

Re Silvaggio

IN THE MATTER OF:

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA (IIROC)**

AND

**THE BY-LAWS OF THE
INVESTMENT DEALERS ASSOCIATION OF CANADA (IDA)**

AND

MARIA CELESTE SILVAGGIO

2011 IIROC 63

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

Hearing: October 4, 2011
Decision: December 7, 2011
(45 paras.)

Hearing Panel:

Jacques Lemay, Jean Martel Ad. E. (Chair), Éline C. Phénix

Appearances:

Myriam Giroux-Del Zotto, Counsel for IIROC
Claude Jackson, Counsel for the Respondent

DECISION ON THE SETTLEMENT AGREEMENT

¶ 1 This Decision pertains to a settlement hearing scheduled in accordance with Rule 15 of the *Rules of Practice and Procedure* and governed by Rules 20.35 ff entitled *Corporation Hearing Processes* of the Investment Industry Regulatory Organization of Canada (“**IIROC**”).

¶ 2 On or about October 5, 2000, the Respondent, Maria Celeste Silvaggio, was hired as a sales assistant by securities dealer CIBC Wood Gundy (later to become CIBC World Markets Inc.) (“**CIBC**” or the “**Firm**”). At the time, CIBC was a Member Firm of the Investment Dealers Association of Canada (“**IDA**”) and remained so at all material times.

¶ 3 Three years later, on or about September 22, 2003, the Respondent registered with the *Autorité des*

marchés financiers as a securities representative with an unrestricted practice and began acting in such capacity for CIBC at its Montreal branch located at 600 de Maisonneuve Blvd. West. She continued in this capacity until January 16, 2008, on which date she was dismissed by the Firm. Despite her dismissal, the Respondent remained subject to IDA jurisdiction as a former Approved Person with one of its Member Firms.

¶ 4 Since that date, the Respondent has not been a registrant in the securities industry in Canada and at no time has she acted as an Approved Person of an IDA or IIROC Member Firm.

¶ 5 As a result of its merger with Market Regulation Services Inc., IIROC assumed the self-regulatory activities of the IDA effective June 1, 2008,¹ at which time the Respondent became subject to IIROC jurisdiction.

¶ 6 On or about June 12, 2008, after the submission of a ComSet event report on the Respondent's dismissal by CIBC, IIROC Enforcement Staff undertook to investigate the Respondent's conduct.

¶ 7 On September 2, 2011, under IIROC Rule 20.35 entitled *Corporation Hearing Processes*, IIROC Staff and the Respondent entered into a settlement agreement ("**Settlement Agreement**"), appended hereto, which Settlement Agreement is recommended to us for consideration and approval.

ACKNOWLEDGED VIOLATIONS

¶ 8 In section 7 of the Settlement Agreement, the Respondent acknowledges that: "*From January 2005 to December 2007, [she], on many occasions and unbeknownst to the Firm, misappropriated funds belonging to three clients who were also members of her family, contrary to IDA By-law 29.1.*"

¶ 9 During the period referred to in these proceedings, the April 2004 version of IDA By-law 29, entitled *Business Conduct*, was the applicable version. The first paragraph of By-law 29.1, which the Respondent admits having contravened, provides that:

"29.1. Members and each partner, director, officer, sales manager, branch manager, assistant or co-branch manager, registered representative, investment representative and employee of a 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 of Directors [...]"

BACKGROUND

¶ 10 The facts acknowledged by the parties to the Settlement Agreement describe in greater detail the circumstances in which the violations acknowledged by the Respondent were committed to the detriment of three clients of the Firm, being Client A, Client B, and Corporate Client C1, of which Mr C was the sole director and president. These facts and circumstances are, in essence, summarized below in respect of each such client.

Misappropriation to the Detriment of Ms A and Mr B

¶ 11 In November 2004, Client A and Client B, both members of the Respondent's immediate family, opened

¹ To facilitate the integration of the disciplinary systems of the two merged entities, an interim process to manage these systems was implemented under Transition Rule No. 1 Made Pursuant to By-Law 13.1 of the Corporation. This interim management process allows IIROC *inter alia* to institute enforcement proceedings on behalf of the IDA after June 1, 2008 in respect of events that occurred prior to such date when the respondent under such proceedings was subject to the Rules of such Association. In this case, under *Schedule C.1 to Transition Rule No. 1 Hearing Committees and Hearing Panels Rule* (Subsection 1.9.(2)), the applicable rules are the IDA rules that were in force at the material time, to the extent that they are not incompatible with IIROC practices and procedures on the date on which enforcement proceedings are commenced.

a joint brokerage account with CIBC to deposit an inheritance left to them by the Respondent's grandparents. The Respondent was fully aware of this transaction and of the cash receipts to be deposited into the account.

