Re Teng

In the matter of:

The Dealer Member Rules of the
Investment Industry Regulatory Organization of Canada (IIROC)

and

The By-Laws of the Investment Dealers Association of Canada (IDA)

and

Maoqing (Mike) Teng

2012 IIROC 51

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

Heard: July 12, 2012
Decision: August 14, 2012

Hearing Panel:
Wade Nesmith (Chair), Richard Thomas, Jim Harkness
Appearances:
Barbara Lohman, for IIROC Staff
Shane Strukoff, for Maoqing (Mike) Teng

REASONS FOR DECISION

BACKGROUND

¶ 1 The matter proceeded by way of a Settlement Agreement (the "Agreement") dated June 14, 2012 (which is appended hereto). IIROC Staff and the Maoqing (Mike) Teng ("Teng" or the "Respondent") agreed to a settlement that has been placed before this panel for review and acceptance or rejection, pursuant to Dealer Member Rule 20.36. Following a review of the Agreement, submissions of and authorities referred to by counsel for both Staff and the Respondent, the Panel agreed to accept the Agreement, with reasons to follow. These are those reasons.

¶ 2 Pursuant to the Agreement, the Respondent admitted the following contraventions of IIROC Rules, Guidelines, IDA By-Laws, Regulations or Policies:

a) "During the approximate period from March to July 2008, he failed to properly perform his role as a gatekeeper to the capital markets in respect of four client accounts by:

   i. Failing to ensure that he learned the essential facts with respect to the opening of the accounts; and

   ii. Failing to make diligent inquiries about certain transactions in circumstances that were peculiar, suspicious or appeared to be consistent with improper market related activity;

thereby violating IDA Regulation 1300.1(a) and By-law 29.1.

b) In April 2008, for the purpose of the requirements of *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*, he represented on the account documents of two clients that he had met those clients when in fact he had not, contrary to By-law 29.1.

c) From April 2008 to July 2008 inclusive, he accepted instructions from a third party without obtaining a duly executed trading authorization, contrary to Dealer Member Rule 200.1(i)(3) (then Regulation 200.1(i)(a)).

d) In May 2008, he accepted instructions from another client without the existence of a duly executed trading authorization, contrary to Regulation 200.1(i)(a)."

¶ 3 Staff and the Respondent agreed to the following terms of settlement:

a) "The Respondent shall not be permitted to re-apply for registration in any capacity for one year.

b) The Respondent shall pay a $10,000 fine.

c) The Respondent must successfully re-write the examination based on the Conduct and Practices Handbook course, as a condition of re-registration."

¶ 4 The Respondent also agreed to pay costs to IIROC in the amount of $5,000.

ANALYSIS

¶ 5 This case focuses, in essence, on the role of registrants as gatekeepers. The facts are laid out carefully in the Agreement. We will not repeat them all here; however, there are several that bear closer attention.

d) The facts involve 4 account holders, none of whom the Respondent knew.

e) The principal activity in each account related to one security.

f) The amounts of money deposited into the accounts and the trading in the accounts was inconsistent with the information provided on the Know Your Client forms.

g) Trading authorization on the accounts was purportedly provided to a third party, without proper documentation. The Respondent accepted trading instructions from this third party, who was closely related to the security that was being traded.

h) The Respondent lied to his employer by falsifying forms, when he indicated that he had met certain account holders, but had not.

¶ 6 Counsel referred us to a series of cases starting with *Re Milewski* [1999] I.D.A.C.D. No. 17 that make it clear that a panel should not interfere with negotiated settlements unless it clearly falls outside a reasonable range of appropriateness. We are aware of those cases and they have guided our judgment in this matter. Counsel have also referred us to series of cases involving conduct not dissimilar to the instant matter, where the penalties imposed were generally in the range of the proposed settlement. Counsel also pointed out, as is indicated in the Agreement, that the Respondent paid an internal sanction of $25,000 to his employer when the employer discovered the matters referred to in this matter.

