

Re Orr

IN THE MATTER OF:

**The Rules of the Investment Industry Regulatory Organization of
Canada**

and

Roy William Orr

2015 IIROC 19

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

Heard: May 25, 2015
Decision: June 12, 2015

Hearing Panel

Michèle Rivet, Chair, Daniel Houle and Yves Julien

Appearances

Rob DelFrate, Enforcement Counsel for IIROC

Myriam Giroux-Del Zotto, Enforcement Counsel for IIROC

Stéphane Gauthier, Senior Investigator for IIROC

Roy William Orr, Respondent

REASONS FOR DECISION ON SETTLEMENT

¶ 1 A settlement agreement between the Investment Industry Regulatory Organization of Canada (hereinafter, "IIROC") and Mr. Roy William Orr (hereinafter, "the Respondent") was signed and submitted in accordance with Dealer Member Rule 20.35 to 20.40 inclusively, and Rule 15 of the Dealer Member Rules of Practice and Procedure;

¶ 2 The Settlement Agreement submitted to the Hearing Panel for approval was signed on April 7, 2015; a copy is attached to this Decision and is deemed to be an integral part thereof.

¶ 3 The actions taken by the Respondent, to which he admits in the Settlement Agreement, are contrary to IIROC Dealer Member Rule 29.1. (IDA By-law 29.1 prior to June 1, 2008) which reads 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.

For the purposes of disciplinary proceedings pursuant to the Rules, each Dealer Member

shall be responsible for all acts and omissions of each partner, Director, Officer, Supervisor, Registered Representative, Investment Representative and employee of a Dealer Member; and each of the foregoing individuals shall comply with all Rules required to be complied with by the Dealer Member.”

¶ 4 More specifically, the Respondent admits to the following misconduct:

Under Count 1: On or around August 21, 2001, the Respondent engaged in conduct unbecoming and detrimental to the public interest in that he illegally misappropriated a sum of \$143,000.00 from the account of one of his clients, contrary to By-law 29.1 of the IDA (now IIROC Dealer Member Rule 29.1).

Under Count 2: Between October 2002 and April 2013, the Respondent engaged in conduct unbecoming and detrimental to the public interest in that he forged statements of account, fabricated false changes of address in order to reroute correspondence intended for his clients, forged the signature of the clients' representative on his employer's forms, fabricated false client records, forged summaries of investment income and tax slips for two of his clients, contrary to IIROC Dealer Member Rule 29.1 (By-law 29.1 of the IDA prior to June 1, 2008).

Under Count 3: Between July 2001 and October 2012, the Respondent engaged in conduct unbecoming and detrimental to the public interest in that he engaged in unauthorized trading in the accounts of two of his clients, contrary to IIROC Dealer Member Rule 29.1 (By-law 29.1 of the IDA prior to June 1, 2008).

¶ 5 The parties agree on the following:

- a) A permanent bar;
- b) A fine in the amount of \$65,000.00;
- c) Reimbursement of the commissions generated, in the amount of \$3,600.00.

¶ 6 The Respondent agrees to pay IIROC costs in the amount of \$5,000.00.

¶ 7 The Respondent was employed as a registered representative at TD Waterhouse Canada Inc. (TD) from December 1997 until June 2005, when he joined Desjardins Securities (DS) and where he remained until October 2010, at which time he left to join Industrial Alliance Securities Inc. (IAS) where he was dismissed on October 19, 2012.

¶ 8 The Respondent was a registrant of IIROC from June 1, 2008 until the date of his dismissal on October 19, 2012. [Prior to June 1, 2008, he was regulated by the IDA].

¶ 9 His clients ELD Inc., and XXXX Canada Inc. (Canada Inc), ELD's management company, had always followed the Respondent whenever he transferred to other dealer members since they opened their accounts in 2001 and 2002.

¶ 10 The Respondent misappropriated a sum of \$143,000.00 from his client ELD Inc., engaged in a number of deceptive and manipulative methods, notably the forgery of statements of account, the fabrication of false changes of address, forgery of the signature of the client's representative, the fabrication of false client records and numerous unauthorized trades, over a period of more than ten years.