¶ 12 From November 2004 to April 2006, Mr D was the registered representative in charge of the management of the account of Clients A and B with CIBC. Beginning in April 2006, Representative E assumed this responsibility.

¶ 13 At the time, the Respondent worked as an assistant to Representatives D and E and her functions, in this capacity, included helping them to manage the account of Clients A and B. Given the family ties and the trust that bound Clients A and B to the Respondent, because their mother tongue – Italian – was the same as hers, and they did not speak French very well, Clients A and B started to contact the Respondent directly for any matter regarding the management of their account, or simply to consult her on financial matters in general.

¶ 14 Among the Respondent's tasks in the normal course of her duties was to see that instructions given to the Firm by Approved Persons seeking to transfer monies from brokerage accounts for which Representatives D and E were responsible to other accounts (including bank type accounts with CIBC Bank or other depository institutions) were carried out.

¶ 15 Between January 2005 and December 2007, she took advantage of her position to make 25 transfers of monies, to her benefit, from Clients A's and B's joint brokerage account, without authorization. In the aggregate, these transfers, which only Clients A and B could authorize, amounted to \$130,409.30, and a majority of these transfers were credited to a bank account held by the Respondent with CIBC Bank.

¶ 16 Ms A and Mr B did not reside at the same address. As the mailing address used by the Firm to send them statements of account was Ms A's address, Client B was never informed thereof.

Misappropriation to the Detriment of Company C1

¶ 17 In February 2005, Company C1 opened an AAA margin account with CIBC ("**C1 Account**"). Company C1 is a computer programming company whose sole director, president and specified shareholder, Mr C, is a member of the Respondent's family.

¶ 18 The Respondent and Mr C are so close that they maintain a joint bank account at HSBC Bank Canada ("**HSBC Account**"). In June 2005, Ms Silvaggio caused the address to which the statements of account for the HSBC Account were normally sent to be changed to her personal address, unbeknownst to Mr C. As of that moment, Mr C was no longer informed as before of the deposits and withdrawals made in the HSBC Account.

¶ 19 Essentially, the experiences of Clients A and B were repeated in the case of Client C1 and Mr C: Representative D was responsible for the C1 Account between February 2004 and April 2006; from April 2006, Representative E replaced him and assumed the responsibility; the Respondent was their assistant and she helped them in the performance of their duties; as Mr C was closer to the Respondent than to these representatives for the same reasons as Clients A and B, he preferred to deal directly with her in matters concerning the operation of his Company's account. In actual fact, the Respondent alone was the one managing the account and she could therefore scheme as she pleased, without attracting attention.

¶ 20 Indeed, between February 2005 and December 2007, the Respondent administratively caused 25 transfers of monies from the C1 Account to the HSBC Account to be carried out.

¶ 21 From February 2005 to July 2006, only Mr C was authorized to give such instructions. As of July 2006, the Respondent completed her *modus operandi* by obtaining a permanent letter of authorization signed by Mr C, which allowed her to give valid instructions to transfer money from the C1 Account to the HSBC Account. Obviously, the authorization was used for illicit purposes.

Aggregate Misappropriations

¶ 22 In total, the Respondent breached her duty of trust to Clients A, B and C1 by effecting 50 unauthorized transactions in their brokerage accounts, which allowed her to fraudulently misappropriate a total of approximately \$239,500 from these accounts for her own personal benefit.

THE PROCEEDINGS

¶ 23 On October 4, 2011, the parties appeared through counsel before our Hearing Panel to submit the Settlement Agreement to us and recommend jointly that we accept it.

¶ 24 Under IIROC Rule 20.36, our jurisdiction in this matter is restricted to agreeing to this recommendation or rejecting it, as our Hearing Panel cannot substitute a sanction it deems more appropriate for the sanction agreed to in the Settlement Agreement.