¶ 7 When we indicated our acceptance of the Agreement, we advised that we were doing so with some reluctance and with a heavy reliance on *Milewski* and related cases. In our view, the items outlined in Paragraph 5 above are classic indicia of a registrant doing nothing despite numerous red flags being raised. It is the type of conduct that permits extreme abuses in the securities markets. Were this matter to have proceeded to hearing and a finding made, on these facts, against this respondent, our view on penalty would have been significantly more serious than what was proposed and what we have approved. However, we are mindful of the internal sanction already paid to the employer and have taken that into consideration in our decision to accept the Agreement. We find ourselves bound by *Milewski* and the need for a sound and robust settlement process, but would ask Staff to keep our remarks in mind in future settlement discussions.

ORDER

¶ 8 For the reasons noted above, and in accordance with Dealer Member Rule 20.36, we hereby approve the Agreement with the terms noted in Paragraph 3 above.

DATED at Vancouver, British Columbia this 14 day of August, 2012.

Wade Nesmith, Chair

Richard Thomas

Jim Harkness

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. IIROC Enforcement Staff and the Respondent, Maoqing (Mike) Teng (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 Maoqing Teng.
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 contraventions of IIROC Rules, Guidelines, IDA By-Laws, Regulations or Policies:

   a) During the approximate period from March to July 2008, he failed to properly perform his role as a gatekeeper to the capital markets in respect of four client accounts by:

      (i) failing to ensure that he learned the essential facts with respect to the opening of the accounts; and

      (ii) failing to make diligent inquiries about certain transactions in circumstances that were peculiar, suspicious or appeared to be consistent with improper market related activity;

      thereby violating IDA Regulation 1300.1(a) and By-law 29.1.

   b) In April 2008, for the purpose of the requirements of *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*, he represented on the account documents of two clients that he had met those clients when in fact he had not, contrary to By-law 29.1.

   c) From April 2008 to July 2008 inclusive, he accepted instructions from a third party without obtaining a duly executed trading authorization, contrary to Dealer Member Rule 200.1(i)(3) (then Regulation 200.1(i)(a)).

   d) In May 2008, he accepted instructions from another client without the existence of a duly executed trading authorization, contrary to Regulation 200.1(i)(a).

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

a) The Respondent shall not be permitted to re-apply for registration in any capacity for one year.

b) The Respondent shall pay a $10,000 fine.

c) The Respondent must successfully re-write the examination based on the Conduct and Practices Handbook course, as a condition of re-registration.

9. The Respondent agrees to pay costs to IIROC in the amount of $5,000.

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. The Respondent was at all material times employed as a Registered Representative with CIBC World Markets Inc. ("CIBC").

12. In March 2008 he opened accounts for two unrelated clients (WS and XL) and shortly thereafter for one parent of each of these clients (JS and PZ). He did not question the clients about the virtually identical information provided by the clients for account opening purposes. The Respondent never met the parent clients in person but did contact each parent once by telephone to verify the KYC financial information for the accounts provided by the respective children.

13. From April 8 – July 31, 2008 ("Relevant Period") the primary activity in the four client accounts was the purchase of shares in Spur Ventures Inc. ("Spur"). The Respondent did not question the source of large deposits to these accounts and large purchases of Spur shares, particularly just prior to a Spur shareholders meeting where a large financing and change of control would be voted on.

14. The Respondent acknowledged the involvement of a third party, CY, in these client accounts without a written Power of Attorney or trading authorization for this involvement, although XL had requested such involvement in an email and telephone call to the Respondent. CY was connected to the financing and change of control in Spur.

THE RESPONDENT

15. The Respondent commenced his employment in the securities industry in 1999. He worked at various Member firms before joining the Richmond, BC branch of CIBC in July 2004 where he was employed until he voluntarily resigned on May 12, 2012. He is not currently employed in a registered capacity in the securities industry.

16. The Respondent does not have a regulatory disciplinary history. However, on April 24, 2009, CIBC's Compliance Department discovered the irregularities and after an internal investigation imposed internal discipline on June 9, 2009 on the Respondent as a result of the matters described herein.

17. The Respondent cooperated with CIBC's investigation. There is no suggestion that the Respondent has been involved in any alleged violations since such time. CIBC imposed a $25,000 fine on the Respondent. As of February 15, 2012, there is a balance of $3,074.69 owing on that fine.