¶ 11 On the count of misappropriation of funds, on August 21, 2001, a bank draft of \$143,000.00 was debited from ELD Inc.'s bank account at Canada Trust, which sum was to be deposited in ELD Inc.'s brokerage account at TD, whereas it was deposited in the account of another client, company D. According to the Settlement Agreement the money was used for purposes of an investment that turned out badly and in which the Respondent also lost a personal amount.

¶ 12 On the count of fabrication and use of forgeries in order to conceal from his client ELD Inc. the

misappropriation of funds in August 2001, the Respondent, in October 2001, misled his client's representative by indicating to him that certain investments were not finalized and, from this date on, prepared false portfolio evaluations, fabricated false statements of account, and rerouted mail to a third-party.

¶ 13 The Respondent, between October 2002 and December 31, 2012 fabricated ninety-nine (99) false monthly statements of account in which the combined net value was constantly overvalued by approximately \$200,000.00.

¶ 14 On the count of unauthorized trading between the month of August 2001 and October 19, 2012, the Respondent executed at least eighteen (18) trades without obtaining his client's authorization and without the latter being informed of said trades, namely nine (9) unauthorized trades in the account of ELD Inc. and nine (9) unauthorized trades in the account of Canada Inc.

¶ 15 The Respondent's client received, in March 2014, collectively from the firms TD, DS and IAS, an indemnity of \$242,252.82 as a result of the Respondent's manipulative and deceptive methods.

¶ 16 In order to decide if it should ratify a settlement agreement that is submitted to it for approval, a hearing panel has a duty to verify, while establishing whether the sanctions agreed upon in the settlement agreement are reasonable and reflect a balance between, on the one hand, the necessity "to protect the investing public, strengthen market integrity, and improve overall business standards and practices,"¹ as well as deter the commission of similar acts, and on the other hand, the circumstances of the misconduct to which the Respondent has admitted his guilt².

¶ 17 As the Supreme Court of Canada says in a matter involving the Ontario Securities Commission³ :

"[t]he purpose of the Commission's public interest jurisdiction is neither remedial nor punitive; it is protective and preventive, intended to be exercised to prevent likely future harm to Ontario's capital markets (...) The role of the OSC under s. 127 is to protect the public interest by removing from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets."

¶ 18 The hearing panel may not set the settlement agreement aside unless it is unreasonable, contrary to the public interest or would tend to bring the administration of justice into disrepute⁴, criteria which the Québec Court of Appeal set out in *Poulin*, to reject the joint recommendation of the Crown prosecutor and the defence counsel; these criteria are applicable here by analogy.

¶ 19 Thus, a hearing panel may not reject a settlement agreement on grounds that it would have arrived at a different penalty.

¶ 20 Part I of the Guidelines sets out Sanction Principles for IIROC Disciplinary Proceedings by providing a framework that should be considered in connection with the imposition of sanctions.

¶ 21 For multiple violations, the Guidelines state in paragraph 3: "the total or cumulative sanction should appropriately reflect the totality of the misconduct."

¶ 22 Paragraph 4 states: "Sanctions should ensure that a respondent does not financially benefit as a result of the misconduct."

¶ 23 Finally, it is appropriate to cite paragraph 6, which enumerates circumstances in which a permanent bar should be considered:

¹ As stated in section 1 of the IIROC Sanction Guidelines, which came into force on February 2, 2015

² The IIROC case law is consistent concerning this principle. See notably, *Bereskin (Re)*, (2010) IIROC No 37, par 5.

³ *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132, at pars 42 and 43.

⁴ *Poulin c. La Reine*, (2010) QCCA 1854, par 10.

- “ - *the contraventions involve significant harm to the investing public, the integrity of the market or the securities industry;*
- *the misconduct had an element of criminal or quasi-criminal activity; or*
- *there is reason to believe that the respondent cannot be trusted to act in an honest and fair manner in their dealings with the public, their clients, and the securities industry as a whole.”*

¶ 24 Part II of the Guidelines enumerate the key factors that should be considered in determining sanctions, such as:

- The number, size and character of the transactions at issue (factor 1);
- Whether the respondent engaged in numerous acts and/or a pattern of misconduct (factor 2);
- Whether the respondent engaged in the misconduct over an extended period of time (factor 3);
- Extent of harm to clients or other market participants (factor 5);
- Extent of harm to market integrity or the reputation of the marketplace, or both (factor 6);
- The respondent’s relevant disciplinary history (factor 8);
- Extent to which the respondent obtained or attempted to obtain a financial benefit from the misconduct (factor 9)
- Whether the respondent accepted responsibility for and acknowledged the misconduct (factor 11).