¶ 25 As regards the abuses which the Respondent acknowledges having committed in the circumstances summarized above, IIROC Staff and the Respondent accept in this Agreement that a permanent ban from approval be imposed on the Respondent, as well as the payment of a fine in the amount of \$140,000 and an amount equal to \$10,000 on account of the costs incurred by IIROC.

¶ 26 At the hearing, based on the IIROC *Dealer Member Disciplinary Sanction Guidelines* (March 2009 version) and the jurisprudence on disciplinary matters concerning cases similar to the one before us,² Counsel for IIROC and Counsel for the Respondent reviewed the main aggravating factors and extenuating circumstances taken into account to come to an agreement on the penalties recommended to us for consideration.

¶ 27 Among the aggravating factors, they emphasized the following:

- the bonds of trust and the family and cultural ties between the clients and the Respondent;
- the vulnerability of Clients A and B and of the president and principal shareholder of Client C1, particularly by reason of their limited knowledge of investment matters;
- the Respondent intentionally forged documents and signatures to be able to carry out the unauthorized transfers; and
- the Respondent profited financially from the violations committed by her according to the Agreement.

¶ 28 However, Counsel for the Respondent has submitted some extenuating circumstances:

- the absence of any prior disciplinary record on the Respondent;
- apart from the abuses committed in the accounts of Clients A and B and Client C1, the Respondent did not seek to abuse her position with the dealer to effect any other misappropriation of funds to the detriment of clients of the Firm;
- the Respondent's medical condition: at the time of the violations admitted to in the Agreement, she was suffering from a personality disorder;
- all the clients adversely affected by these violations were indemnified for their losses by CIBC;
- the Respondent cooperated with IIROC in this investigation; and
- to this end, the Respondent acted responsibly and agreed to accept the consequences of her actions.

¶ 29 At the end of the pleadings and after deliberations, we informed the parties that our Hearing Panel intended to accept the Settlement Agreement on the effective date of this decision, for reasons which appear below. We therefore were not required to address IIROC's arguments, based on the judgements of the Quebec Court of Appeal in *Poulin v. R.* [2010] QCCA 1854 and *Oweetaluktuk v. R.* [2011] QCCA 1099, as to the duty a Hearing Panel such as ours would have, when acting under the authority of IIROC Rules, to warn the parties to a settlement agreement of its intention to refuse to accept the agreement and provide them with the

² *Re Graydon Elliott Capital Corporation* [2007] IDA, October 29, 2007; *Re Rao* [2011] IIROC No. 12, January 27, 2011; *Re Higgs* [2010] IIROC No. 3, February 9, 2010; *Re Gaudet* [2010] IIROC No. 29, July 13, 2010; *Re O'Neil*, [2010] IIROC No. 51, November 11, 2010; *Re Gurion* (2004) IDA, decision rendered on June 16, 2004; *Re Petriello* [2007] IDA, June 8, 2007; *Re Jones*, [2011] IIROC No. 17, March 24, 2011; *Re Johanne Pinet* [2007] IDA, July 6, 2007; *Re Cornacchia*, [2011] IIROC No. 25, May 5, 2011.

opportunity to assert additional grounds for acceptance.

ANALYSIS

¶ 30 The Hearing Panel has consulted the decisions cited in support of the recommendation to accept the settlement and the proposed penalties. It notes that such penalties are, relatively speaking, within the range of penalties accepted or imposed by such decisions, taking into account the facts at issue, the gravity of the disciplinary violations concerned and the fact that the decisions in some of these cases were handed down at the end of contested hearings.

¶ 31 Of all the decisions invoked as precedents by Counsel for IIROC, *Gurion*³ is the one we particularly relied on because it corresponds to the circumstances of Ms Silvaggio's case.

¶ 32 In *Gurion*, the representative of a securities dealer misappropriated over \$350,000 from a 90-year-old client's account with such dealer, in circumstances very similar to the ones in the case at bar. As in this case, the victim was a vulnerable client with little knowledge of investment matters who trusted her representative, while he took advantage of this trust to misappropriate funds for his own benefit.

¶ 33 This violation of the standards of IDA By-law 29.1 earned *Gurion* a permanent ban from approval in any capacity with a dealer member of the Association. He was further ordered to make restitution of the misappropriated funds, and to pay a fine of \$150,000 and an amount equal to \$17,000 to cover the costs of the investigation and prosecution incurred by the Association.

