Re Mannings

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Geraldine Mannings

2015 IIROC 22

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

Heard: June 16, 2015 in Vancouver, BC
Decision: July 7, 2015

Hearing Panel:
Catharine Esson, Chair, Richard Carter and Michael E. Johnson
Appearances:
Stacy Robertson, Enforcement Counsel
Lorne Kotler, Respondent's Counsel

DECISION (SETTLEMENT AGREEMENT)

MAJORITY REASONS

¶ 1 At a Settlement Hearing on June 16, 2015, we were asked to accept a Settlement Agreement negotiated between the Staff of IIROC and Geraldine Mannings (the "Settlement Agreement"). Ms. Mannings, who lives outside the Lower Mainland, was represented by counsel at the hearing but did not attend. At the end of the hearing, we advised the parties that we would reserve our decision on the acceptability of the Settlement Agreement and would issue our decision and reasons at a later date.

¶ 2 For the reasons outlined below, we have accepted the Settlement Agreement.

¶ 3 A copy of the Settlement Agreement is attached to this Decision. It includes the following:

a. Facts, agreed to by the parties, which form the basis of the settlement;

b. Ms. Mannings' acknowledgement of the following contraventions of the IIROC Dealer Member Rules:

- Between approximately January 2012 and June 30, 2013, Ms. Mannings acted contrary to IIROC Dealer Member Rule 1300.1(q) by failing to use due diligence to ensure that the recommendations that she made in relation to the accounts of DR were suitable;
- Between approximately January 2012 and June 30, 2013, Ms. Mannings acted contrary to IIROC Dealer Member Rule 1300.1(q) by failing to use due diligence to ensure that the recommendations that she made in relation to the accounts of two clients DM and IM were suitable for each client.

c. Ms. Mannings' agreement that she will pay a fine of $35,000 and costs of $5000 to IIROC.

¶ 4 At the Settlement Hearing, the parties made submissions regarding our jurisdiction, the circumstances of

the conduct, the relevant authorities and the appropriateness of the proposed Settlement Agreement. The parties jointly recommended that we accept the Settlement Agreement.

¶ 5 Pursuant to IIROC Dealer Member Rule 20.36(1), a hearing panel's jurisdiction on a Settlement Hearing is to accept or reject the Settlement Agreement. We agree with the following characterization of the hearing panel's role from *Re Deutsche Bank Securities Ltd.* [2013] IIROC 7 at paragraph 9:

> It is clear from jurisprudence emanating from the courts and from Hearing Panels of IIROC, Investment Dealers Association and the Mutual Fund Dealers Association, that our task is not to decide whether, in this case, we would have arrived at the same decision as that reached by the parties. Rather, our duty is to determine whether the penalty is a reasonable one and that it meets the objectives of the disciplinary process which are to maintain the integrity of the investment industry. We cite from the recent decision of the Hearing Panel in Re CIBC World Markets Inc., [2011] IIROC No. 38:
>
> > 13 Finally, hearing panels will not lightly interfere with a negotiated settlement. As was said in Re Milewski, [1999] IDACD No. 17,
> >
> > > … a District Council 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.

¶ 6 Because the Settlement Agreement is the product of a process of negotiation and compromise between the parties, it does not contain all of the detail that one would expect after a full hearing. This should not preclude us from accepting the Settlement Agreement, if it contains sufficient facts to allow us to determine that the agreed upon sanction is within a reasonable range.

¶ 7 We must, therefore, determine:

- whether there are sufficient facts agreed to by the parties to allow us to assess the reasonableness of the sanction and, if so,
- whether the agreed upon sanction meets the objectives of sanctions in IIROC disciplinary proceedings and falls within a reasonable range for the facts agreed to by the parties.

¶ 8 The first question, whether there are sufficient facts agreed to by the parties to allow us to assess the reasonableness of the sanction, caused us concern. While the Settlement Agreement contains sufficient agreed facts for us to conclude that the contraventions occurred, it lacked details which would have assisted us to better understand and assess the seriousness of the contraventions. Panel members would have appreciated, for example, additional information about the transactions in the accounts. That being said, we ultimately concluded that we could assess the reasonableness of the sanction from the agreed facts.

