Re Bond

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Garry Walter Bond

2017 IIROC 36

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

Heard: June 20, 2017 in Toronto, Ontario
Decision: June 20, 2017
Reasons for Decision: July 6, 2017

Hearing Panel:
Edward T. McDermott, Chair, Guenther Kleberg, Lou D'Souza
Appearances:
Kathryn Andrews, IIROC Senior Enforcement Counsel
Jeffrey Larry, Counsel for Garry Walter Bond
Garry Walter Bond, in person

REASONS FOR DECISION

PURPOSE OF HEARING

¶ 1 This Hearing Panel was constituted pursuant to the provisions of the Consolidated Enforcement, Examination and Approval Rules of IIROC (the "Rules") including in particular sections 8203, 8205, 8215 and 8428 thereof.

¶ 2 The Notice of Application which initiated this matter is dated May 30, 2017 and states that a hearing will be held on June 20, 2017 at the IIROC premises located at 121 King Street West, Suite 2000, Toronto, Ontario for the purpose of determining whether a Settlement Agreement entered into between the staff of IIROC and the Respondent Garry Walter Bond pursuant to a written agreement dated May 27, 2017 (a copy of which is attached as a schedule to these Reasons for Decision) will be accepted or rejected by the Hearing Panel in accordance with the provisions of the Rules.

¶ 3 This Hearing Panel accordingly convened at 10:00 a.m. on June 20, 2017 at the place set forth in the Notice of Application. At that time, both parties were in attendance and represented by counsel.

SERVICE AND ADEQUACY OF NOTICE OF APPLICATION

¶ 4 Before proceeding with the hearing, the Hearing Panel reviewed the contents of the Notice of Application and the Proof of Service filed with the Hearing Panel and was satisfied that the requirements of sections 8406(4), 8428(3) and (4) of the Rules had been satisfied.

¶ 5 The Hearing Panel accordingly proceeded to review the terms of the Settlement Agreement and receive the submissions and representations of counsel for the parties, both of whom requested this Hearing Panel to

accept the Settlement Agreement and impose the sanctions provided for therein.

SETTLEMENT AGREEMENT

¶ 6 The Hearing Panel also reviewed the form of the Settlement Agreement and was satisfied that it contained the requirements of a Settlement Agreement as set forth in Rule 8215(2).

¶ 7 The Hearing Panel accordingly received and gave careful consideration to the Settlement Agreement and the submissions of the parties in support of such agreement. At the conclusion of these presentations, the Panel recessed the hearing in order that it could deliberate on the information and submissions that had been presented to it with respect to its decision as to whether it should accept or reject the Settlement Agreement. Following such recess, the Hearing Panel advised the parties that it was prepared to accept the Settlement Agreement on the terms proposed and proceeded to execute and record acceptance of such agreement with the reasons for this decision to follow.

¶ 8 The following constitutes the reasons for the decision of this Hearing Panel which led it to conclude that the Settlement Agreement should be accepted.

THE ROLE OF THE HEARING PANEL

¶ 9 Counsel for IIROC provided us with a number of decisions of previous Hearing Panels which have clearly set forth the parameters within which a Hearing Panel is to be guided in its consideration as to whether it should accept or reject a Settlement Agreement placed before it by the parties to the proceeding in accordance with provisions of the Rules.

¶ 10 While different words or phraseology may be used by individual Hearing Panels, the manner in which we are to approach this undertaking is, in our view, widely agreed upon and has been adequately stated in the following excerpt from the decision in *Re Faber* 2014 IIROC 14 (see also *Re Melville* 2014 IIROC 51) which has been endorsed by all members of this Hearing Panel who sat on one or the other of the above-noted cases:

> 9. Under the provisions of IIROC's Rule 20.36, it is open to this Hearing Panel to either accept or reject the Settlement Agreement tendered upon us by the parties. It is not a question of whether the agreed-upon penalties are ones which this Panel would have imposed had the matter come before us for determination at a hearing. It is also not open to us to amend, re-write or alter the terms of the agreement reached between the parties.
>
> 10. It is however our fundamental responsibility to be satisfied that the penalties set forth in the agreement are within a reasonable range of appropriateness in the circumstances set forth in the agreed-upon statement of facts.
>
> 11. The following excerpts from previously decided cases as recorded in the decision of *Re Ast* (2012 IIROC 38) set forth the parameters of the Hearing Panel's decision making processes when reviewing a Settlement Agreement presented to us by the parties to the dispute:
>
> > **Standard for Reviewing a Settlement Agreement**
> >
> > 13. The standard for reviewing a Settlement Agreement was well-stated in a recent Pacific District hearing, Re Johnson (2012 IIROC 19), where the panel stated:
> >
> > > 'The test applicable to a decision whether to accept or reject a settlement is well-known. Simply put, a panel should accept such an agreement unless it considers the penalty provided for clearly to fall outside a reasonable range of appropriateness.'
> >
> > 14. There are many similar statements. See, for example, Re Jiwa and

> Hoffar (2012 IIROC 9), which adopted an earlier IDA decision, stating: 'It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness.' Another recent example is Re Trapeze Capital (2012 IIROC 25), where the panel states:
>
> > '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.'
>
> 15. And, finally, see the statement in Re Rotstein and Zachheim (2012 IIROC 27):
>
> > 'Based upon this material it is our responsibility to review the agreement in order to satisfy ourselves that it falls within a reasonable range of appropriateness to the offence and circumstances recorded in the agreement and that there is nothing in the agreement which would be contrary to the public interest or bring the administration of the Rules of IIROC into public disrepute. If we are satisfied that the Settlement Agreement does not offend these principles then it should be accepted.'

(See also *Re Johnson* (2012 IIROC 19); *Re Portfolio Strategies Securities* (2012 IIROC 36); *Re Malewski* [1999] I.B.A.C.D. No. 17).

¶ 11 In accordance with this well-known standard of review, this Hearing Panel then undertook a review of the Settlement Agreement placed before us on June 20, 2017 and concluded that the agreement should be accepted.

CONTRAVENTIONS

¶ 12 Paragraph 29 of the Settlement Agreement sets forth the contraventions of IIROC's Rules to which the Respondent has admitted guilt. That section provides as follows:

> **Count 1:** In October 2012 Bond facilitated two off-book investment purchases for a client without disclosing these transactions to his Member firm, contrary to IIROC Dealer Member Rule 29.1.
>
> **Count 2:** From 2010 to May 2015, Bond failed to use due diligence to learn and remain informed of the essential facts relative to two clients, contrary to IIROC Dealer Member Rule 1300.1(a).
>
> **Count 3:** From November 2010 to May 2015, Bond failed to use due diligence to ensure that recommendations were suitable for two clients, contrary to IIROC Dealer Member Rule 1300.1(q).

AGREED FACTS

Client CD

¶ 13 Based upon the facts set forth in the Settlement Agreement, it is clear that CD became a client of the Respondent in November 2010 at which time she was 69 years old and had recently been widowed. The Respondent and his wife had been friends of CD and her husband prior to his death.

¶ 14 In opening her new accounts with Mr. Bond's Dealer Member (which included Canadian and U.S. cash

accounts; a Canadian/U.S. margin account and an RRSP), CD told Bond that she wanted 80% conservative investments and was not interested in high risk holdings. Mr. Bond, however, told her that 80% moderate risk and 20% high risk was the standard allocation. The new account application forms (NAAFs) for her RRSP/RIF account indicated that she had the following investment objectives and risk tolerance:

NAAF November 2010	**Account Update – June 2012**	**Account Update – September 2012**
0% Lower-Risk, income producing securities	No change	**20%** Lower-risk, income-producing securities
80% Moderate-risk growth-oriented securities	No change	**60%** Moderate-risk, growth-oriented securities
0% Moderate to higher-risk income-producing securities	No change	**20%** Moderate to higher-risk income-producing securities
20% Higher-risk, speculative securities and trading strategies	No change	**0%** Higher-risk, speculative securities and trading strategies

¶ 15 No change was made to the investment objectives or risk tolerance when the account documentation was updated in June 2012 but certain changes were made to move money out of higher-risk speculative securities in a further update in September 2012.