¶ 34 In the case at bar, the Respondent, while she was an Approved Person authorized by the IDA to act as a representative with an unrestricted practice and as accounts assistant with CIBC, misappropriated funds for her own personal benefit on dozens of occasions, using schemes to ensure that monies were transferred from accounts maintained by three clients of the Firm to bank accounts held jointly or solely by her and appropriating such monies.

¶ 35 To achieve this, she took advantage of her position within the administration of the Firm and used subterfuges by forging documents and signatures and causing the address of the clients concerned to be changed to prevent them from receiving their statements of account and discovering her actions.

¶ 36 These clients and, in the case of Client C1, the president thereof, were members of the Respondent's family and they trusted her. Owing to her close relationship with these people and to the specific knowledge of their financial and personal situation which she gained from such relationship, the Respondent knew that they had limited knowledge of investment matters, that they relied heavily on her to supervise the transactions in their accounts and thus that they were less likely to suspect her.

¶ 37 Through her behaviour, which is the product of deliberation and which she admitted to, recognized and understood, the Respondent abused the trust of these clients and robbed them of an amount totalling almost \$239,500.

¶ 38 Among the extenuating circumstances asserted, the Hearing Panel noted that at the time the Respondent committed these breaches of conduct which brought her before us, she suffered from bipolar disorder which may have led her to take inappropriate action. Nevertheless, Counsel for the Respondent pointed out at the hearing that the Respondent knew what she was doing when she committed such wrongful acts, that she acknowledged them, that she understood the implications of the proposed Settlement Agreement, and that she consented thereto in full knowledge of the facts. We have taken note of that.

¶ 39 The Respondent's blank disciplinary record for the period prior to the facts related in the Settlement Agreement, and the fact that she chose to act ruthlessly against her close relatives, to the exclusion of all the other clients of the Firm against whom she could have done the same, appears to give credence to the hypothesis that her anxiety was target specific and probably quite real, but that she did not lose the ability to

³ *Alex Gurion*, (2004), *supra*.

appreciate the extent of her actions, which were committed for the purpose of developing, and benefiting from, her scheme to misappropriate funds.

¶ 40 The facts show that the Respondent committed one of the most serious violations of the securities industry by misappropriating the funds of clients over a long period time, through deceit and manipulation, to the detriment of such clients and the Firm that employed her.

¶ 41 Making the most of her familial relationship with the clients and the trust they had in her, the Respondent knew of the cash receipts in their accounts, and she deliberately took advantage of her position to conceal her fraudulent behaviour and misappropriate some of these amounts through a combination of clearly-considered and well-planned transactions.

¶ 42 Considering that the Respondent admitted her misconduct in the Settlement Agreement, that she repeated this admission before us at the hearing, considering also all the circumstances revealed by the facts acknowledged in the Agreement and the pleadings of Counsel for both parties, and considering the extenuating circumstances pointed out by Counsel for the Respondent, the penalties set forth in the Settlement Agreement appear to us to comply in all respects with the reasonable criteria of fairness and adequacy which are necessary to the acceptance thereof.

¶ 43 In our opinion, such penalties are appropriate and consistent with those established by the precedents laid before us, considering in particular that the victimized account holders were indemnified for their losses by CIBC. These penalties constitute a sufficient deterrence while remaining realistic in terms of the Respondent's ability to pay, and they seem capable of being honoured without becoming an insurmountable obstacle to her rehabilitation as a productive member of society and to her continued ability to meet the needs of her young family.

¶ 44 As a consequence, there are good reasons for accepting the Settlement Agreement submitted to us and the joint recommendation of the parties in this regard.

¶ 45 **FOR THESE REASONS, THE HEARING PANEL:**

ACCEPTS the Settlement Agreement dated September 2, 2011 appended hereto, and in particular the following terms imposed upon the Respondent:

- 1) a permanent ban from approval in any capacity with a Member Firm of IIROC;
- 2) an aggregate fine of \$140,000; and
- 3) an amount equal to \$10,000 on account of the costs incurred by IIROC.

At Montreal, on this 7th day of December 2011

Jacques Lemay, Panel Member

Jean Martel Ad. E., Panel Chair

Élaine C. Phénix, Panel Member

*** * * SETTLEMENT AGREEMENT * * ***

I. INTRODUCTION

1. IIROC Enforcement Staff and the Respondent, Maria Celeste Silvaggio, consent and agree to the settlement of this matter by way of this settlement agreement (Settlement Agreement).