¶ 9 The second question requires us to determine whether the agreed upon sanction meets the sanctioning objective of maintaining the integrity of the investment industry and falls within the reasonable range for the admitted misconduct. In considering this, we have accepted the parties' submissions that the primary focus of the sanction in this case is general, rather than specific, deterrence. Although Ms. Mannings could reapply for registration, we recognize that this is unlikely to occur. Ms. Mannings is 78 years old and has not been registered in any capacity with IIROC since July 2013. She has stated that she does not intend to reapply.

¶ 10 To be an effective general deterrent, the sanction should be proportionate to the severity of the misconduct and consistent with industry expectations (Re: Mills, [2001] IDACD No. 7). In our view, the sanction in this case meets these goals.

¶ 11 The Respondent has admitted that she was aware of circumstances about her clients which made her recommendations unsuitable for them. The risk profile of the accounts was exacerbated by the high concentration of gold and precious metal securities. A significant monetary penalty, such as the agreed upon fine, should reinforce to other registrants the importance of being alert to changes in their clients' circumstances, of properly assessing the risk level of clients' accounts and of taking appropriate action where a

client's changed circumstances impact on the suitability of the investment portfolio or strategy.

¶ 12 In considering the reasonableness of the fine, we have also taken into account that:

- Ms. Mannings has had a lengthy career in the securities industry with no previous disciplinary history.
- There is no suggestion that Ms. Mannings was enriched as a result of the misconduct.
- Ms. Mannings has accepted responsibility for the contraventions by agreeing to the Settlement Agreement, saving the time and expense of a hearing and the necessity of having her former clients testify.

¶ 13 We have considered the authorities provided by the parties. The value of these authorities is limited given that the facts of each case are unique and that a number of those authorities are, like this case, settlements. That being said, the sanction agreed to in this case is not out of line with the sanctions for similar misconduct in those authorities.

¶ 14 We conclude that:

- there are sufficient facts agreed to by the parties to allow us to assess the reasonableness of the sanction and,
- the agreed upon sanction meets the objectives of sanctions in IIROC disciplinary proceedings and falls within a reasonable range for the facts agreed to by the parties.

¶ 15 We therefore accept the Settlement Agreement.

Dated at Vancouver, British Columbia, this 7 day of July, 2015.

Catherine Esson, Chair

Richard Carter

CONCURRING REASONS OF MICHAEL E. JOHNSON

¶ 1 I am in agreement with the majority of the Panel as to accepting the Settlement Agreement, but with reservations.

Did the Settlement Agreement contain sufficient agreed facts for us to conclude that the contraventions occurred?

¶ 2 Understanding that a Settlement Agreement is the product of a process of negotiation and compromise between the parties, it does not contain all of the detail that one would expect after a full hearing. Even taking that into account, however, I have a number of concerns based on a review of the Settlement Agreement, extrapolation of the numbers to determine some "order of magnitude", and analysis:

(a) Facts as to client information provided is selective, minimal and may be unclear as to the clients' current situations.

(b) The characterization, one may draw from the assertions made (for Client DR in #'s 22, 23, & 24, and #17, and for Clients DM & IM in #'s 36, 37, 38, 39, & 40) as to the clients' changing circumstances; and the need to change the clients' risk profile, and conduct a security review, may be debatable.

(c) It is not unknown for an investor to use an "aggressive" investment strategy, to maximize the tax deferral shield of an RRSP, rather than a conventional conservative investment strategy for retirement funds.

(d) Assessing concentration requires that prudent concentration levels should be set, considering the

clients' holistic situations (investment objectives, risk tolerance, net worth, etc. & for all accounts combined). Note, the risks of concentration within a concentrated portfolio may be reduced by investing in multiple securities vs. a single security, investing in a mix of high, medium, & low risk securities, and investing in companies involved in a number of geographical areas.

(e) Kinross is a medium risk mining producer with several geographically spread projects with some exploration relationships with junior mining explorers. In the instant case, such an investment may be considered as an attempt to reduce the risks associated with concentration. Further as to the Kinross investments, the words "in addition" in paragraphs 18 and 32 of the Settlement Agreement may be unclear. It should be noted that the Kinross investments are actually included within the concentration ratios.

(f) The Settlement Agreement does not provide any information as to the mix of "suitable" and "unsuitable" buy/sell transactional activity to fund withdrawals or change security investments, indeed there is no buy/sell transactional activity information at all.

(g) The Settlement Agreement does not provide any details, or a specific example of a recommendation to purchase/buy or hold "unsuitable" securities.

(h) The Settlement Agreement may have materially overstated the losses (market value decreases) as it does not provide any information which breaks down the losses between the losses attributable to "suitable" vs. "unsuitable" investments.