¶ 25 In *Silcoff*⁵, the respondent admitted having engaged in unauthorized discretionary trading in his clients’ accounts, having misrepresented the value of their assets, having forged their signatures, and having misappropriated some \$97,000.00 from the account of two clients. The permanent bar from approval was one of the sanctions imposed. The settlement agreement revealed:

“(…) egregious conduct of the part of the Respondent and a complete disregard of the Association’s rules relating to proper conduct between registered representative and his or her client. It was obvious that as time went by and as the losses mounted on the accounts of three clients, the Respondent resort to more and more desperate measures in an attempt to hide transgressions (...)”. [sic]

¶ 26 In *Sauder*⁶, the hearing panel noted that the scheme was extensive and elaborately planned. It took place over an extended period of time; it was manipulative, fraudulent and deceptive and the penalty was set accordingly and included, among others, a permanent bar.

¶ 27 The same is true for *Fridgant*⁷ and *Chang*⁸. Misconduct of this nature results in permanent deregistration and in substantial fines.

¶ 28 What about the matter before us?

¶ 29 These are very serious violations that occurred over a long period of time, more than ten years in fact. The Respondent’s behaviour, which involved only one client, was premeditated and, given the nature of these

⁵ *Silcoff (Re)* 2004 I.D.A.C.D. No 24.

⁶ *Sauder (Re)* 2010 IIROC No. 21.

⁷ *Fridgant (Re)* 2014 IIROC No. 47.

⁸ *Chang (Re)* 2013 IIROC, 2014 IIROC 4.

actions, showed a pattern of deception, of constant misconduct that coloured all of the Respondent's business activities, contrary to the ethical rules prescribed by IIROC. The three counts to which the Respondent admitted his guilt reflect this.

¶ 30 The aggravating factors that must be retained here are obviously the nature and duration of the reprehensible activities, the very serious violations of the prescribed rules of ethics and conduct, and their impact on the reputation of the financial markets and the public trust therein.

¶ 31 The Respondent admits his guilt in the Settlement Agreement; moreover, he has no disciplinary history; these are the mitigating factors to be considered.

¶ 32 Without a doubt, such conduct demands a permanent bar since, as the Guidelines indicate, the contraventions involve significant harm to the investing public, the integrity of the market or the securities industry; also, there is reason to believe that the respondent cannot be trusted to act in an honest and fair manner in his dealings with the public, his clients, and the securities industry as a whole.

¶ 33 As for the \$65,000 fine, the reimbursement of commissions in the amount of \$3,600, and costs in the amount of \$5,000, the Hearing Panel considers that these amounts fall within a reasonable range.

¶ 34 **WHEREAS** the Dealer Member Rules, the Guidelines, the IIROC Rules and Policies, and Dealer Member Rule 29.

¶ 35 **WHEREAS** the jurisdiction of the Hearing Panel which is to either accept or reject a settlement agreement.

¶ 36 **WHEREAS** the facts admitted by Roy William Orr in this agreement.

¶ 37 **WHEREAS** the objective gravity of the violations as mitigating factors.

¶ 38 **WHEREAS** the jurisprudence of rulings in matters that present certain analogies.

¶ 39 **WHEREAS** the sanctions provided under the terms of the Settlement Agreement negotiated between the parties fall within "a reasonable range of appropriateness".

¶ 40 **FOR THESE REASONS, the Hearing Panel: :**

ACCEPTS the Settlement Agreement between Roy William Orr, on the one hand, and IIROC, on the other, and gives effect to it from this date.

Montréal, June 12, 2015

Michèle Rivet, Chair

Daniel Houle

Yves Julien

SETTLEMENT AGREEMENT

I. BACKGROUND

1. The Enforcement Staff of IIROC and the Respondent, Roy William Orr, consent and agree to the settlement of these matters by way of this settlement agreement ("the Settlement Agreement");
2. The Enforcement Department Staff (Staff) of IIROC has conducted an investigation (the Investigation) into the Respondent's conduct;
3. The Investigation disclosed matters for which the Respondent may be disciplined by a Hearing Panel appointed pursuant to Part C of Schedule C.1 to Transition Rule No. 1 of IIROC (the Hearing Panel).

