

Re Bodon

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Steven Fred Bodon

2018 IIROC 12

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

Heard: March 12, 2018 in Calgary, Alberta
Decision: April 18, 2018

Hearing Panel:

Shelley L. Miller, Q.C. Chair, David Johnson and Brad Whyte

Appearances:

David McLellan, Enforcement Counsel for IIROC

James J. Heelan, Q.C. for Steven Fred Bodon

Steven Fred Bodon, present

DECISION ON SETTLEMENT AGREEMENT

Introduction

¶ 1 On February 28, 2018 the Investment Industry Regulatory Organization of Canada (“IIROC”) issued a Notice of Application to hold a settlement hearing on March 12, 2018 at 10:00 a.m. at Bow Valley Square Conference Centre in Calgary, Alberta.

¶ 2 The purpose of the hearing was to consider whether, pursuant to Section 8428 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 Steven Fred Bodon (“Respondent” or “Bodon”).

¶ 3 Following review of written and oral submissions of Enforcement Counsel and counsel for Bodon, and conducting its deliberations, the Hearing Panel decided it would approve the Settlement Agreement with written reasons to follow. Its reasons are set out below.

Reasons for Decision

¶ 4 The Settlement Agreement addressed an allegation that the Respondent engaged in conduct unbecoming, contrary to IIROC Dealer Member Rules 1300.1(a) and 1300.1(q), when he failed to use due diligence to learn and remain informed of the essential facts relative to two clients and by failing to use due diligence to ensure that recommendations were suitable for two clients.

¶ 5 The issue for this Hearing Panel was whether it should accept or reject the proposed settlement. The Settlement Agreement, appended to these Reasons for Decision, set out in Part III facts in support of the allegation to which both parties to this hearing agreed.

Key Facts Found

¶ 6 This Hearing Panel noted the following particular facts contained in the Settlement Agreement as relevant to its decision:

- (a) The Respondent became a Registered Representative ("RR") in August 1986 and was employed in a branch of the CIBC World Markets Inc. ("CIBC") Calgary Alberta from January 1990 to May 2017. He is no longer registered with an IIROC Dealer Member firm.
- (b) Bodon failed to learn and remained informed of the essential facts relevant to clients identified in these proceedings as "KR" and "JK".

Failure to know your client -Client KR

- (c) KR is aged 62, resides in Calgary and retired in November 2014. She first worked as a schoolteacher for several years then stayed home with her four children. For the 10 years prior to retirement she worked as a sales clerk.
- (d) In 2007, following the death of her father, KR opened a margin account with Bodon, who had been her father's investment advisor. She was then aged 52 and needed investment advice to deal with \$463,000 inherited from her father.
- (e) In 2009, she open three more accounts with Bodon, a spousal RRSP, a locked in retirement account, ("LIRA") and a tax free savings account, ("TFSA"). The investment objectives and risk tolerance parameters of those accounts are displayed in the table below:

Account	Date	Investment Objectives			Risk Factors			
		Income	Gain		Low	Med	High	
			Long Term	Med Term				Short Term
Margin	2007 KYC	0%	40%	40%	20%	40%	40%	20%
Margin	May 2011 KYC	0%	40%	40%	20%	10%	70%	20%
Spousal RRP, LIRA, TFSA	2009 KYCs	0%	40%	40%	20%	40%	40%	20%
Spousal RRP, LIRA, TFSA	2011 KYCs	0%	40%	40%	20%	40%	40%	20%
Margin, Spousal RRP, LIRA, TFSA	2012 KYCs	0%	40%	40%	20%	10%	70%	20%

- (f) All the account forms listed KR's investment knowledge as "novice" and contained financial information displayed in the table below:

Liquid Assets	Fixed Assets	Liabilities	Net Worth	Annual Income
\$600,000	\$600,000	\$ -	\$1,200,000	\$30,000

- (g) Beginning in April 2009 KR's marital status was indicated as "separated" on the account forms. She does not have a pension, and her investments were intended to be her primary source of income in retirement.
- (h) As KR moved closer to retirement, the documented risk allocation increased in each of the

accounts.