Was the Respondent's misconduct charged properly in Contraventions 1 & 2 of the Settlement Agreement?

¶ 3 Even if one accepts that there are sufficient facts admitted to conclude that misconduct occurred, we need to look to whether that misconduct is properly described by the contraventions as well. The BCSC expects that the wording of the allegations made by IIROC Staff in the counts contained in a notice of hearing (or a settlement agreement) to define the nature of the case that a respondent must meet. It is the actual wording that is important to define the meaning of the allegations made.

¶ 4 The misconduct alleged in the Settlement Agreement's Contraventions 1 & 2 is charged under Dealer Member Rule 1300.1 (q). In my view, the contraventions, the underlying facts, and the assertions made in the Settlement Agreement would be more properly considered as breaches of Dealer Member Rule 1300.1 (r), and Dealer Member Rule 1300.1 (a), as well as Dealer Member Rule 1300.1 (q). The relevant provisions are:

(a) DMR Rule 1300 Supervision of Accounts

1300.1 Identity and Creditworthiness

(a) *"Each Dealer Member shall use due diligence* ***to learn and remain informed*** *of the essential facts relative to every customer and to every order or account accepted."* ***[Emphasis added]***

1300.1 Suitability determination required when recommendation provided

(q) *"Each Dealer Member, when recommending to a customer the purchase, sale, exchange or holding of any security, shall use due diligence* ***to ensure that the recommendation is suitable*** *for such customer based on factors including the customer's financial situation, investment knowledge, investment objectives and risk tolerance."* ***[Emphasis added]***

1300.1 Suitability determination required for account positions held when certain events occur:

(r) *"Each Dealer Member shall, subject to Rules 1300.1 (t), 1300.1 (u), and*

1300.1 (v), use due diligence ***to ensure that the positions held in a client's account or accounts are suitable*** *for such client based on factors including the client's current financial situation, investment knowledge, investment objectives and time horizon, risk tolerance and the account or account(s)' current investment portfolio composition and risk level whenever one or more of the following trigger events occurs:*

(i) Securities are received into the client's account by way of deposit or transfer; or

(ii) There is a change in the registered representative or portfolio manager responsible for the account, or

(iii) There has been a ***material change*** *to the client's life circumstances or objectives that has resulted in revisions to the client's "know your client" information as maintained by the Dealer Member."*

[Emphasis added]

(b) The basic "construct" of the assertions (for Client DR in #'s 22, 23, &24, and #17; and for Clients DM & IM in #'s 36, 37, 38, 39 & 40) made in the Settlement Agreement is that there were material changes in the clients' situations (see 1300.1 (r) (iii)), which should have triggered changes to the "know your client" information (see 1300.1 (a)), which in turn, should have necessitated revisions of the clients' investment objectives and risk tolerances (see 1300.1 (a)). Such revisions may have necessitated security reviews (see 1300.1 (r)); and also that the Respondent should ensure her recommendations were suitable by being consistent with the clients' changed situations (see 1300.1 (q)).

(c) In the Floyd case provided (Re Floyd and McDonald, 2013 IIROC 04), there is reference to the ASC decision in Re Lamoureux, [2001] A. S. C. D. No. 613. This decision sets out the principles for "know your client" and "suitability" obligations effectively. Relevant excerpts from Floyd include:

- Paras. 16 & 17 – *"Re Lamoureux at (page 13) also holds that the "know your client" and "suitability" obligations while conceptually distinct are closely connected in practice, such that the former is the obligation to learn about the client, their personal financial situation, financial sophistication and investment experience, investment objectives and risk tolerance. The latter is the obligation to determine if an investment is appropriate for a particular client and assessment of suitability requires both that the registrant understands the investment product and knows enough about the client to assess whether the product and the client are a match.*

  Re Lamoureux explains that suitability is to be assessed prior to making a recommendation to a client and involves a three stage process:

  1. The first stage is the due diligence steps undertaken by the registrant to know the client and to know the product.

  2. Apply sound professional judgement to the information elicited from state one and make a reasonable determination whether specific investment products are suitable for that client.

  3. The third stage obliges him to make the client aware of the negative material factors involved in the transaction as well as the positive factors."

