Re Kloda

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Samuel Kloda

2016 IIROC 50

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

Heard: November 14, 2016 in Montreal
Decision: December 8, 2016 in Montreal

Hearing Panel:
Me Michèle Rivet *Ad.E.*, Chair, Mr. Jean Jeannot and Mr. Guy L. Jolicoeur
Appearances:
Me Pascale Dionne-Bourassa, Enforcement Counsel
Me Reevin Pearl, Counsel for the Respondent, Samuel Kloda

DECISION ON SETTLEMENT AGREEMENT

¶ 1 This decision concerns a Settlement Agreement signed by the Mr. Samuel Kloda (hereafter *the Respondent*) on November 9, 2016 and accepted by IIROC Enforcement Staff on November 10, 2016;

¶ 2 The Settlement Agreement is appended hereto in its original to form part of this decision as though herein cited at length;

¶ 3 This settlement is agreed upon in accordance with IIROC Dealer Members Rules 20.35 to 20.40 inclusive and Rule 15 of the Dealer Members Rules of Practice and Procedures;

¶ 4 The complaint brought against Mr. Kloda, for contraventions to IIROC Members Rules, Guidelines, Regulations and Policies, reads as follows:

Contravention 1 Between August 3, 2009 and December 16, 2014, Kloda failed to use due diligence to ensure that his recommendations to buy, sell and/or hold securities were suitable for his client, contrary to IIROC Dealer Member Rule 1300.1(q);

Contravention 2 Between August 2009 and December 2014, Kloda failed to use due diligence to learn and remain informed of the essential facts relative to his client, contrary to IIROC Dealer Member Rule 1300.1(a);

Contravention 4 Between January 1 and December 31, 2011, Kloda engaged in conduct unbecoming by trading excessively in a client's accounts with the intention of generating additional commissions, contrary to IIROC Dealer Member Rule 1300.1(o) and IIROC Dealer Member Rule 29.1;

Contravention 5 Between January 19, 2004 and July 16, 2007, Kloda engaged in personal financial

dealings with one of his clients, by:

a) signing a partnership agreement with the client regarding a private placement;

b) transferring shares to this client ; and

c) borrowing money from this client.

All without the knowledge and consent of his Dealer Member firm, contrary to Dealer Member Rule 29.1.

¶ 5 The settlement agreed by the parties includes the following penalties:

a) A 3 year suspension of his registration with IIROC; and

b) A fine in the amount of $9,000;

The Respondent agrees to pay $1,000 towards the costs of this proceeding.

¶ 6 Before analysing under the applicable prescriptions of the law to the facts as submitted in the settlement agreement, it is important to restate the duties and the powers of the Hearing Panel when accepting or rejecting a settlement agreement;

I DUTIES OF THE HEARING PANEL

¶ 7 Regarding the jurisdiction of the Hearing Panel, the Regulatory Provisions and the jurisprudence that interprets them are both very clear. The case law is consistent. It nevertheless worth rephrasing it to explain the duties the panel fulfill;

¶ 8 Under IIROC Members Rule 20.36:

«(1) Upon conclusion of a settlement hearing, the Hearing Panel may either:

(a) accept the Settlement Agreement; or

(b) reject the Settlement Agreement."

¶ 9 The decision for the Hearing Panel to accept or reject a Settlement Agreement is, under Rules 20.37 and 20.40 a final one for which no further review of appeal is provided in the Rules;

¶ 10 The question for the Hearing Panel is whether, given the misconduct, the penalties fall within "a reasonable range of appropriateness". The Hearing Panel can either accept or reject the Settlement Agreement. It may not in any way alter the agreement or have knowledge of facts not in evidence in the Agreement. The Hearing Panel powers end there[1].

¶ 11 As expressed in Siska [2] :

«Our mission[3] is not that of an appeal body. We are not required to consider whether, having heard the case in an adversarial proceeding in the first instance; we would have ruled or not as the Parties agreed in their SETTLEMENT AGREEMENT. Neither is it up to us to consider whether the content of the SETTLEMENT AGREEMENT is too lenient or too harsh. That is not our role in the matter either. Even were we of the opinion that, having heard the case in first instance, our decision on Penalties would have been more lenient or more severe than the SETTLEMENT AGREEMENT, that would not be our mission either.»