II. JOINT SETTLEMENT RECOMMENDATION

4. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.
5. The Respondent admits to the following contraventions of the IIROC Dealer Member Rules:

Count 1

On or around August 21, 2001, the Respondent engaged in conduct unbecoming and detrimental to the public interest in that he illegally misappropriated a sum of \$143,000.00 from the account of one of his clients, contrary to By-law 29.1 of the IDA (now IIROC Dealer Member Rule 29.1);

Count 2

Between October 2002 and April 2013, Respondent engaged in conduct unbecoming and detrimental to the public interest in that he forged statements of account, fabricated false changes of address in order to reroute correspondence intended for his clients, forged the signature of the clients' representative on his employer's forms, fabricated false client records, forged investment income summaries and tax slips for two of his clients, contrary to IIROC Dealer Member Rule 29.1 (By-law 29.1 of the IDA prior to June 1, 2008);

Count 3

Between July 2001 and October 2012, Respondent engaged in conduct unbecoming and detrimental to the public interest in that he engaged in unauthorized trading in the accounts of two of his clients, contrary to IIROC Dealer Member Rule 29.1 (By-law 29.1 of the IDA prior to June 1, 2008).

6. Staff and the Respondent have accepted the following terms of settlement:
 - a) A permanent bar;
 - b) A fine in the amount of \$65,000;
 - c) Reimbursement of the commissions generated, an amount of \$3,600.
7. The Respondent agrees to pay IIROC costs in the amount of \$5,000.

III. STATEMENT OF FACTS

(i) Acknowledgment

8. Staff and the Respondent agree with the facts set out in this section and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Factual Background

SUMMARY

9. The Respondent misappropriated an amount of \$143,000 from his client ELD Inc., which amount was to be deposited in the latter's brokerage account;
10. In order to conceal this misappropriation of funds, the Respondent used numerous deceitful or manipulative methods, notably the forgery of statements of account, the fabrication of false changes of address, forgery of the signature of the client's representative, fabrication of false client records, over a period of more than ten years;
11. The Respondent also executed numerous unauthorized transactions during this period.

THE REPRESENTATIVE ROY WILLIAM ORR

12. The Respondent was in the employ of TD Waterhouse Canada Inc. (TD) (formerly Evergreen) from December 1997 to June 2005, as a registered representative;

13. In June 2005, the Respondent left TD to join Desjardins Securities Inc. (DS) as a representative;
14. On June 1, 2008, Respondent became a registrant of IIROC;
15. In October 2010, Respondent left DS to join Industrial Alliance Securities Inc. (IAS);
16. On October 19, 2012, IAS dismissed the Respondent for reasons other than the allegations set out pursuant to this Notice of Hearing;
17. Respondent has not been a registrant of IIROC since his dismissal.

THE CLIENTS ELD INC. AND XXXX CANADA INC.

18. In July 2001, ELD Inc., through its representative, LD, met with the Respondent to discuss opening an investment brokerage account with TD;
19. Thus, on July 31, 2001, LD, through the Respondent, proceeded to open a cash brokerage account with TD on behalf of ELD Inc.,
20. On September 20, 2002, LD also opened a margin account for her management company XXXX Canada Inc. (Canada Inc.). On the same day, the ELD Inc. account was transformed into a margin account;
21. The clients ELD Inc. and Canada Inc. have always followed the Respondent whenever he transferred to other dealer members (DS and IAS).