- Page 7, Para. 4 – *"The suitability of an investment product for any prospective investor will be determined to a large measure by comparison of the risks associated with the investment product with the risk profile of the investor. This comparison is probably the most critical element in the registrant's suitability obligation."*

(d) The guidance per "Re Lamoureux" indicates the "know your client" and "suitability" obligations are distinct and connected, and is consistent with a "narrow" interpretation of what is meant by the wording of Rule 1300.1 (q) - Suitability determination required when recommendation provided.

(e) Contraventions 1 & 2 in the Settlement Agreement do not contain allegations of failing to recognize a material change in the clients' situations, and failing to make appropriate changes to the investment objectives & risk tolerances, and failing to conduct a security review of the composition of the investments held. But rather, Contraventions 1 & 2 allege breaches as to the suitability of the Respondent's recommendations, (see Re Lamoureux, page 7, para. 4.

¶ 5 For balance and fairness, I should note that I consider the accepted sanctions to be reasonable for the contraventions; if it was concluded that the contraventions in the Settlement Agreement, did occur

¶ 6 I note, that hearing panels should not lightly interfere with a negotiated settlement (see Re Milewski, [1999] IDACD No. 17). In the instant case, the Respondent signed the Settlement Agreement, thereby admitting the contraventions, agreeing to the facts and the assertions therein, and accepting the recommended sanctions. If she had done so, without the advice of counsel, I may have been inclined to cast a dissenting vote rejecting the Settlement Agreement. However the Respondent was advised by her counsel during the negotiation process, and the signing of the Settlement Agreement; and was represented by her counsel at the hearing: so I am comfortable with the Panel's decision that the contraventions did occur, but with the reservations noted above; and that the sanctions are reasonable.

Dated at North Vancouver, BC, this 7 day of July, 2015

Michael E. Johnson

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. IIROC Enforcement Staff ("Staff") and the Respondent, Geraldine Mannings, 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 Geraldine Mannings.

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 approximately January 2012 and June 30, 2013, the Respondent acted contrary to IIROC Dealer Member Rule 1300.1(q) by failing to use due diligence to ensure that the recommendations that she made in relation to the accounts of client DR were suitable;

Contravention 2

Between approximately January 2012 and June 30, 2013, the Respondent acted contrary to IIROC Dealer Member Rule 1300.1(q) by failing to use due diligence to ensure that the recommendations that she made in relation to the accounts of two clients DM and IM were suitable for each client.

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

   a. The Respondent must pay a fine in the amount of $35,000; and

   b. The Respondent must pay costs to IIROC in the sum of $5,000.

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

Overview

8. These Particulars relate to the period of time from January 2012 to June 30, 2013 (the "Review Period") while the Respondent, Geraldine Mannings, was a Registered Representative at the Nelson Office of CIBC World Markets Inc. operating as CIBC Wood Gundy .

9. The Respondent made unsuitable recommendations for DR, DM and IM which resulted in losses in the client's accounts between January 2012 and June 30, 2013. The recommendations in the clients' accounts were unsuitable due to an overconcentration in gold and precious metals securities and were beyond the actual risk tolerances of the clients given their financial circumstances and time horizon during the Review Period.

Registration History

10. The Respondent became a Registered Representative in June 1967 and was employed with Merrill Lynch Canada Inc., Midland Walwyn Capital Inc. and CIBC Wood Gundy successively until she left CIBC Wood Gundy on July 2, 2013. The Respondent was 77 years old when she left CIBC Wood Gundy.

11. The Respondent is not currently registered in any capacity with IIROC and has not been registered since July 2, 2013.

Client DR

The Accounts

12. DR opened an RRSP account with the Respondent in 2005 and a margin account in 2007. She also opened a TFSA account in 2009. The account documentation was never updated by the Respondent. The last New Client Account Form ("NCAF") signed by DR was in 2007 for the margin account.

13. The information on the latest NAAF is from the 2009 TFSA account and provides the following information:

   a) DOB - 1954;

   b) Self-employed interior designer with annual income of $55,000;

   c) Net Liquid assets - $40,000 and Net Fixed assets of $200,000;

   d) No outside investment accounts;

   e) 100% medium term investment objective and 100% medium risk for the TFSA account; and

   f) DR did not sign the TFSA NAAF.

14. The NAAFs for DR's RRSP and margin accounts indicated a 100% medium term investment objective and 100% high risk tolerance.

15. In December 2011, DR advised the Respondent that she wanted to sell approximately

    $150,000 of stock out of her cash account for the purpose of realizing capital gains before year end and that these capital gains would be her only income for the year. By January 2012, the Respondent was aware that DR did not have any employment income as an interior designer for 2011.