[1]Turenne (Re), 2013 IIROC 43, par. 18.

[2] Siska (Re) IIROC 13, par 8-10.

[3] The one of the Hearing Panel.

¶ 12 As also pointed out in Faber[4]:

> «It is not a question of whether the agreed-upon penalties are ones which this Panel would have imposed had the matter come before us for determination at a hearing. It is also not open to us to amend, re-write or alter the terms of the agreement reached between the parties."

¶ 13 The primary purpose of IIROC disciplinary proceedings is to maintain high standards of conduct in the securities industry and to protect market integrity and improve overall business standards and practices[5].

¶ 14 Disciplinary sanctions are twofold: not only a specific sanction against a contravention to the Rules but also a means that should serve as deterrence. «In order to achieve this, sanctions should be significant enough to prevent and discourage future misconduct by the respondent (specific deterrence), and to deter others from engaging in similar misconduct (general deterrence)»[6]. This is specifically what the Hearing Panel has to assess.

¶ 15 Are the conclusions lenient or harsh to the point of being unreasonable, contrary to the public interest and/or of a nature to bring IIROC's disciplinary process into disrepute?[7] The analysed answer the Hearing Panel gives to that question should either be yes or no to the Agreement as submitted.

II FACTS AS SUBMITTED

II. A) The Settlement Agreement

¶ 16 Mr. Kloda failed in his duty to know the needs of one of his clients and failed to use due diligence to ensure that his recommendations where suitable for her when he implemented aggressive strategy geared to short-terms gain in her account.

¶ 17 The respondent engaged in excessive trading in this client's account for the purpose of generating additional commissions without any benefit for the client.

¶ 18 The respondent also engaged in personal financial dealings with another of his clients without the consent and the knowledge of the IIROC Dealer Member by whom he was employed.

¶ 19 Mr. Kloda has been a registered representative since January 6, 1995 and has been employed by Mackie Research Capital Corporation since July 22, 2009; Previously, Mr. Kloda was employed as a Registered Representative with CIBC World Markets Inc. (*sic*) from December 2001 to July 2009 when he was fired;

¶ 20 The Settlement Agreement is related to two clients MD and CB;

¶ 21 When MD's account was transferred to Mackie on August 3, 2009, it contained two income funds (AIC and BMOG), which represented 45% of her portfolio's value. On or around August 19, 2009, these two funds were sold by Mr. Kloda and were replaced by high-risk securities;

¶ 22 From this date on, MD's account would consist of 100% high risk securities, contrary to the risk tolerance set out in her New Account Application Form and her investor profile;

¶ 23 Given MD's client profile, it is clear that the concentration of high-risk shares was not suitable for her. Mr. Kloda therefore did not use due diligence to ensure that his buy and sell recommendations were suitable for MD and that they were consistent with her investor profile;

¶ 24 These trades resulted in losses of approximately $23,593 on a net initial investment of $38,319, representing approximately 62% of MD's portfolio value. During this same period, Mr. Kloda earned $11,742 in commissions from this trading.

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[4] Faber (Re) 2014 IIROC 14, par 9.

[5] IIROC Sanctions Guidelines,Part 1, Sanction Principles for IIROC Disciplinary Proceedings, Introduction. February 2, 2015.

[6] *Ibid*.

[7] *Op.Cit*., note 2, par 13.