- (i) For the period of January 2011 to October 2015, the stated investment objectives and risk tolerance parameters were too aggressive for KR, who was seeking a conservative investment strategy and was relying on her investments for income.
- (j) Bodon failed to learn and remain informed of the essential facts relative to KR as the stated investment objectives and risk tolerance parameters were too aggressive for her true financial situation, investment knowledge, investment objectives and risk tolerance.

Suitability

- (k) KR relied on Bodon for his investment advice and recommendations.
- (l) Bodon employed an investment strategy in which KR was primarily invested in equities, in which the majority of securities were medium risk TSX issuers with significant concentration in energy and industrial sector securities.
- (m) A semi annual review of the accounts between June 2011 and June 2015 indicates that equity holdings comprised between 65% and 91% of her total portfolio. Approximately 76% of the equities were classified as medium risk issuers.
- (n) In 5 of the 9 periods reviewed, energy sector securities ranged from 31% to 39% of the total account value. In 4 of the 9 periods reviewed, industrial sector securities range from 25% to 37% of the total account value.
- (o) From June 30, 2012, to June 2015, on a semi-annual review basis, the portfolio concentration in the energy and industrial sectors ranged from 43% to 74%.
- (p) The high degree of sector concentration increased the risk level in the accounts.
- (q) Between January 31, 2011 at October 31, 2015, KR experienced a net loss of \$384,704 in her portfolio including commissions at \$41,909 dollars representing a 43% loss of her initial investment. Bodon admits the losses incurred were significant.
- (r) During same time period, the S & P TSX Composite Index increased by 0.68%.
- (s) The investment strategy recommended and employed by Bodon involved primarily investing in equities with a concentration energy and industrial sector securities. The strategies presented a degree of risk contrary to KR's true circumstances and were not suitable in light of her age, employment status, investment knowledge and experience.

Failure to know your client– Client JK

- (t) JK, age 64, resides in British Columbia and retired in January 2011. Prior to her retirement, she was a college instructor for 35 years.
- (u) JK initially opened an account with Bodon at 2006. In September 2008 at age 56, she met with Bodon to discuss affairs in preparation for retirement. She wanted to have the majority of her portfolio in low and medium risk investments to protect her assets for retirement.
- (v) JK had four accounts with Bodon, a margin account, and RRSP, at TFSA and a registered education savings plan, (“RESP”) with her spouse. The investment objectives and risk tolerance parameters of those accounts are displayed in the table below:

		Investment Objectives			Risk Factors			
			Gain					
Account	Date	Income	Long Term	Med Term	Short Term	Low	Med	High
Margin	Apr-06	40%	60%	0%	0%	40%	40%	20%
Margin	Aug-11	40%	60%	0%	0%	5%	70%	25%
RRSP	Apr-06	40%	60%	0%	0%	40%	40%	20%
RRSP	Aug-11	40%	60%	0%	0%	10%	60%	30%
RESP	Aug-11	0%	100%	0%	0%	40%	50%	10%
TFSA	Jan-09	40%	60%	0%	0%	40%	40%	20%
TFSA	Aug-11	0%	34%	33%	33%	0%	70%	30%

- (w) All the account forms listed JK's investment knowledge as "fair" and contained financial information displayed in the table below:

Liquid Assets	Fixed Assets	Liabilities	Net Worth	Annual Income
\$225,000/ \$250,000	\$500,000	\$ -	\$725,000/ \$750,000	\$60,000

- (x) Upon retirement in January 2011, JK began to receive pension income of \$2600 per month. In addition to this pension income, she relied on her investments for daily living expenses and had automated regular monthly withdrawals of \$1500.
- (y) As the value of her investments began to decline, JK became very concerned that she would not have sufficient funds to provide adequate retirement income. As a result she had Bodon reduce the monthly withdrawals from \$1500 to \$1000.
- (z) For the period of January 31, 2011 to August 31, 2015, the stated investment objectives and risk tolerance parameters were too aggressive for JK who was seeking a conservative investment strategy and was relying on her investments for income.
- (aa) Bodon failed to learn and remained informed of the essential facts relative to JK as the stated investment objectives and risk tolerance parameters were too aggressive for her true financial situation, investment knowledge, investment objectives and risk tolerance.