COUNT 1 : MISAPPROPRIATION OF FUNDS

22. On August 21, 2001, a bank draft in the amount of \$143,000 was debited from ELD Inc.'s bank account n° 4610-XXXXXX at TD Canada Trust, which amount was to be deposited in ELD Inc.'s brokerage account n° 7XXXX3-9A at TD;
23. The deposit was never made, the Respondent having instead diverted the funds to the account of another of his clients, company D Inc., whose shareholder and president was a certain BM. The funds were destined for an investment that turned out badly. The Respondent did not benefit personally from the misappropriation of funds. He himself lost a personal amount in the aforesaid investment.
24. In October 2001, ELD Inc.'s account n° 7XXXX3-91 was debited by approximately \$25,000;
25. The Respondent had had an amount of \$25,000 deposited to ELD Inc.'s brokerage account n° 7XXXX3-9A on October 12, 2001, by means of a cheque drawn on bank account n° 2XXX1-00X-00XX9-14 held by company D at Scotia Bank;
26. All these transactions were executed without the knowledge of ELD Inc. or its representative, LD.

COUNT 2: FABRICATION AND USE OF FORGERIES

27. In October 2001, in order to conceal from his client ELD Inc. the misappropriation of funds that occurred in August 2001, the Respondent falsely misled his client's representative by indicating to him that certain investments were not finalized, thus delaying the updating of the statements of account;
28. Also, in order to reassure his client, Respondent prepared false portfolio evaluations, which he forwarded to the client's representative;
29. These forged portfolio evaluations contained false information regarding the securities held and the portfolio's value;
30. From October 2002 on, Respondent had all the authentic correspondence issued by TD for the ELD Inc. and Canada Inc. brokerage accounts rerouted to a third-party address in Montréal, still with the aim of concealing his deceitful or manipulative methods;
31. From that date on, Respondent forwarded to ELD Inc. and Canada Inc. forged statements of account that he had fabricated after intercepting the authentic account statements;

32. The forged statements contained false information concerning account positions, market value, cash balances, transactions effected, as well as interest charges;
33. During all these years, the Respondent made sure that the format of the forged statements resembled that of the authentic statements, making it difficult for LD to notice the deception, especially since LD made few transactions or withdrawals in her companies' brokerage accounts;
34. Between October 2002 and December 31, 2012, Respondent fabricated ninety-nine (99) false monthly statements of account in order to conceal from LD the real situation in the accounts of ELD Inc. and Canada Inc.;
35. Moreover, it appears from the false statements of account that their combined net value was consistently overvalued by approximately \$200,000 compared to the real situation in the accounts;
36. In fact, below is a table that illustrates an example of a false statement prepared by the Respondent compared to an authentic statement:

ELD Inc., IAS Account N ° 3XXXXXE			
as at December 31, 2012			
	Authentic Statement	Forged Statements	Overvaluation of the forged statement compared to the real situation
Cash	(\$120,032.71)	\$48,858.58	+ \$168,891.29
Value of securities	\$339,369.82	\$392,893.18	+ \$53,523.36
Portfolio net value	\$219,337.11	\$439,751.76	+ \$220,414.65
Interest charged for the year (carrying charges)	\$4,486.97	No cumulative amount shown	

37. Between October 2001 and April 2013, here is an enumeration of the other forged documents prepared by the Respondent, always with the aim of concealing his actions:
- (i) Fabrication of false portfolio evaluations (at least two, one in November 2001 and another in January 2003);
 - (ii) Fabrication of two (2) false changes of address at DS (October 30, 2005 and September 5, 2007) with the forged signature of the client's representative;
 - (iii) Fabrication of a forged new account application form with a third-party address and his own telephone number, with the forged signature of the client's representative;
 - (iv) One update of the client file completed on March 9, 2011, in which the Respondent again forged the signature of the client's representative;
 - (v) Fabrication of eleven (11) forged income summaries for tax purposes, for the accounts of ELD Inc. and Canada Inc.;
 - (vi) Forgery of at least a hundred (100) tax slips;
 - (vii) Forgery of five (5) T5008/RL18 securities transaction slips;
 - (viii) No trade confirmations sent to the client.