¶ 16 Notwithstanding the verbal instructions given to Bond by CD and the written terms of the NAAF (which did not carry forward her instructions), Bond proceeded to take the following actions which clearly contravened the provisions of IIROC Dealer Member Rules 29.1; 1300.1(a) and 1300.1(q). The specific provisions of those sections are as follows:

> 29.1 Dealer Members and each partner, Director, Officer, Supervisor, Registered Representative, Investment Representative and employee of a Dealer Member (i) shall observe high standards of ethics and conduct in the transaction of their business, (ii) shall not engage in any business conduct or practice which is unbecoming or detrimental to the public interest, and (iii) shall be of such character and business repute and have such experience and training as is consistent with the standards described in clauses (i) and (ii) or as may be prescribed by the Board.
>
> …
>
> 1300.1(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.
>
> 1300.1(q) Each Dealer Member, when recommending to a client the purchase, sale, exchange or holding of any security, shall use due diligence to ensure that the recommendation is 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 accounts' current investment portfolio composition and risk level.

¶ 17 The particulars relating to such contraventions relative to client CD are as follows:

Off-Book Private Placements

(a) In October 2012, Mr. Bond on two occasions invited CD to the offices of his Dealer Member, Hampton Securities Limited ("Hampton"), to receive investor presentations by the Presidents of each of Pancontinental Uranium Corporation and Next 1 Interactive Inc.

(b) Following these presentations, CD withdrew funds from her Hampton margin accounts in order to provide a cheque in the amount of $10,000 payable to Pancontinental and a bank draft in the amount of $15,000 payable to Next 1, both of which were delivered to Mr. Bond for transmittal to the company in exchange for shares. Both of these investments were considered to be a high risk security which CD had advised Mr. Bond she did not wish to participate in.

(c) Neither of these transactions appeared on CD's account statements at Hampton and the Respondent failed to inform his Dealer Member about these transactions at the time they occurred.

¶ 18 The Respondent has agreed that such conduct was a contravention of Rule 29.1, *supra*.

Suitability Issues Re Client CD

¶ 19 As can be seen from the schedule set forth in paragraph 19 of the Settlement Agreement attached hereto, the investments recommended and purchased by Mr. Bond for CD's RRSP/RIF account were, on several occasions over a three year period, considerably out of line with CD's verbal instructions and the terms of her NAAF in that there was an excessive amount of high risk speculative securities and insufficient allocation of moderate and lower risk securities. The allocations were clearly offside with the instructions given both verbally and through the original and updated NAAFs.

¶ 20 The agreed facts indicate that CD's RRSP/RIF account lost approximately $44,700 during the period of time it was under Mr. Bond's guidance and after she complained to Hampton, Mr. Bond paid her $30,000 as part of the resolution of her complaint.

Suitability Issues Re Client SL

¶ 21 The agreed statement of facts in this matter indicates that SL was a long-standing client who had an RRSP/RIF and a margin account with the Respondent. SL was not a sophisticated investor and told the Respondent that she wanted investments that were not too speculative.

¶ 22 Notwithstanding that SL did not want high risk security for her accounts, her 2003 NAAF indicated she wanted 45% moderate risk, 45% moderate to high risk and 10% high risk securities. She does not remember signing a 2011 KY update which indicated that her risk tolerance had been changed to 100% high risk.

¶ 23 The chart set forth in the Settlement Agreement indicates that the securities in both her RIF and margin accounts were heavily concentrated in the metals/mining and oil/gas sectors and on many occasions between 2011 and 2015 the holdings of higher risk speculative securities exceeded, and often far exceeded, the original limitation of 10% in the September 2003 NAAF (notwithstanding SL had told the Respondent that she did not wish to have any high risk holdings).

¶ 24 The Respondent has agreed that he failed to ascertain the essential facts relative to this client who had advised him that she did not wish to have overly speculative investments and certainly did not want 100% high risk securities for her accounts. The Respondent further agrees that the accounts were not suitable for SL because of the level of high-risk speculative securities in relation to the overall levels of the portfolio.