¶ 25 Mr. Kloda knowingly executed an excessive number of trades in MD's accounts in order to increase his commissions with no economic advantage to MD. Between December 31, 2010 and December 31, 2011, Mr. Kloda executed 34 trades in MD's account;

¶ 26 Between December 31, 2010 and December 31, 2011, the total value of MD's account dropped by $16,244 (a 41% loss). This drop included $4,573 in commissions on an average account value of $29,326, which represents 16%; Mr. Kloda's investment strategy would therefore have needed to yield at least 16% before it could reach the breakeven point for MD;

¶ 27 In the file of CB, Between January 19, 2004 and July 16, 2007, Mr. Kloda engaged in personal financial dealings with his client CB, *inter alia* by signing a partnership agreement with him as part of a private placement, by transferring shares to him and by borrowing money from him;

¶ 28 On or around January 19, 2004, Mr. Kloda undertook to assume 50% of the profit and loss risk of CB's $150,000 investment;

¶ 29 When the partnership agreement was signed, Kloda was employed with CIBC Woods Gundy (*as defined CIBC*) and was the Registered Representative assigned to CB's brokerage accounts. At no time did Kloda disclose the existence of this partnership to CIBC or request its authorization to enter into the partnership;

¶ 30 In October 2006, at Mr. Kloda's request, CB opened an account at the Hapoalim Bank in Israel, which put him in contact with a representative of this financial institution; Then, on or around October 13, 2006, Mr. Kloda transferred 12,000 shares of Calvalley Petroleum Inc. to CB's account in Israel; The Calvalley shares belonged or had belonged to Mr. Kloda's father, who was deceased;

¶ 31 At the time of the transfer, the market value of the Calvalley shares was approximately $78,600. This transfer was made in order to compensate CB for losses suffered as a result of Mr. Kloda's trades. Nearly three years later, namely on or around March 10, 2009, CB resold the Calvalley shares for net proceeds of $30,000;

¶ 32 At no time did Kloda disclose the existence of this partnership to CIBC or request its authorization to enter into the partnership.

¶ 33 On July 16, 2007, Mr. Kloda borrowed the sum of twenty thousand dollars ($20,000) from CB;

¶ 34 CIBC's written policy in force at that time expressly stipulated that all personal financial dealings with clients was prohibited unless the representative had obtained the prior written authorization of CIBC; At no time did Mr. Kloda disclose to CIBC the existence of this loan or request CIBC's authorization to enter into the loan;

II. B) The Affidavit of Mr. Kloda

¶ 35 Mr. Kloda submitted an Affidavit signed on November 9, 2016;

¶ 36 In that Affidavit, Mr. Kloda declared that he has had a tremendous personal and financial loss arising of loss of trading of shares on the stock market and loss of income due to the termination of his employment with CIBC where he was fired on May 26, 2009 and inability since to build up a new group of clients;

¶ 37 He also stated that as of November 9, 2016, he is insolvent due to the fact that he has liabilities substantially exceeding of his assets; he then detailed his liabilities, his loans, the Court proceedings he is facing;

¶ 38 He filed as evidence of his revenues copy of the income tax for 2013, 2014, 2015;

¶ 39 Mr. Kloda added that since November 18, 2016, he is unemployed; his right to perform as a financial advisor has been terminated by his employer Mackie Research Capital;

¶ 40 Mr. Kloda solemnly affirmed that he had no other source of income and that he owes substantial amount in legal fees to the law firm of Pearl and Associates that he is not able to honour;

III. ANALYSIS

¶ 41 The Hearing Panel is convinced of the factual financial situation of Mr. Kloda as introduced by the

Affidavit; the Hearing Panel also recognizes the gravity of the contraventions to the Rules as admitted by Mr. Kloda;

¶ 42 Do the imposed penalties support a goal of deterrence? Is the weighting of the different aggravating and mitigating factors enables the Hearing Panel to accept this Settlement Agreement and to conclude that the penalties are reasonable under the applicable legislation? Do the sanctions fall within a reasonable range of appropriateness?

¶ 43 Several decisions were submitted to the Hearing Panel showing that the proposed Settlement Agreement is in the parameters then accepted. We reviewed them.

¶ 44 The inability to pay was namely taken into account in Sole[8] Nott[9] and Cornacchia[10]. When raised by a respondent and supported by sworn evidence, the Hearing Panel may consider ability to pay in connection with the imposition, reduction or waiver of a fine.

¶ 45 Regarding the unsuitability, failure to respect the know your client rule and churning, the Birkeland decision[11] on the acceptance of a Settlement Agreement deals with similar facts. The then sanctions were a fine of $45,000.00, the rewrite the Conduct and Practices Handbook exam, and the submission to a period of 6 months of close supervision, and the costs to IIROC of $5000.00;

¶ 46 The personal financial dealings with a client was sanctioned in several occasions.