18. These matters came to IIROC's attention as the result of a voluntary gatekeeper report filed by CIBC with IIROC in October 2008.

SPUR VENTURES INC.

19. The shares of Spur were listed on the TSX.

20. An April 14, 2008 Spur news release ("April News Release") indicated that Spur had signed a memorandum of understanding ("MOU") with a private company, Zhong Chuan International Mining Company Ltd. ("Zhong"). The MOU described an equity private placement through which Zhong would assume an equity position in Spur. Zhong would invest $11.34 million to purchase 18 million units of Spur at $0.63per unit (the "Financing"). This investment was expected to make Zhong the largest shareholder of Spur.

21. The April News Release stated that CY was a director of Zhong who was invited to join the Board of Spur.

22. A May 7, 2008 Spur management information circular ("May Circular") referenced an upcoming June 24, 2008 shareholders meeting (the "Shareholders Meeting") where shareholders would be asked to vote on the Zhong Financing announced on April 14, 2008. The May Circular disclosed that the Financing would result in a change in control of Spur to Zhong. It also identified CY's existing personal ownership of 1,650,000 Spur shares.

23. On June 25, 2008, Spur announced that Spur shareholders had approved the Financing.

24. Spur never received the funds from Zhong to complete the Financing and Spur terminated its Financing agreement with Zhong on October 30, 2008.

4 CLIENT ACCOUNTS

WS and XL Accounts

25. WS and XL (who are unrelated to each other) attended at CIBC together on March 17, 2008 and each opened an account for which the Respondent was the responsible RR. These accounts were approved by CIBC on March 18, 2008.

26. The Respondent was introduced to WS and XL by his friend IH, who was a former CEO of Spur.

27. The CIBC Know Your Client Forms ("KYC") for the WS and XL accounts each recorded the same:

- Mailing address (an apartment in Vancouver);
- Permanent address (a golf club in Beijing, China);
- Country of citizenship: China;
- Total assets: $3,500,000 ($3 million liquid/$500,000 fixed);
- Employer;
- Estimated annual income: $150,000;
- Bank: China Bank, 1025 Dunsmuir;
- Investment Objectives: 100% Short Term
- Risk Factors: 100% High Risk.

28. The KYCs recorded that WS was a general manager at his employer while XL was a vice general manager at the same employer.

29. The Respondent completed the respective KYCs for WS and XL based on information provided by them. He did not question these clients about the fact that two unrelated parties, whom he met at the same time, gave him virtually identical information.

JS and PZ Accounts

30. JS is WS's father and PZ is XL's mother. JS and PZ each opened an account at CIBC with the Respondent on April 16, 2008.

31. The Respondent never met either JS or PZ in person. Rather, he provided KYC forms to their respective

children, WS and XL, to be completed, and then telephoned JS and PZ to verify the KYC information provided by their respective children. WS and XL showed the Respondent the original passports of JS and PZ. The KYC forms were signed by JS and PZ.

32. The KYCs for JS and PZ each recorded the same:

    - Mailing address (the same Vancouver apartment mailing address that was given for their respective children, WS and XL);
    - Total Assets: $700,000 ($200,000 liquid and $500,000 fixed);
    - Country of Citizenship: China;
    - Bank: China Bank, 1025 Dunsmuir;
    - Investment Objectives: 100% Short Term;
    - Risk Factors: 100% High Risk;
    - Home phone number (the same local Vancouver number provided by WS);
    - Employer: None
    - Occupation: Homemaker

33. The JS and PZ KYCs recorded that JS resided in Liaoning, China and PZ resided in Sichuan, China.

34. WS had a Power of Attorney ("POA") over JS's account and XL had POA over PZ's account. The Respondent telephoned JS and PZ and verified but did not question the KYC information provided by their respective children. He also verified with them that their children had POA over their accounts.