16. In November 2012, DR advised the Respondent that $80,000 to $100,000 would be required for the purposes of renovating a newly purchased home. On DR's instructions, roughly $80,000 was withdrawn from the investment accounts between March 2013 and May 2013 for the purposes of the renovation.

17. Despite knowledge of DR's changing circumstances, the Respondent did not update the client information on DR's account documentation and she did not conduct a suitability review of DR's accounts. In January 2012, DR was 57 years old with no employment income for the previous year. During the Review Period, the Respondent continued to make recommendations to DR to buy and hold high risk gold and precious metals securities in her accounts.

18. As of February 2012, DR's RRSP account was 63% in high risk securities with 88% concentration in gold and precious metals securities. As of December 2012, DR's RRSP account was 64% in high risk securities with 93% concentration in gold and precious metals securities. In addition as of December 2012, 24% of her RRSP was invested in a single gold based security, Kinross Gold Corp. As of June 2013, DR's RRSP account was 60% in high risk securities with 89% concentration in gold and precious metals securities. In addition as of June 2013, 24% of her RRSP was invested in a single gold based security, Kinross Gold Corp.

19. As of January 2012, DR's margin account was 26% in high risk securities with 28% concentration in gold and precious metals securities. As of December 2012, DR's margin account was 14% in high risk securities with 68% concentration in gold and precious metals securities. As of June 2013, DR's margin account was 32% in high risk securities with 83% concentration in gold and precious metals securities.

20. As of March 2012, DR's TFSA account was 100% in high risk securities with 100% concentration in precious metals securities. As of December 2012, DR's TFSA account was 100% in high risk securities with 100% concentration in gold and precious metals securities. As of June 2013, DR's TFSA account was 66% in high risk securities with 66% concentration in gold and precious metals securities.

The Losses

21. From February 2012 to June 30, 2013, DR's RRSP account declined in market value by over $88,000. This represented a 60% decrease in the market value over this time period. During that same period of time her margin account also declined in market value by over $118,000 after taking into account withdrawals of $128,000. This represented a 69% decrease in the market value of the account over this time period after taking into account the withdrawals. Finally, during the same period of time, DR's TFSA account declined in market value by over $15,000. This represented a 63% decrease in market value of the account over this time.

Suitability of Recommendations for DR Accounts

22. DR has stated that she trusted the Respondent and relied on her knowledge and expertise to manage her accounts. DR has stated that she did not have an understanding on the relative risk levels associated with various securities and did not have an understanding of any additional risks associated with an overconcentration of securities in one particular sector such as gold and precious metals.

23. During the Review Period, the Respondent made recommendations to purchase and to hold securities in DR's accounts which increased the risk profile of those accounts beyond the actual risk tolerance of DR. In addition the Respondent's recommendations to purchase and hold gold and precious metals securities represented an undue concentration in DR's accounts which further increased the risk in DR's accounts.

24. Given the Respondent's knowledge of DR's change in employment income, her age, financial circumstances, plans for retirement and the existing composition and risk level of securities in her accounts during the Review Period, the Respondent's continued recommendations to buy and hold securities, particularly high risk gold and precious metals securities were unsuitable for DR.

Clients DM and IM

The Accounts

25. DM and IM opened individual RRSP accounts with the Respondent in 2001. They also opened a joint margin account with the Respondent in 2001 (the "Margin Account"). The Respondent completed a short form NCAF in 2004 when the accounts were transferred from Merrill Lynch to CIBC Wood Gundy. The Respondent did not complete any further NCAF updates for the RRSP accounts or the joint margin account.

26. DM and IM also opened individual TFSA accounts with the Respondent in 2009. The Respondent did not complete any updates on the NCAFs for the TFSA accounts.

27. The information on the latest NCAF is from the 2009 TFSA account and provides the following information:

    g) DM - DOB - 1946; IM – DOB – 1948;

    h) DM was retired and did not list any income other than investment income; IM worked as a secretary and listed annual income of $35,000;

    i) Net Liquid assets - $65,000 and Net Fixed assets of $350,000;

    j) No outside investment accounts;

    k) 50% medium term and 50% long term investment objectives and 100% medium risk for the TFSA accounts; and

    l) The NCAFs for DM and IM's TFSA accounts were not signed by DM and IM.

28. The last NCAF updates signed by DM and IM was for the RRSP accounts and joint margin accounts which were signed in 2001.