¶ 47 In Siska[12] for facts related to personal financial dealings, sanctions were a suspension for a month, a fine of $15,000.00, the costs up to $3,000.00 payable to IIROC and a close supervision for 12 months.

¶ 48 Finally, in Turenne[13], for contraventions related to personal financial dealing with a client, were imposed the fine was $10,000.00, a suspension of a month, the rewriting of the exam based on the Conduct and Practices Handbook Course within six months of applying for re-approval and a Strict supervision for 12 months with mandatory submission of a monthly report to IIROC;

¶ 49 Among the key factors that the Hearing Panel has to take into account[14] should be mentioned here, the period of time during which Mr. Kloda engaged in the misconduct, the fact that this misconduct was intentional with respect to regulatory requirements, the level of vulnerability of the client MD, the implicit harm to market integrity and reputation of the market place.

¶ 50 As mentioned in the Guidelines and constantly repeated in the case law, sanctions must be tailored to the misconduct at issue in each case.

¶ 51 In the present case, the very long suspension of 3 years for a man of 68 years equilibrates the very low fine of $9,000.00 imposed plus the $1000.00 to IIROC for the proceedings, due to the precarious financial situation of the Respondent.

¶ 52 It satisfies the Hearing Panel that the penalties are reasonable under the applicable legislation. They are consistent with the main concerns inherent in determining an appropriate penalty:

- Protection of the investing public;
- Protection of the Investment Industry Regulatory Organization of Canada's membership;

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[8] Sole (Re), 2016 IIROC 30.

[9] Nott (Re), 2011 IIROC 26.

[10] Cornacchi (Re), 2011 IIROC 25.

[11] Birkeland (Re), 2015 IIROC 14.

[12] Siska (Re), 2015 IIROC 13.

[13] Turenne (Re), *op.cit.*, note 1.

[14] As mentioned in the IIROC Sanction Guidelines, *Op.Cit*. note 5, Part 2.

- Protection of the integrity of the securities markets;
- Prevention of a repetition of conduct of the type under consideration;

IV CONCLUSION

¶ 53 FOR THESE REASONS,

The Hearing Panel accepts the Settlement Agreement as appended and gives effect to it from this date.

Montreal, December 8, 2016

Me Michèle Rivet, *Ad. E.*, Chair

Mr Jean Jeannot, Member

Mr Guy L. Jolicoeur, Member

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. IIROC Enforcement Staff ("Staff") and the Respondent, Samuel Kloda, consent and agree to the settlement of this matter by way of this agreement (the "Settlement Agreement").

2. The Enforcement Department of IIROC has conducted an investigation ("the Investigation") in the conduct of Samuel Kloda.

3. 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

4. Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement.

5. The Respondent admits to the following contraventions of IIROC Dealer Member Rules, Guidelines, Regulations or Policies:

Contravention 1 Between August 3, 2009 and December 16, 2014, Kloda failed to use due diligence to ensure that his recommendations to buy, sell and/or hold securities were suitable for his client, contrary to IIROC Dealer Member Rule 1300.1(q);

Contravention 2 Between August 2009 and December 2014, Kloda failed to use due diligence to learn and remain informed of the essential facts relative to his client, contrary to IIROC Dealer Member Rule 1300.1(a);

Contravention 4 Between January 1 and December 31, 2011, Kloda engaged in conduct unbecoming by trading excessively in a client's accounts with the intention of generating additional commissions, contrary to IIROC Dealer Member Rule 1300.1(o) and IIROC Dealer Member Rule 29.1;

Contravention 5 Between January 19, 2004 and July 16, 2007, Kloda engaged in personal financial dealings with one of his clients, by:

a) signing a partnership agreement with the client regarding a private placement;

b) transferring shares to this client ; and

c) borrowing money from this client.

All without the knowledge and consent of his Dealer Member firm, contrary to Dealer Member Rule 29.1.