35. When the completed KYCs for JS and PZ were returned, they did not contain the financial asset information. That information was provided to the Respondent by WS and XL respectively. The Respondent did not question any of the information provided to him or contained on the KYCs. However, he telephoned each of JS and PZ once in China after their accounts were opened to verify the financial information on their respective KYCs. The Respondent had no way of knowing that it was in fact JS and PZ that he spoke with, apart from the fact that he contacted them at the telephone numbers provided to him by their respective children and they verified the KYC information provided by their respective children. He did not question that the financial information for these two unrelated parties, who live far apart in China, was exactly the same.

MISREPRESENTATION

36. As stated above, the Respondent never met either JS or PZ. CIBC KYCs ask the question "Was this client met in person?" The Respondent marked the "yes" box on the JS and PZ KYCs, which was not a correct statement.

37. *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* in effect at the time required that the Respondent either meet the client in person and refer to government issued identification or where the client is not physically present when the account is opened, to confirm that a cheque drawn by the client at a financial entity has cleared or that the client holds an account in the client's name with a financial entity. The initial funds (as described below) came into JS's account by wire and the initial funds in PZ's account came from a personal cheque from her son.

38. However in this case, there is no suggestion that the funds received into these accounts were in any way connected with the proceeds of crime or terrorist financing.

39. CIBC's Compliance Policy Manual in effect at the time provides in respect of account opening that where the client is not met in person, "the identification can only be ascertained by verifying that a bank account exists in the name of the authorized person (ie. cleared cheque or confirmation of the account by contacting the bank)." The Respondent did not conduct this verification.

40. The Compliance Policy manual dated March 2005 also states:

> **Verification of Identity of Offshore Clients:** Faxes or photocopies of passports, birth certificates or driver's licenses are not sufficient for verification of identity, even if the photocopy is notarized or verified by counsel for the client. Cheques drawn on or confirmation received from foreign financial institutions do not meet the requirements of the Regulators. An acceptable method of verification of identity for offshore clients is to have employees of a CIBC affiliated company carry out the verification for CIBC Wood Gundy or for CIBC Wood Gundy to hire counsel in the location of the prospective clients to act as agent for verifying the identity of the client by reviewing any of the original documents noted above and by reviewing any of the original documents noted above and by providing CIBC Wood Gundy with notice of the verification along with a copy of the original document.

41. The Respondent acknowledged in his interview with Staff that he should not have answered yes to that question on these two KYCs and that he did not follow the rules in that regard. The parties are not aware of any similar incidents on any other accounts.

ACCOUNT ACTIVITY

Deposits

42. During the Relevant Period, $3,035,047.89 was deposited to the WS, XL, JS and PZ accounts (collectively, the "Four Accounts") as follows:

WS Account

Date	Action	Amount ($)
April 8, 2008	Incoming Cheque	250,000.00
June 20, 2008	Incoming Cheque	500,000.00
June 23, 2008	Incoming Cheque	610,000.00
June 24, 2008	Incoming Cheque	530,000.00
June 25, 2008	Incoming Cheque	300,000.00

XL Account

Date	Action	Amount ($)
April 8, 2008	Incoming Cheque	250,000.00

JS Account

Date	Action	Amount ($)
April 18, 2008	Incoming Wire	300,000.00
July 18, 2008	Incoming Wire	140,000.00

PZ Account

Date	Action	Amount ($)
April 22, 2008	Incoming Cheque	15,000.00
May 13, 2008	Incoming Wire	46,547.89

June 6, 2008	Incoming Wire	49,500.00
June 25, 2008	Incoming Wire	44,000.00

43. WS and XL advised the Respondent that they had each borrowed the initial $250,000 deposits into their respective accounts but the Respondent did not question the source of these borrowed monies. These funds came in the form of bank drafts from the Bank of China.

44. The four remaining deposits to the WS account as noted above were made on four consecutive business days from June 20 – June 25, 2008 and totaled $1.94 million. WS delivered each draft personally to CIBC. All four drafts referenced a bank account number that differed from that recorded on WS's KYC. The Respondent did not notice that the bank account reference was different and did not "think too much" about what the source of these funds was. The Respondent did not query WS about the reason for the separate deposits over four consecutive days.