¶ 25 SL's RRSP/RIF account sustained losses of $78,000 between June 2011 and May 2015. Her margin account sustained further losses of approximately $86,000 during the same period.

¶ 26 Mr. Bond is in the process of repaying Hampton $10,000 which it paid SL in resolution of her complaint.

¶ 27 Based upon the foregoing facts, the Respondent has agreed that his actions with respect to the suitability of the investments for these two clients as set forth above, contravened the provisions of Rules 1300.1(a) and 1300.1(q), *supra*. More specifically, the Respondent has acknowledged that he failed to use due diligence to

learn and remain informed of the essential facts with respect to these two clients and to ensure that his recommendations were suitable for them in light of their particular circumstances (including their investment knowledge, financial objectives and risk tolerance).

THE PENALTY

¶ 28 Both Enforcement Staff and the Respondent urge this Hearing Panel to accept their joint recommendation that the following sanctions and costs set forth in the Settlement Agreement be accepted by this Hearing Panel.

A. A fine in the amount of $20,000;

B. A two week suspension from registration with IIROC as a Registered Representative or Registered Representative Options;

C. Six months close supervision; and,

D. Costs of $2,000.

¶ 29 In considering the appropriateness of this penalty, the Hearing Panel has taken into account the serious nature of these offences and the importance of sending a clear message to the members of the industry and most importantly, the public, that offences of this nature simply cannot be tolerated as they fail to comply with the Rules which are designed to protect investors and they present a serious risk to the preservation of the integrity of the capital markets.

¶ 30 In this particular case, the Respondent has acknowledged that he facilitated two investments for client CD which were off-book and completed without the knowledge of his Dealer Member. This type of conduct imperils the ability of a Dealer Member to discharge its obligations under the Rules to record and monitor the transactions of its clients and supervise its regulated representatives to ensure that they are acting in compliance with the Rules. When a registered representative facilitates a transaction of this nature off-book without providing such information to the Dealer Member, it directly affects the ability of the Dealer Member to discharge its obligations under the Rules and brings into question the integrity of the capital markets and the manner in which they are regulated.

¶ 31 Similarly, the failure of the Respondent to exercise due diligence to learn and remain informed of the essential facts relating to the two clients at issue in this matter and to ensure that his actions with respect to any security in the portfolio complied with the instructions of the client, is one of the primary obligations of a registered representative under the Rules of IIROC.

¶ 32 This Hearing Panel is of the view that such contraventions must be viewed in a most serious light and that the sanctions imposed once the contraventions have been established, must be of sufficient weight so as to deter not only the Respondent but others who may be inclined to engage in such practices.

¶ 33 The Hearing Panel had concern about whether the amount of the fine and the length of the suspension (two weeks) was sufficient to serve as a general deterrent to others and a specific deterrent to Mr. Bond.

¶ 34 The Hearing Panel proceeded to review and consider all of the previous cases placed before us by Enforcement Counsel and which may be said in one way or another to have some relevance to the contraventions of the Rules contained in this case.

¶ 35 The case review submitted to us in support of the Settlement Agreement demonstrates that various Hearing Panels have fashioned a relatively wide range of sanctions in response to the contraventions of the Rules brought forward in this case.

¶ 36 In the context of participating in off-book transactions, involving a number of clients without firm approval, the cases indicate a fine of between $20,000 and $50,000 plus suspensions ranging between 45 days and one year in addition to other remedial measures. Other decisions involving charges of failing to know their client and unsuitability of investments selected, also reflect a wide range of sanctions ranging from $10,000 and no suspension to a fine of $75,000 with a one year suspension and other remedial measures. (See *Re Jones*

(2015) IIROC 5, p. 66, 70; *Re Kasten Brown* (2011) IIROC 73 at p. 77; *Re Pedersson* (2017) IIROC 32 at p. 83; *Re Wood* (2017) IIROC 18 at p. 96.)