6. Staff and the Respondent agree to the following terms of settlement:

   a) A 3 year suspension of his registration with IIROC; and

   b) A fine in the amount of $9,000;

   The Respondent agrees to pay $1,000 towards the costs of this proceeding.

III. STATEMENT OF FACTS

(i) Acknowledgment

7. 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

Summary of the Respondent's misconduct

8. The Respondent failed in his duty to know one of his clients and failed to use due diligence to ensure that his recommendations were suitable for her when he implemented an aggressive investment strategy geared to short-term gains in her account;

9. In addition, the Respondent engaged in excessive trading in this client's accounts for the purpose of generating additional commissions and without any advantage to the client;

10. Finally, the Respondent engaged in personal financial dealings with another of his client without the knowledge and consent of the IIROC Dealer Member by whom he was employed.

Kloda's Professional Experience

11. Kloda has been a registered representative since January 6, 1995 and has been employed by Mackie Research Capital Corporation (« Mackie ») since July 22, 2009;

12. Previously, from December 2001 to July 2009, Kloda was employed as a Registered Representative with CIBC World Markets Inc. ("CIBC");

Dealings with Client MD

13. The client MD opened an RRSP account with Mackie on August 3, 2009. She had been a client of Kloda's since at least July 2002;

14. At the time of opening the account, she was 58 years old, divorced and retired;

15. According to the New Account Application Form that Kloda completed for her dated August 3, 2009:

   a) MD had total assets valued at $200,000 and an annual income of $30,000;

   b) Her investment experience was described as "fair";

   c) Her investment objectives were: 80% short-term capital gains and 20% medium-term capital gains; and

   d) Her risk tolerance was defined as 50% "low" and 50% "high".

16. In actual fact, MD had little investment knowledge and the funds held in this account represented a large proportion of her life's savings;

17. On November 2, 2009, just three months after the account was opened, the risk tolerance in MD's account was updated to 100% "high".

Unsuitable Investments for MD

18. When MD's account was transferred to Mackie on August 3, 2009, it contained two income funds (AIC and BMOG), which represented 45% of her portfolio's value;

19. On or around August 19, 2009, these two funds were sold by Kloda and were replaced by high-risk securities;

20. From this date on, MD's account would consist of 100% high risk securities, contrary to the risk tolerance set out in her New Account Application Form and her investor profile;

21. On November 2, 2009, Kloda updated MD's New Account Application Form to coincide with the portfolio's composition at the time;

22. After this update, Kloda continued to trade other high-risk stocks and funds in MD's account;

23. In total, between August 2009 and April 30, 2013, there were 42 short-term or high-risk trades made in MD's account;

24. Notably, Kloda purchased units of ISEE3D Inc., which was a speculative security;

25. Between August 2009 and August 2013, MD's account was composed of 100% high-risk securities;

26. Given MD's client profile, it is clear that the concentration of high-risk shares was not suitable for her;

27. Kloda therefore did not use due diligence to ensure that his buy and sell recommendations were suitable for MD and that they were consistent with her investor profile;

28. These trades resulted in losses of approximately $23,593 on a net initial investment of $38,319, representing approximately 62% of MD's portfolio value;

29. During this same period, Kloda earned $11,742 in commissions from this trading.

Failure to respect the know-your-client rule with MD

30. On September 30, 2009, Kloda wrote to MD to tell her that she needed to update her profile and asked her to sign documents reflecting the update;

31. The account information change form was signed by MD on November 2, 2009;

32. The update changed her stated risk tolerance to 100% "high";

33. Kloda failed in his duty to know MD when he changed the risk tolerance in this way;

34. The update did not correspond to client MD's actual circumstances, and was only done to match MD's New Account Application Form to her portfolio status at the time;

35. The investment objectives and risk tolerance parameters indicated on the form were too risky and were inconsistent with MD's real financial circumstances, investment knowledge, investment objectives and risk tolerance.