Purchases of Spur

45. During the Relevant Period, Spur shares were purchased for the Four Accounts as follows:

Account	**Time Period**	**Quantity**	**Total Cost**	**Fill Range**	**# of Orders (filled/ unfilled)**
WS	April 8 – May 28, 2008	306,000	$225,290	$0.65-$0.75	28 (23/5)
WS	June 19 – June 24, 2008	1,800,000	$1,951,930	$0.99-$1.21	4 (4/0)
XL	May 2 – May 28, 2008	335,000	$245,475	$0.71-$0.75	24 (21/3)
JS	May 6 – July 24, 2008	418,500	$346,095	$0.68-$1.17	39 (30/9)
PZ	May 6 – July 15, 2008	182,000	$153,045	$0.75-$1.16	12 (8/4)
TOTAL	April 8 – July 24, 2008	3,041,500	$2,921,835	$0.65-$1.21	107 (86/21)

46. The foregoing purchases of Spur shares were the primary activity in the Four Accounts. All orders for the purchase of Spur were unsolicited.

47. During the Relevant Period, the foregoing purchases represented 16.78% of the market volume in Spur and 5.04% of Spur's issued and outstanding shares.

48. From June 19 – 24, 2008, the price of Spur shares reached new highs. Spur did not issue any news releases immediately prior to or during that period.

49. The Respondent stated in his interview with Staff that did not "pay much attention" to Spur in the beginning as the transactions were unsolicited. He subsequently did some research and was aware of the April News Release and the May Circular.

50. Leede Financial Markets Inc. ("Leede") was the firm on the sell side of the purchases of Spur shares in the WS account from June 19 – 24, 2008. The Respondent was aware of this as WS told him that his friend who had an account at Leede acquired the Spur shares in a private placement and did not want to be concentrated too much in one stock. The Respondent did not ask WS who this friend was.

51. The Respondent advised Staff that when WS placed an order to buy Spur shares in his account between June 19 – 24, 2008, WS would instruct him to hold the order for a short while, after which WS would then advise him to enter the order. WS was "coordinating" the buying and selling of Spur shares.

52. The large quantity of Spur shares purchased in the WS account occurred in the few business days prior to the June 24, 2008 Shareholders Meeting. The Respondent advised Staff that "he did not even think about that [the timing of these purchases]".

53. The Respondent did not question his clients about any of the foregoing trading activity.

54. The Four Accounts (except the PZ account) were fee based rather than commission based. The Respondent earned $3,031.38 from these accounts. Only the PZ account was commission based and the Respondent earned $422.50 from the Spur transactions in that account.

55. CIBC's Compliance Department identified unusual trading activity of Spur in the Four Accounts. An internal investigation determined that these clients deposited funds into their accounts without proper inquiry by the Respondent as to the source of that money and that the trading in Spur could be perceived as manipulative and/or deceptive. In October 2008 CIBC issued a Letter of Education to the Respondent and the Four Accounts were coded "for liquidation only".

56. After subsequent information came to light, CIBC imposed further discipline on the Respondent as outlined below.

CY's Involvement in the Account Activity

57. As set out earlier herein the Respondent was aware of the April News Release in which it was stated that CY was a director of Zhong who was invited to join the board of Spur.

58. CY was not a client of the Respondent nor did he have written POA or trading authorization over any of the Four Accounts. The Respondent has not met CY in person.

59. The Respondent advised Staff that CY was involved in the purchases of Spur shares in the accounts of WS and XL. In an April 8, 2008 email, XL asked the Respondent to advise CY whenever Spur shares were purchased for the WS and XL accounts. When he asked why, he was told that they "had borrowed money from the company" but the Respondent did not ask which company.

60. In a subsequent email that same day, the Respondent indicated a reluctance to contact CY directly and instead asked XL to forward the information to CY. On April 9, 2008 the Respondent sent an email directly to CY which stated that CIBC had many rules about emails. He preferred to send emails to his clients who could then forward the information to CY.