Suitability

- (bb) JK relied on Bodon for his investment advice and recommendations.
- (cc) Bodon employed an investment strategy in which JK was primarily invested in equities, in which the majority of securities were medium risk TSX issuers with significant concentration in energy and utilities sector securities.
- (dd) A semi annual review of the accounts between June 2011 and June 2015 indicates that equity holdings comprised between 62% and 86% of her total portfolio. Approximately 80% of the equities were classified as medium risk issuers.
- (ee) In 6 of the 9 periods reviewed, energy sector securities ranged from 20% to 27% of the total

account value. In 7 of the 9 periods reviewed, utilities sector securities range from 22% to 42% of the total account value.

- (ff) From June 30, 2012 to June 2015 on a semi-annual review basis, the portfolio concentration in the energy and industrial sectors range from 45% to 64%.
- (gg) The high degree of sector concentration increased the risk level in the accounts.
- (hh) From January 31, 2011 to August 31, 2015, JK experienced a net loss of \$179,511 in her portfolio including commissions of \$5831, representing a 34% decline. Bodon admits the losses incurred were significant.
- (ii) During same time period, the S & P TSX Composite Index increased by 3.18%.
- (jj) The investment strategy recommended and employed by Bodon involved primarily investing in equities with concentration energy and utilities sector securities. The strategy presented a degree of risk contrary to JK's stated investment objectives, risk tolerance parameters and true circumstances and were not suitable in light of her age, employment status, investment knowledge and experience.

Conclusion

¶ 7 The decision in *Re Milewski*, [1999] IDACD No. 17 notes at page 11 that hearing panels considering a settlement agreement will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness.

¶ 8 From a review of the foregoing, it is evident that the alleged misconduct centred on the problem of overconcentration in light of the client's investment requirements.

¶ 9 This Hearing Panel was also provided with cases cited by Enforcement Counsel including:

- (a) *Yaskiw (Re)*, 2017 LNIROC 19
- (b) *Kunz (Re)*, 2017 LNIROC 23
- (c) *Renaud (Re)*, 2016 LNIROC 20
- (d) *Jones (Re)*, 2015 LNIROC 5

¶ 10 This Hearing Panel also noted the comments in *Renaud (Re) (supra)* as to the subject of concentration and at paragraph 9 to the effect that that industry sector concentration could occur in any industry, not just the oil and gas sector.

¶ 11 For the purposes of this hearing, however, this Hearing Panel accepts that that concentration in an industry segment was unsuitable for the clients in question, as described in the Notice of Application.

¶ 12 Based on the foregoing facts, admissions by the Respondent and joint submission of counsel, this hearing panel was satisfied that the Respondent engaged in conduct unbecoming, contrary to IROC Dealer Member Rules 1300.1(a) and 1300.19(q), when he failed to use due diligence to learn and remain informed of the essential facts relative to two clients and by failing to use due diligence to ensure that recommendations were suitable for two clients.

¶ 13 The parties jointly submitted that appropriate sanctions were as follows:

- (a) a monetary fine of \$50,000
- (b) a suspension from registration for a period of 6 months in any capacity with IROC

(c) costs of \$5,000.

¶ 14 The Hearing Panel took the following additional factors into consideration.