38. Below is a table that summarizes the fabrication and forgery of documents by the Respondent:

Description of forged documents	Number
False portfolio evaluations	2
Monthly statements of account	99

Description of forged documents	Number
Change of address at DS (note 1)	2
Client records at IAS (note 1)	2
Income summary for tax purposes	11
Tax slips (T3, T5, T5008, Relevés 3, 16 and 18)	100
T5008 and RL18 securities transaction slips	5
Trade confirmations (all rerouted to a third party)	0
Total number of forged documents fabricated by the representative Orr	221

COUNT 3 : UNAUTHORIZED TRANSACTIONS

39. Between August 2001 and October 19, 2012, the Respondent executed at least eighteen (18) trades without obtaining his client's authorization and without the latter being informed of the aforesaid trades, namely nine (9) unauthorized trades in the account of ELD Inc. and nine (9) unauthorized trades in the account of Canada Inc.;

40. Here is a table that illustrates the unauthorized transactions in ELD Inc. :

ELD Inc.								
Transactions executed between August 2001 and May 2011								
Payment date	Buy / Sell	Volume	Securities	Firm	Authentic statements	Forged Statements	Was complainant informed in writing of the transaction on the statements he was receiving?	Unauthorized trade number
16-aug-01	B	1200	Quebecor World 6.9% pref. shares	TDWC	(31.03 P2)	n/a (1)	Yes	
30-oct-02	S	-1200	Quebecor World 6.9% pref. shares	TDWC	(31.03 P61)	(30.00 P79)	No, because this position always appears on the forgeries after this date	1
12-sept-01	B	2800	Citadel Smart Fund T/U	TDWC	(31.03 P6)	n/a (1)	Yes	
16-oct-02	S	-2800	Citadel Smart Fund T/U	TDWC	(31.03 P60)	None	No conclusion possible	
15-jan-02	B	20000	Bell CDA M13 6,25% 12AV12	TDWC	(31.03 P22)	n/a (1)	Yes, but without any trade confirmation	
10-oct-08	S	-20000	Bell CDA M13 6,25% 12AV12	DS	(27.00 P72)	(26.00 P24)	Yes, but without any trade confirmation	
11-oct-02	B	8000	Pathfinder Income Fund	TDWC	(31.03 P60)	None	No conclusion possible	
18-aug-03	S	-8000	Pathfinder Income Fund	TDWC	(31.03 P102)	(30.00 P68)	Yes, but without any trade confirmation	
15-aug-03	B	8000	Indexplus Income	TDWC	(31.03 P102)	(30.00)	Yes, but without	

ELD Inc.

Transactions executed between August 2001 and May 2011

Payment date	Buy / Sell	Volume	Securities	Firm	Authentic statements	Forged Statements	Was complainant informed in writing of the transaction on the statements he was receiving?	Unauthorized trade number
			Fund T/U			P68)	any trade confirmation	
<i>17-feb-04</i>	<i>S</i>	<i>-8000</i>	<i>Indexplus Income Fund T/U</i>	<i>TDWC</i>	<i>(31.03 P122)</i>	<i>(30.00 P101)</i>	<i>No, since this position always appears on the forged statements up until June 2004</i>	<i>2</i>
<i>18-feb-04</i>	<i>B</i>	<i>8000</i>	<i>Income & EQU IDX Part FD T/U</i>	<i>TDWC</i>	<i>(31.03 P122)</i>	<i>(30.00 P101)</i>	<i>No, this position will only appear on the forged statement for June 2004</i>	<i>3</i>
06-sept-05	S	-8000	Income & EQU IDX Part FD T/U	DS	(27.00 P5)	(26.00 P75)	Yes, complainant received a real statement from DS during that month. See false change of address mentioned earlier.	
13-sept-05	B	8000	Strategic Energy Fund/ SEN SEL R/E-X/SF/N / SSC REV ENG-X/SF/N	DS	(27.00 P5)	(26.00 P75)	Yes, complainant received a real statement from DS during that month. See false change of address mentioned earlier.	
<i>2-june-08</i>	<i>B</i>	<i>50000</i>	<i>BNC CD FIN ART+I/S/N</i>	<i>DS</i>	<i>(27.00 P64)</i>	<i>(26.00 P32)</i>	<i>No, this position will never appear on the forged statements</i>	<i>4</i>
<i>24-jan-11</i>	<i>B</i>	<i>40000</i>	<i>Superior CB13 8,25 % 27OC16</i>	<i>IAS</i>	<i>(18.00 P9)</i>	<i>(25.00 P21)</i>	<i>No, the transaction does not appear on the forgery but the position shows up in the portfolio</i>	<i>5</i>
<i>16-feb-11</i>	<i>B</i>	<i>30000</i>	<i>CARA CB12 9.125%</i>	<i>IAS</i>	<i>(18.00 P13)</i>	<i>(25.00 P18)</i>	<i>No, posted late « as of 16 feb » on the forged statement for April – June 2011</i>	<i>6</i>
<i>18-feb-11</i>	<i>B</i>	<i>900</i>	<i>Senior Gold Prod. Income-A/ Aston Hill SR/ AH Inf. & Res. MD-Y/SF/n</i>	<i>IAS</i>	<i>(18.00 P13)</i>	<i>(25.00 P21)</i>	<i>No, neither the transaction, nor the position appear on the forged statement for January-March 2011</i>	<i>7</i>