61. Although the Respondent was initially reluctant to contact CY directly, XL telephoned the Respondent to confirm his instruction that he wanted the Respondent to email CY directly. Subsequent email chains in May and June 2008 indicate that CY instructed the Respondent on further Spur purchases in the Four Accounts. Emails also indicate that the Respondent informed CY on the quantity and average cost of Spur shares in the WS and XL accounts on May 16, 20, 21 and 23, 2008.

62. In a May 21, 2008 email CY asked the Respondent:

> ..How much do we have in total? Can you send us a table with shares, the price and time, under whose names, the money we left each time? It is easier for us to manage. Thanks!

63. The Respondent replied to CY the following day, detailing share positions and average costs in Spur for the WS and XL accounts.

64. In a May 24, 2008 email, CY's secretary asked the Respondent if XL and WS have the total stock and to send her the latest list. The following day the Respondent sent the information as requested.

65. On June 20, 2008, shortly before the Shareholders Meeting, CY sent an email regarding Spur shares to the Respondent, XL and WS asking the Respondent to advise him (CY) how many Spur shares were held after all the transactions. The Respondent provided CY the information on June 20, 2008 as requested.

66. On June 25, 2008, the Respondent's Branch Manager forwarded to the Respondent an email from CIBC

Compliance which queried the large purchases of Spur in WS's account. On the same day, the Respondent sent an email to his Branch Manager responding to the queries and continued to provide CY with information about the purchases in the WS and XL accounts into July 2008.

67. The Respondent advised Staff that at no time from April to June 2008 did he make any connection that Zhong, through the involvement of CY in the Four Accounts, may have been investing in Spur. He also did not make any inquiries to determine whether CY was in possession of any undisclosed material information.

68. The Respondent took instructions from and provided confidential information to CY, a third party who did not have a duly executed POA or written trading authorization over any client account.

ACCEPTING CLIENT INSTRUCTIONS FOR ONE CLIENT FROM ANOTHER

69. WS and XL did not appoint POAs or trading authority to anyone over their respective accounts.

70. On May 4, 2008 the Respondent received email instructions for the purchase of Spur shares from XL for WS's account as follows:

> Please buy Spurs [sic] venture stock under $0.75 on both [WS] and my own account. But please do it slowly because we do not want to be noticed by others. Certainly, you must know how to handle it. Thanks, mike [sic]. [WS] will be back soon.

71. The following morning, the Respondent in fact placed two orders to buy Spur shares in WS's account at $0.72 and $0.74 respectively.

72. The Respondent accepted trading instructions for a client from a party who did not have written trading authority over the client account.

73. As referenced earlier herein, CIBC detected and self-reported this matter to IIROC. After a review of the Respondent's emails, CIBC became aware of the Respondent's communications with CY. As a result, CIBC imposed the fine (referred to in paragraph 17 herein), six months strict supervision, a requirement to complete the CSI Trader Training Course (which the Respondent has completed and passed) as well as a Letter of Reprimand to the Respondent which stated in part:

> It has been concluded that your actions, specifically your failure to act as a "Gatekeeper" demonstrated a lack of good judgment and constituted a violation of firm policy and industry regulations…
>
> More specifically, you failed to perform adequate due-diligence, escalate or reject the orders when you ought to have reasonably known that a third party, [CY], had an undisclosed interest in the trading activity of Spur Ventures. You provided confidential client information to [CY] without obtaining a properly executed Power of Attorney and/or Trading Authorization..

V. TERMS OF SETTLEMENT

74. 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.

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

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

77. 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.

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

79. 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.

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

81. 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.

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

83. 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 Vancouver in the Province of British Columbia, this 14th day of June, 2012.

	"Maoqing Teng"
Witness	**Respondent**

AGREED TO by Staff at the City of Vancouver in the Province of British Columbia, this 15th day of June, 2012.

"Shannon Miller"	**"Barbara Lohmann"**
Witness	**Barbara lohmann**
	Senior Enforcement Counsel on behalf of Staff of the Investment Industry Regulatory Organization of Canada

ACCEPTED at the City of Vancouver in the Province of British Columbia, this 12th day of July, 2012, by the following Hearing Panel:

Per: "Wade Nesmith"

Panel Chair

Per: "Richard Thomas"

Panel Member

Per: "James Harkness"

Panel Member