Excessive trading (churning) for the purpose of generating additional commissions in MD's accounts

36. Kloda knowingly executed an excessive number of trades in MD's accounts in order to increase his commissions with no economic advantage to MD;

37. Between December 31, 2010 and December 31, 2011, Kloda executed 34 trades in MD's account;

38. During this period, the annual asset turnover rate in MD's account was 10.9, which corresponds to the total value of the positions acquired divided by the average value of the account;

39. An annual asset turnover rate of 10.9 represents an extremely high volume of trading;

40. Between December 31, 2010 and December 31, 2011, the total value of MD's account dropped by $16,244 (a 41% loss);

41. This drop included $4,573 in commissions on an average account value of $29,326, which represents 16%;

42. Kloda's investment strategy would therefore have needed to yield at least 16% before it could reach the breakeven point for MD.

Personal financial dealings with CB

44. Between January 19, 2004 and July 16, 2007, Kloda engaged in personal financial dealings with his client CB, *inter alia* by signing a partnership agreement with him as part of a private placement, by transferring shares to him and by borrowing money from him.

a) Partnership agreement with CB

43. In January 2004, Kloda approached CB regarding a private placement in the company Western Financial Group Inc. ("WFG");

44. The stock was being offered for sale pursuant to an exemption from the registration and prospectus requirements;

45. The stock issue required a minimum investment of $150,000;

46. Given CB's expressed reluctance regarding the investment, Kloda suggested that he share the risks and the profits with CB via a partnership agreement;

47. On or around January 19, 2004, Kloda undertook to assume 50% of the profit and loss risk of CB's $150,000 investment;

48. When the partnership agreement was signed, Kloda was employed with CIBC and was the Registered Representative assigned to CB's brokerage accounts;

49. At no time did Kloda disclose the existence of this partnership to CIBC or request its authorization to enter into the partnership.

b) Transfer of shares to CB

50. In October 2006, at Kloda's request, CB opened an account at the Hapoalim Bank in Israel, which put him in contact with a representative of this financial institution;

51. Then, on or around October 13, 2006, Kloda transferred 12,000 shares of Calvalley Petroleum Inc. (the "Calvalley shares") to CB's account in Israel;

52. The Calvalley shares belonged or had belonged to Kloda's father, who was deceased;

53. At the time of the transfer, the market value of the Calvalley shares was approximately $78,600;

54. This transfer was made in order to compensate CB for losses suffered as a result of Kloda's trades;

55. Nearly three years later, namely on or around March 10, 2009, CB resold the Calvalley shares for net proceeds of $30,000;

56. At the time that the shares were transferred in October 2006, Kloda was employed by CIBC and was the Registered Representative assigned to CB's brokerage accounts;

57. CIBC's written policy in force at that time expressly stipulated that all personal financial dealings with clients was prohibited unless the representative had obtained the prior written authorization of CIBC;

58. At no time did Kloda disclose to CIBC the existence of this transfer of shares or request CICB's authorization to make the transfer.

c) Borrowing money from CB

59. On July 16, 2007, Kloda borrowed the sum of twenty thousand dollars ($20,000) from CB;

60. On the same day, Kloda signed a promissory note in which he undertook to repay CB the sum of twenty thousand dollars ($20,000) and gave him a post-dated cheque representing the full amount of the loan;

61. The cheque was dated August 15, 2007 and was cashed by CB;

62. At the time of the loan, Kloda was employed by CIBC and was the Registered Representative assigned to CB's brokerage accounts;

63. CIBC's written policy in force at that time expressly stipulated that all personal financial dealings with clients was prohibited unless the representative had obtained the prior written authorization of CIBC;

64. At no time did Kloda disclose to CIBC the existence of this loan or request CIBC's authorization to enter into the loan.

IV. TERMS OF SETTLEMENT

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

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

67. 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.

68. 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.

69. 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.

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

71. 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.

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

73. 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 Montréal in the Province of Québec, this __9th_____ day of November, 2016.

"Witness"	**"Samuel Kloda"**
Witness	**Respondent**

AGREED TO by Staff at the City of Montréal in the Province of Québec, this _10th____ day of November, 2016.

"Witness"	**"Pascale Dionne-Bourassa"**
Witness	**Me Pascale Dionne-Bourassa** Enforcement Counsel on behalf of Staff of the Investment Industry Regulatory Organization of Canada