ELD Inc.								
Transactions executed between August 2001 and May 2011								
Payment date	Buy / Sell	Volume	Securities	Firm	Authentic statements	Forged Statements	Was complainant informed in writing of the transaction on the statements he was receiving?	Unauthorized trade number
17-dec-10	B	3335	CDN Util. & Telecom INCM T/U	IAS	(18.00 P5)	(25.00 P27)	No, neither the transaction, nor the position appear on the forged statement for December 2010. The position suddenly appears on the forgery for January-March 2011 (25.00 P21)	8
28-feb-11	S	-100	CDN Util & Telecom INCM T/U	IAS	(18.00 P13)	(25.00 P18)	Yes, but no trade confirmation	
27-apr-11	B	1000	Semafo Inc.	IAS	(18.00 P20)	(25.00 P18)	Yes, but without any trade confirmation	
17-dec-10	B	2200	O'Leary CDN INCM OPP2 T/U	IAS	(18.00 P5)	(25.00 P27)	No, neither the transaction, nor the position appear on the forged statement for December 2010. The position suddenly appears on the forgery for January-March 2011 (25.00 P21)	9
3-may-11	S	-2200	O'Leary CDN INCM OPP2 T/U	IAS	(18.00 P20)	(25.00 P18)	Yes, but without any trade confirmation	
03-may-11	B	2103.3	Fonds d'obligations à rendement Réel TD-FVD	IAS	(18.00 P20)	(25.00 P18)	Yes, but without any trade confirmation	

41. Here is a table that illustrates the unauthorized trades in the account of Canada Inc.:

Canada inc.								
Transactions executed between August 2001 and June 2007								
Payment date	Buy / Sell	Volume	Securities	Firm	Authentic statements	Forged Statements	Was complainant informed in writing of the transaction on the statements he was receiving?	Unauthorized trade number

Canada inc.

Transactions executed between August 2001 and June 2007

Payment date	Buy / Sell	Volume	Securities	Firm	Authentic statements	Forged Statements	Was complainant informed in writing of the transaction on the statements he was receiving?	Unauthorized trade number
24-sept-02	B	4000	PFD Brookfield Property	TDWC	(33.01 P2)	n/a (Note 1)	Yes, complainant received a trade confirmation and a prospectus (32.04)	
30-july-03	S	-1200	PFD Brookfield Property	TDWC	(33.01 P42)	(32.00 P46)	Yes, but without any trade confirmation	
5-aug-03	S	-2800	PFD Brookfield Property	TDWC	(33.01 P46)	(32.00 P46)	Yes, but without any trade confirmation	
26-sept-03	B	10000	Diversitrust Stable T/U	TDWC	(33.01 P50)	(32.00 P44)	Yes, but without any trade confirmation	
16-mar-04	B	155	Faircourt Split Seven T/U	TDWC	(33.01 P62)	(32.00 P30)	No, the transaction appears on the forgeries only as of July 1, 2004	10
16-mar-04	B	5100	Faircourt Split Seven T/U					11
10-dec-04	S	-5255	Faircourt Split Seven T/U	TDWC	(33.01 P82)	(32.00 P14)	Yes, but without any trade confirmation	
16-mar-04	B	5100	Faircourt Split Seven PFD	TDWC	(33.01 P62)	(32.00 P30)	No, the transaction appears on the forgeries only as of July 1, 2004	12
03-dec-04	S	-5100	Faircourt Split Seven PFD	TDWC	(33.01 P82)	(32.00 P14)	Yes, but without any trade confirmation	
07-oct-04	B	2500	Brompton Equal WT O&G T/U	TDWC	(33.01 P72)	(32.00 P16)	Yes, but without any trade confirmation	
25-jan-05	S	-2500	Brompton Equal WT O&G T/U	TDWC	(33.01 P87)	(32.00 P10)	Yes, but without any trade confirmation	
15-nov-04	B	8000	Nuveen SNR F/R INC FD T/U	TDWC	(33.01 P77)	(32.00 P14)	No, since the forgery indicates the purchase was made on November 28, 2004, which does not match the reality	13
8-dec-04	S	-8000	Nuveen SNR F/R INC FD T/U	TDWC	(33.01 P82)	(32.00 P14)	Yes, but without any trade confirmation	