¶ 15 The “Know Your Client” rule cited in the Dealer Member Disciplinary Sanction Guidelines requires that all registrants make diligent and business-like efforts to learn and record the essential financial and personal circumstances and the investment objectives of each client.

¶ 16 The Hearing Panel accepts that knowing your client is a fundamental ongoing obligation that a registrant is required to meet to continue to act in the best interest of his clients.

¶ 17 The Hearing Panel considered the following were aggravating factors:

- (a) the amounts of losses resulting to the clients were significant,
- (b) the omission of due diligence occurred over significant intervals of time,
- (c) In the case of JK, the particular request she made to reduce her monthly withdrawals from \$1500-\$1000 to protect her income should have raised Bodon’s awareness of her desire for a conservative strategy.

¶ 18 18. The Hearing Panel considered the following were mitigating factors;

- (a) the Respondent had no prior disciplinary history,
- (b) the Respondent cooperated in the investigation,
- (c) the Respondent cooperated in the execution of the Settlement Agreement.
- (d) the Respondent had no prior contraventions over a lengthy career and the offences were primarily a result of inadvertent insufficient attention to these clients’ financial circumstances as opposed to intentional misconduct.

¶ 19 When a Respondent co-operates with the investigation and avoids the necessity of a protracted hearing process and attends at the hearing date with a Settlement Agreement, IIROC is relieved of the burden of proving the allegations. Moreover, parties to such proceedings are incited to negotiate compromise agreements by the expectation that their efforts will be respected.

¶ 20 Having regard to all the foregoing, this Hearing Panel concludes the proposed sanctions are appropriate to the conduct of the Respondent, taking into account also the goal of promoting general adherence to industry rules and standards, the goals of the disciplinary process whose prime function is to protect the public, to maintain the reputation of the securities industry, as well as all of the personal circumstances of the Respondent as represented by the parties.

¶ 21 Accordingly, the Hearing Panel accepts the terms of the Settlement Agreement and gives effect to it as of March 12, 2018.

Dated at Calgary, Alberta this 18 day of April, 2018.

Shelley L. Miller

Chair

David Johnson

Brad Whyte

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 Steven Fred Bodon (“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, Steven Fred Bodon (“Bodon”) was a Registered Representative (“RR”) responsible for the accounts of clients KR and JK (“Clients”).
5. Bodon failed to know his Clients, who were vulnerable and had limited investment knowledge. Both clients were retired or nearing retirement and intended to rely on their investments for income.
6. He failed to use due diligence to ensure that his recommendations were suitable for the Clients when he employed an investment strategy which involved significant equity investments with concentration in the energy and industrial/utilities sectors.
7. In an approximate 4 year period, the Clients sustained total losses in their portfolios of approximately 34% and 43% respectively.

Registration History

8. Bodon began as a registered representative in August, 1986, and was employed in a branch of CIBC World Markets Inc. (“CIBC”) in Calgary, Alberta from January, 1990 until May, 2017. He is not currently registered with an IIROC Dealer Member firm.

Client – KR

Failure to Know Your Client

9. KR lives in Calgary, is 62 years old and retired in November, 2014. She originally worked as a school teacher for several years before staying at home with her four children. For the 10 years prior to her retirement, she worked as a sales clerk.
10. In 2007, following the death of her father, KR opened a margin account with Bodon. Bodon had been her father’s investment advisor. At the time, she was 52 years old and needed investment advice to deal with \$463,000 inherited from her father.
11. In 2009, she opened three more accounts with Bodon: a spousal RRSP, a LIRA and a TFSA. The accounts contained the following investment objectives and risk tolerance parameters:

Account	Date	Investment Objectives						
		Income	Gain			Risk Factors		
			Long Term	Med Term	Short Term	Low	Med	High
Margin	2007 KYC	0%	40%	40%	20%	40%	40%	20%
Margin	May 2011 KYC	0%	40%	40%	20%	10%	70%	20%
Spousal RRP, LIRA, TFSA	2009 KYCs	0%	40%	40%	20%	40%	40%	20%
Spousal RRP, LIRA, TFSA	2011 KYCs	0%	40%	40%	20%	40%	40%	20%
Margin, Spousal RRP, LIRA, TFSA	2012 KYCs	0%	40%	40%	20%	10%	70%	20%