¶ 37 While a review of such cases is helpful in assessing whether the sanctions sought in this case are within a reasonable range of appropriateness, it should also be remembered that each of these cases were decided in the context of their own particular facts and accordingly, while they are of assistance, they cannot be determinative.

¶ 38 In considering the appropriateness of the sanctions proposed by the parties to the Settlement Agreement, the Hearing Panel has also taken into account a number of mitigating factors which impact upon the penalty to be imposed in the particular circumstances of this case. We have accordingly considered the following mitigating circumstances which are present in this particular case and which have persuaded us that in all of the circumstances, the penalty proposed is responsive to the serious nature of the contraventions and accordingly is appropriate in all of the circumstances.

(a) It is of some considerable significance that the Respondent has been a registrant of IIROC for some 50 years during which time he has no disciplinary history or record with IIROC;

(b) Both of the aggrieved clients filed complaints with Hampton. The Respondent has paid $30,000 in resolution of the complaint of CD and is in the process of reimbursing Hampton for the sum of $10,000 which it paid to client SL in resolution of her complaint;

(c) The Settlement Agreement discloses that the Respondent did not earn any commissions, fees or other compensation in connection with the private placement investment made by CD to Pan Continental and Next 1. There were no facts before us to indicate the Respondent had any interest in these companies or derived any personal benefits from these transactions.

(d) There was no evidence of manipulation or deceit on the part of the Respondent or that other than the matters referred to in the Settlement Agreement there was any form of repeated or pervasive flouting of the Rules by the Respondent;

¶ 39 In addition to the foregoing, and although we are not required to do so, this Hearing Panel has also reviewed IIRCO's Disciplinary Sanction Guidelines which has set forth a framework of principles which were taken into account when considering the imposition of sanctions in response to the contravention of the Rules by the Respondent.

DECISION

¶ 40 In the result, after reviewing all of the relevant factors canvassed in this decision including, in particular, the role of a Hearing Panel when considering whether it will accept or reject a Settlement Agreement, this Hearing Panel is of the view that the sanctions set forth in the Settlement Agreement are within a reasonable range of appropriateness in all of the circumstances of this case and the Settlement Agreement and sanctions referred to therein are hereby accepted by this Hearing Panel.

DATED this 6th day of July, 2017.

Edward T. McDermott

Chair

Lou D'Souza

Industry Representative

Guenther Kleberg

Industry Representative

SCHEDULE A

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 Garry Bond ("Respondent" or "Bond").

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. At the material time Bond was a Registered Representative with Hampton Securities Inc. ("Hampton"). In October 2012 Bond recommended and facilitated two off book transactions for client CD without his Dealer Member firm's knowledge or approval.

5. Between November 2010 and May 2015, Bond effected various trades which were not suitable for clients CD, and SL, given their investment objectives and risk tolerance at the time. Bond also failed to know CD and SL during this time period.

Background

6. Bond was born in 1941 and has been an IIROC registrant since 1967. He was previously registered as a Branch Manager from 1985 to 1992. Bond is currently employed as a Registered Representative Options and Vice President with Hampton and has been employed with that firm since September 2003 in the same capacity. Bond has no discipline history with IIROC.

Client CD

7. CD became a client of Bond's in November 2010. At that time she was 69 years old. Her husband had died in June of that year. Bond and his wife were friends of CD and her husband. The chart below indicates the accounts that CD opened with Bond while at Hampton:

DATE	ACCOUNT	NOTES
November 2010	Canadian Cash Account – 4H5103**A**	New Account
November 2010	US Cash Account – 4H5103**B**	New Account
November 2010	RRSP – 4H5103**R**	Assets transferred in from CIBC
December 2010	RRSP – 4H5103**S**	Assets transferred from 4H5103**R**
June 2012	Canadian Margin – 5H5103**E**	Assets transferred from 4H5103**A**
June 2012	US Margin – 5H5103**F**	Assets transferred from 4H5103**B**
December 2012	RRIF – H5H103**T**	RRSP converted to RRIF

8. CD's New Account Application Forms ("NAAFs") for her RRSP/RIF account indicated that she had the following investment objectives and risk tolerance:

NAAF - November 2010	Account Update – June 2012	Account Update – September 2012
0% Lower-Risk, income producing securities	No change	**20%** Lower-risk, income-producing securities
80% Moderate-risk growth-oriented securities	No change	**60%** Moderate-risk, growth-oriented securities
0% Moderate to higher-risk income-producing securities	No change	**20%** Moderate to higher-risk income-producing securities
20% Higher-risk, speculative securities and trading strategies	No change	**0%** Higher-risk, speculative securities and trading strategies

9. Bond failed to learn the essential facts relative to client CD. Contrary to the information listed in the November 2010 NAAF, CD told Bond that she wanted 80% conservative investments**.** She told him that she was not interested in high risk holdings and that eventually she would require funds from her RIF account. Bond told her that 80% moderate risk and 20% high risk was a standard allocation.

Off book private placements

Pancontinental Uranium Corporation

10. Pancontinental Uranium Corporation ("Pancontinental") was a mining company. It was a high risk security. In October 2012, Bond facilitated CD's purchase of Pancontinental shares. According to Bond, he invited CD to attend at Hampton for an investor presentation by the President of Pancontinental.

11. On October 26, 2012, CD withdrew $10,000 from her Hampton margin account, deposited funds in her bank account and wrote a cheque payable to Pancontinental which she gave to Bond.

12. She subsequently received a share certificate for 111,111 shares of Pancontinental.

13. Bond did not earn any commissions, fees or other compensation in connection with CD's private placement investment in Pancontinental.

Next 1 Interactive Inc.

14. Next 1 Interactive Inc. ("Next 1") was a junior high tech company which is now known as Monaker Group Inc. It was a high risk security. On or about October 2012 Bond told CD about Next 1. Bond facilitated CD's purchase of Next 1 shares in October 2012. According to Bond, he invited CD to attend at Hampton for an investor presentation by the President of Next 1.

15. On October 23, 2012, CD withdrew $15,000 from her US margin account at Hampton, and deposited these funds into a US bank account opened by CD for this purpose.

16. CD met Bond at the bank and provided him with a bank draft in the amount of $15,000 USD payable to Next 1.

17. Bond did not earn any commissions, fees or other compensation in connection with CD's private placement investment in Next 1.

Transactions not disclosed to Hampton

18. Neither of these transactions appear on CD's account statements at Hampton. The Respondent did not tell Hampton about these transactions at the time that they occurred.

Suitability issues re: client CD

19. The securities recommended and purchased by Bond for CD's RRSP/RIF account were not in accordance with the NAAF from late 2010 until late 2013. The chart below indicates the percentage by

which CD's account was offside as of November 2010 (when the account was opened), August 2011, August 2012 and October 2013 (when the account was transferred out).

Date	Lower-risk, income-producing securities	Moderate-risk, growth-oriented securities	Moderate to higher-risk, income-producing securities	Higher-risk, speculative securities and trading strategies
NAAF (Nov 2010 to Sep 2012)	**0%**	**80%**	**0%**	**20%**
Nov 30 2010	35%	39%	0%	26%
Aug 31 2011	1%	42%	0%	58%
Aug 31 2012	1%	36%	0%	63%
NAAF (Sep 2012 onwards)	**20%**	**60%**	**20%**	**0%**
Oct 31 2013	7%	43%	21%	24%

20. As of August 31, 2012, CD's RRSP/RIF account held more than the permitted percentage of high risk securities and did not hold enough moderate risk securities. As of October 31, 2013, CD's RRSP/RIF account did not meet the 20% low risk allocation and also held 24% high risk securities.

CD Losses

21. CD's RRSP/RIF account lost approximately $44,700 between November 2010 and October 2013. This calculation takes into account RIF payments of $27,688. The percentage loss over this time period was 18%.

CD complaint

22. CD complained to Hampton. Ultimately Bond paid $30,000 in resolution of her complaint. CD also assigned her Next 1 shares to Bond as part of the resolution of her complaint in June 2015.