Canada inc.

Transactions executed between August 2001 and June 2007

Payment date	Buy / Sell	Volume	Securities	Firm	Authentic statements	Forged Statements	Was complainant informed in writing of the transaction on the statements he was receiving?	Unauthorized trade number
30-nov-04	B	4000	Flaherty&Crum Invt GR T/U	TDWC	(33.01 P78)	(32.00 P14)	Yes, but without any trade confirmation	
16-dec-04	B	6100	Lawrence Payout Ratio T/U / Law Cat CRS & Rev- X/ N	TDWC	(33.01 P83)	(32.00 P14)	Yes, but without any trade confirmation	
15-feb-05	B	2650	Citadel Stables S-1 T/U	TDWC	(33.01 P92)	(32.00 P10)	Yes, but without any trade confirmation	
<i>08-june-05</i>	<i>B</i>	<i>25000</i>	<i>FCC EX-11 3% 8DC05</i>	<i>TDWC</i>	<i>(33.01 P103)</i>	<i>(28.00 P10)</i>	<i>No, since the transaction was only brought to complainant's attention on the forged DS statement in December 2006 whereas it was executed at TDWC</i>	<i>14</i>
<i>13-oct-05</i>	<i>B</i>	<i>2000</i>	<i>Canwest Mediaworks Part.</i>	<i>DS</i>	<i>(29.00 P2)</i>	<i>(28.00 P10)</i>	<i>No, since the transaction was only brought to complainant's attention on October 16, 2006</i>	<i>15</i>
<i>12-may-05</i>	<i>B</i>	<i>80</i>	<i>RBC PP COMMDTY- 2/s/n</i>	<i>DS</i>	<i>(29.00 P8)</i>	<i>(28.00)</i>	<i>No, since this position never appeared on the forged statements</i>	<i>16</i>
<i>05-june-07</i>	<i>S</i>	<i>-80</i>	<i>RBC PP COMMDTY- 2/s/n</i>	<i>DS</i>	<i>(29.00 P34)</i>	<i>(28.00)</i>		<i>17</i>
<i>05-june-07</i>	<i>B</i>	<i>110</i>	<i>CIBC AGF I/STK 1/s/n</i>	<i>DS</i>	<i>(29.00 P34)</i>	<i>(28.00)</i>	<i>No, since neither the transaction nor the position appear on the forged statement for June 2007</i>	<i>18</i>

OTHER CONSIDERATIONS

42. It appears that it was not until April 2013 that the deceitful or manipulative methods used by the Respondent were discovered by LD;
43. The Respondent's client received, in March 2014, collectively from the firms of TD, DS and IAS, an indemnity of \$242,252.82 as a result of the Respondent's deceitful or manipulative methods.

IV. TERMS OF SETTLEMENT

- 44. 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.
- 45. The Settlement Agreement is subject to acceptance by the Hearing Panel;
- 46. The Settlement Agreement shall become effective and binding upon the Respondent and Staff from the date of its acceptance by the Hearing Panel.
- 47. 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.
- 48. 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.
- 49. 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.
- 50. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel;
- 51. 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.
- 52. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately on the effective date of the Settlement Agreement.
- 53. 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 Montréal, Québec, this March 3, 2015.

« Witness »	« Roy William Orr »
WITNESS	ROY WILLIAM ORR RESPONDENT

AGREED TO by Staff at Toronto, Ontario, this April 7, 2015.

« Witness »	« Rob Del Frate »
WITNESS	ROB DELFRATE Enforcement Counsel, on behalf of Staff of the Investment Industry Regulatory Organization of Canada

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