12. All of the account forms listed her investment knowledge as “novice”, and contained the following financial information:

Liquid Assets	Fixed Assets	Liabilities	Net Worth	Annual Income
\$600,000	\$600,000	\$ -	\$1,200,000	\$30,000

13. Beginning in April, 2009, KR’s marital status was indicated as “separated” on the account forms. She does not have a pension, and her investments were intended to be her primary source of income in retirement.
14. As KR moved closer to retirement, in which her investments would be her primary source of income, the documented risk allocation increased in each of the accounts.
15. For the period of January, 2011 to October, 2015, the stated investment objectives and risk tolerance parameters were too aggressive for this client, who was seeking a conservative investment strategy and was relying on her investments for income.
16. Bodon failed to learn and remain informed of the essential facts relative to KR as the stated investment objectives and risk tolerance parameters were too aggressive for her true financial situation, investment knowledge, investment objectives and risk tolerance.

Suitability

17. KR relied on Bodon for his investment advice and recommendations.
18. Bodon employed an investment strategy in which KR was primarily invested in equities, in which the majority of securities were medium risk TSX issuers with significant concentration in energy and industrial sector securities.
19. A semi annual review of the accounts between June, 2011 to June, 2015, indicates that equity holdings comprised between 65% and 91% of her total portfolio. Approximately 76% of the equities were classified as medium risk issuers.
20. In 5 of the 9 periods reviewed, energy sector securities ranged from 31% to 39% of the total account value. In 4 of the 9 periods reviewed, industrial sector securities ranged from 25% to 37% of the total account value.
21. From June 30, 2012, to June 2015, on a semi-annual review basis, the portfolio concentration in the energy and industrial sectors ranged from 43% to 74%.
22. The high degree of sector concentration increased the risk level in the accounts.

23. Between January 31, 2011 and October 31, 2015, Staff state that KR experienced a net loss of \$384,704 in her portfolio (including commissions of \$41,909), representing a 43% loss of her initial investment. Bodon accepts that the losses incurred were significant.
24. During the same time period, the S&P TSX Composite Index increased by 0.68%.
25. The investment strategy recommended and employed by Bodon involved primarily investing in equities with concentration in energy and industrial sector securities. This strategy presented a degree of risk which was contrary to her true circumstances. These recommendations were not suitable for this client in light of her age, employment status, investment knowledge and experience.

Client – JK

Failure to Know Your Client

26. JK lives in British Columbia, is 64 years old and retired in January, 2011. Prior to her retirement, she was a college instructor for 35 years.
27. JK initially opened an account with Bodon in 2006. In September, 2008, at age 56, she met with Bodon to discuss her financial affairs in preparation for retirement. She wanted to have the majority of her portfolio in low and medium risk investments to protect her assets for retirement.
28. JK had four accounts with Bodon: a margin account, an RRSP, a TFSA and a joint RESP with her spouse. The accounts contained the following investment objectives and risk tolerance parameters:

		Investment Objectives				Risk Factors		
			Gain					
Account	Date	Income	Long Term	Med Term	Short Term	Low	Med	High
Margin	Apr-06	40%	60%	0%	0%	40%	40%	20%
Margin	Aug-11	40%	60%	0%	0%	5%	70%	25%
RRSP	Apr-06	40%	60%	0%	0%	40%	40%	20%
RRSP	Aug-11	40%	60%	0%	0%	10%	60%	30%
RESP	Aug-11	0%	100%	0%	0%	40%	50%	10%
TFSA	Jan-09	40%	60%	0%	0%	40%	40%	20%
TFSA	Aug-11	0%	34%	33%	33%	0%	70%	30%

