the City of Vancouver in the Province of British Columbia, this 9 day of April, 2014.

"Cindy Johnstone"	"Stacy Robertson"
WITNESS	**STACY ROBERTSON** Enforcement Counsel on behalf of Staff of the Investment Industry Regulatory Organization of Canada

ACCEPTED at the City of Vancouver in the Province of B.C., this 28 day of May, 2014, by the following Hearing Panel:

Per: "John Rogers"

"John Rogers"

Per: "Doug Stewart"

"Doug Stewart"

Per: "Karen Henderson"

"Karen Henderson"