29. The account documentation for DM and IM's RRSP accounts indicated a 100% medium term investment objective and 100% medium risk. The account documentation for DM and IM's joint margin account indicated investment objectives of 25% income, 25% short term gain, 25% medium term gain, 25% long term gain and risk tolerances of 20% low risk, 30% medium risk and 50% high risk.

30. At the start of the Review Period, DM was 67 years old and had been retired for at least three years. At the start of the Review Period, IM was 64 years old and had a limited income of $35,000 from all sources, other than her investment accounts with the Respondent.

31. During the Review Period which was a year and a half in duration, DM and IM withdrew over $30,000 from their accounts with the Respondent including approximately $5,000from their RRSP accounts. In addition, during the Review Period, DM and IM were paying interest on their joint margin account. DM and IM were using their accounts with the Respondent to support their living expenses, along with funds held with another financial institution. The Respondent did not have knowledge as to the balance of the account held at the other institution during the Review Period and failed to make any inquiries regarding these accounts and update the clients' NCAFs. Other than

these two accounts and, their home DM and IM did not have any other significant assets.

32. The RRSP accounts and TFSA accounts of DM and IM (the "Retirement Accounts") were reviewed on a consolidated basis as they contained the same risk tolerances. As of June 2012, the Accounts were 22% in high risk securities with 40% concentration in gold and precious metals securities. As of December 2012, the Accounts were 21% in high risk securities with 42% concentration in gold and precious metals securities. In addition, as of December 2012, 26% of the Retirement Accounts were invested in a single gold based security, Kinross Gold Corp. As of June 2013, the Retirement Accounts were 21% in high risk securities with 31% concentration in gold and precious metals securities. In addition, as of June 2013, 17% of the Retirement Accounts were invested in a single gold based security, Kinross Gold Corp.

33. As of January 2012, the Margin Account was 96% in medium and high risk securities with 96% concentration in gold, precious metals and minerals and diversified metals and mining securities. As of December 2012, the Margin Account was 100% in medium and high risk securities with 68% concentration in gold and precious metals securities. As of June 2013, the Margin Account was 100% in medium and high risk securities with 20% concentration in gold and precious metals and minerals securities.

The Losses

34. From March 2012 to June 30, 2013, the Retirement Accounts declined in market value by $27,620.03. This represented a 16% decrease in the market value over this time period.

35. From January 2012 to June 30, 2013 the Margin Account also declined in market value by $77,157.01. This represented a 61% decrease in the market value of the account over this time period.

Suitability of Recommendations for DM and IM's Accounts

36. DM and IM have stated that they trusted the Respondent and relied on her knowledge and expertise to manage their retirement savings in the accounts.

37. DM and IM have stated that they did not have an understanding of the relative risk levels associated with various securities and did not have an understanding of any additional risks associated with an overconcentration of securities in one particular sector such as gold and precious metals.

38. During the Review Period, the Respondent made recommendations to purchase and to hold securities in DM and IM's accounts which increased the risk profile of those accounts beyond the risk tolerance of DM and IM. In addition the Respondent's recommendations to purchase and hold gold and precious metals securities represented an undue concentration in DM and IM's accounts which further increased the risk in their accounts.

39. The Respondent knew that DM and IM were using the funds from their accounts with the Respondent for living expenses and knew that they were using margin in their joint account.

40. Given the Respondent's knowledge of DM and IM's age, employment status, current financial circumstances, plans for retirement and the existing composition and risk level of securities in her accounts during the Review Period, the Respondent's continued recommendations to buy and hold securities, particularly high risk gold and precious metals securities were unsuitable for DM and IM.

IV. MITIGATING FACTORS

41. The Respondent does not have any prior disciplinary record with IIROC.

V. TERMS OF SETTLEMENT

42. 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.

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

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

45. 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.

46. 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.

47. 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.

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

49. 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.

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

51. 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 Nelson in the Province of B.C., this 7th day of May, 2015.

"Witness"	"Geraldine D. Mannings"
Witness	**Respondent**

AGREED TO by Staff at the City of Vancouver in the Province of B.C., this 15th day of June, 2015.

"Lorne Herlin"	"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 British Columbia, this 7th day of July, 2015, by the following Hearing Panel:

Per: "Catherine Esson"

Panel Chair

Per: "Richard Carter"

Panel Member

Per: "Michael E. Johnson"

Panel Member