Suitability issue re: client SL

Client SL

23. SL was a long standing client who had an RRSP/RIF and a margin account with Bond. SL was not a sophisticated investor and told Bond that she wanted investments that were not too speculative. SL's September 2003 NAAF indicated that she wanted 45% moderate risk, 45% moderate to high risk and 10% high risk securities.

24. SL does not remember signing a July 2011 KYC update which indicated that her risk tolerance was changed to 100% high risk. The Respondent failed to learn the essential facts relative to this client as SL did not want 100% high risk securities for her accounts.

25. During 2012 to May 2015, the securities held in SL's accounts were not suitable for her because the high risk securities held exceeded 10% at various points in time as set below. The following chart sets out the percentages by which her accounts were offside from her 2003 NAAF, from June 30, 2011 until May 31, 2015.

Date	Lower-risk, income-producing securities		Moderate to higher-risk, income-producing securities	Higher-risk, speculative securities and trading strategies
RRSP-RRIF				
June 30, 2011	1%	17%	0%	82%
Dec. 31, 2011	0%	10%	0%	89%
Dec. 31, 2012	20%	57%	2%	21%
Dec. 31, 2013	27%	51%	12%	10%
Dec. 31, 2014	49%	23%	13%	16%
May 31, 2015	43%	24%	15%	19%
MRGN				
June 30, 2011	0%	24%	20%	56%
Dec. 31, 2011	0%	21%	1%	78%
Dec. 31, 2012	0%	50%	0%	50%
Dec. 31, 2013	0%	70%	13%	17%
Dec. 31, 2014	0%	0%	0%	100%
May 31, 2015	0%	0%	0%	100%

Concentration

26. SL's RIF account was concentrated in the metals/mining and oil/gas sectors as of June 30, 2011 (76%), December 31, 2011 (81%), December 31, 2014 (95%) and May 31, 2015 (88%). Her margin account was also concentrated in the same sectors as of December 31, 2011 (72%).

SL Losses

27. SL's RRSP/RIF account sustained losses of approximately $78,000 between June 2011 and May 2015. Her margin account sustained losses of approximately $86,000 during this same time period.

SL complaint

28. Currently Bond is providing Hampton with $10,000 via monthly deductions over time as Hampton has paid SL $10,000 in resolution of her complaint.

PART IV – CONTRAVENTIONS

29. By engaging in the conduct described above, the Respondent committed the following contraventions of IIROC's Rules:

Count 1: In October 2012 Bond facilitated two off book investment purchases for a client without disclosing these transactions to his Member firm, contrary to IIROC Dealer Member Rule 29.1.

Count 2 : From 2010 to May 2015, Bond failed to use due diligence to learn and remain informed of the essential facts relative to two clients, contrary to IIROC Dealer Member Rule 1300.1(a).

Count 3: From November 2010 to May 2015, Bond failed to use due diligence to ensure that recommendations were suitable for two clients, contrary to IIROC Dealer Member Rule 1300.1(q).

PART V – TERMS OF SETTLEMENT

30. The Respondent agrees to the following sanctions and costs:

    a) A fine in the amount of $20,000;

    b) A two week suspension from registration with IIROC as a Registered Representative or Registered Representative Options;

    c) Six months close supervision; and,

    d) Costs of $2,000.

31. 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

32. 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 following paragraph.

33. 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

34. This Settlement Agreement is conditional on acceptance by the Hearing Panel.

35. 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.

36. 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.

37. 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.

38. 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.

39. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.

40. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel and IIROC will post a full of 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.

41. 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.

42. 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

43. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.

44. A fax or electronic copy of any signature will be treated as an original signature.

DATED this "23rd" day of May, 2017.

"Witness"

Witness

"Garry Bond"

Respondent Garry Bond

"Ricki Newmarch"

Witness

"Kathryn Andrew"

Kathryn Andrews

Senior Enforcement Counsel on behalf of Enforcement Staff of the Investment Industry Regulatory Organization of Canada

The Settlement Agreement is hereby accepted this "20th" day of "June", 2017 by the following Hearing Panel:

Per: "Edward McDermott"

Panel Chair

Per: "Guenther Kleberg"

Panel Member

Per: "Lou D'Souza"

Panel Member