29. All of the account forms listed her investment knowledge as “fair”, and contained the following financial information:

Liquid Assets	Fixed Assets	Liabilities	Net Worth	Annual Income
\$225,000/ \$250,000	\$500,000	\$ -	\$725,000/ \$750,000	\$60,000

30. Upon her retirement in January, 2011, JK began to receive pension income of \$2,600 per month. In addition to this pension income, she relied on her investments for daily living expenses and had automated regular monthly withdrawals of \$1,500.
31. As the value of her investments began to decline in value, JK became very concerned that she would not

have sufficient funds to provide adequate retirement income. As a result, she had Bodon reduce the monthly withdrawals from \$1,500 to \$1,000.

32. For the period of January 31, 2011 to August 31, 2015, the stated investment objectives and risk tolerance parameters were too aggressive for this client, who was seeking a conservative investment strategy and was relying on her investments for income.
33. Bodon failed to learn and remain informed of the essential facts relative to JK as the stated investment objectives and risk tolerance parameters were too aggressive for her true financial situation, investment knowledge, investment objectives and risk tolerance.

Suitability

34. JK relied on Bodon for his investment advice and recommendations.
35. Bodon employed an investment strategy in which JK was primarily invested in equities, in which the majority of securities were medium risk TSX issuers with significant concentration in energy and utilities sector securities.
36. A semi annual review of the accounts between June, 2011 and June, 2015 indicates that equity holdings comprised between 62% and 86% of her total portfolio. Approximately 80% of the equities were classified as medium risk issuers.
37. In 6 of the 9 periods reviewed, energy sector securities ranged from 20% to 27% of the total account value. In 7 of the 9 periods reviewed, utilities sector securities ranged from 22% to 42% of the total account value.
38. From June 30, 2012, to June 2015, on a semi-annual review basis, the portfolio concentration in the energy and utilities sectors ranged from 45% to 64%.
39. The high degree of sector concentration increased the risk level in the accounts.
40. Between January 31, 2011 and August 31, 2015, Staff state that JK experienced a net loss (including commissions of \$5,831) of \$179,511 in her portfolio, representing a 34% decline. Bodon accepts that the losses incurred were significant.
41. During the same time period, the S&P TSX Composite Index increased by 3.18%.
42. The investment strategy recommended and employed by Bodon involved primarily investing in equities with concentration in energy and utilities sector securities. This strategy presented a degree of risk which was contrary to the Client's stated investment objectives and risk tolerance parameters, as well as her true circumstances. These recommendations were not suitable for this client in light of her age, employment status, investment knowledge and experience.

PART IV – CONTRAVENTIONS

43. By engaging in the conduct described above, the Respondent committed the following contraventions of IIROC's Rules:
 - a) Between approximately January, 2011 and October, 2015, the Respondent failed to use due diligence to learn and remain informed of the essential facts relative to two clients, contrary to Dealer Member Rule 1300.1(a)
 - b) Between approximately January 2011 and October 2015, the Respondent failed to use due diligence to ensure that recommendations were suitable for two clients, contrary to Dealer Member Rule 1300.1(q).

PART V – TERMS OF SETTLEMENT

44. The Respondent agrees to the following sanctions and costs:
 - a) A fine in the amount of \$50,000
 - b) A six month suspension from registration in any capacity with IIROC
 - c) Costs in the amount of \$5,000.
45. 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

46. 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.
47. 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

48. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
49. 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.
50. 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.
51. 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.
52. 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.
53. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.
54. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and IIROC will post a full 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.
55. 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.
56. 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

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

DATED this 16 day of February, 2018

“Witness”

Witness

“Respondent”

Respondent

“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 12 day of March 2018 by the following Hearing Panel:

Per: “Shelley Miller”

Panel Chair

Per: “David Johnson”

Panel Member

Per: “Brad Whyte”

Panel Member

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