2. The Enforcement Department of IIROC has conducted an investigation (Investigation) into the conduct of Maria Celeste Silvaggio.
3. On June 1, 2008, IIROC consolidated the regulatory and enforcement functions of the Investment Dealers Association of Canada and of Market Regulation Services Inc. Pursuant to the *Administrative and Regulatory Services Agreement* between the IDA and IIROC, effective June 1, 2008, the IDA has retained IIROC to provide services for the IDA to carry out its regulatory functions.
4. The Respondent consents to be subject to the jurisdiction of IIROC.
5. The Investigation discloses matters for which the Respondent may be disciplined by a Hearing Panel appointed pursuant to IIROC Transition Rule No.1, Schedule C.1, Part C (Hearing Panel).

II. Joint Settlement Recommendation

6. Staff and the Respondent jointly recommend that the Hearing Panel accepts this Settlement Agreement.
7. The Respondent admits to the following contraventions of IIROC Rules, Guidelines and of IDA By-laws, Regulations or Policies:
 1. From January 2005 to December 2007, the Respondent, on several occasions and unbeknownst to the Firm, misappropriated funds belonging to three clients who were also members of her family, contrary to IDA By-law 29.1.
8. Staff and the Respondent agree to the following terms of settlement:
 - (a) a permanent ban from approval in any capacity with a Member Firm of IIROC; and
 - b) an aggregate fine of \$140,000.
9. The Respondent agrees to pay costs to IIROC in the amount of \$10,000.

III. Statement of Facts

(i) Acknowledgement

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

(ii) Factual Background

11. The investigation was commenced on or about June 12, 2008 as a result of the receipt of a ComSet event report regarding acts committed when the Respondent was a representative with an unrestricted practice with CIBC World Markets Inc. ("CIBC").
12. The investigation begun on or about June 12, 2008 was suspended at the request of the Respondent, citing health reasons.
13. On or about November 12, 2009, IIROC Staff reopened the investigation into the Respondent.

RESPONDENT'S REGISTRATION HISTORY

14. On or about October 5, 2000, the Respondent was hired by CIBC Wood Gundy or CIBC World Markets Inc. ("CIBC") and worked as a sales assistant for the branch manager of the CIBC branch located at 600 de Maisonneuve Blvd. West, in Montreal ("Branch").
15. From on or about September 22, 2003 until on or about January 16, 2008, the Respondent was registered as a representative with an unrestricted practice. During this entire period, she remained in the employ of CIBC and worked at the same Branch.
16. From January 2005 to September 2005, the Respondent worked as an assistant to Mr D, a representative.

17. From October 2005 to March 2006, she was part of the administrative support staff for the Branch.
18. From April 2006 to January 2008, the Respondent worked as an assistant to Mr E, another representative who worked as a team with Mr F.
19. On or about January 16, 2008, the Respondent was dismissed for cause by CIBC.
20. On June 1, 2008, the Respondent became a person regulated by IIROC.
21. As of January 2008, the Respondent is no longer a registrant with IIROC, but remains subject to IIROC jurisdiction.
22. The Respondent started her career in the securities industry and worked in the following positions under the rubric of “categories and/or positions”:

FROM	TO	FIRM	CATEGORY
October 2000	January 2008	CIBC World Markets Inc.	Representative Registered Representative (retail)

THE FACTS

Summary of Alleged Violations

24. On or about November 22, 2004, Ms A and Mr B opened a joint brokerage account No. 310-99524-28 with CIBC. At the time and until on or about April 17, 2006, Mr D was the representative in charge of the management of this account. The mailing address appearing on the new account form was as follows:
 - Address of the account of Clients A and B.
25. It should be noted that Ms A is a member of the Respondent’s family and Mr B is her uncle. Ms A is therefore Mr B’s sister.
26. As of July 2005, the mailing address for account No. 310-99524-28 was changed to the following address:
 - Modified Address of account of Clients A and B.
27. On April 17, 2006, an update form to update the information concerning account No. 310-99524-28 was completed. The form reveals that Mr E was now the representative in charge of the management of the account.
28. Account No. 310-99524-28 opened with CIBC in the name of Ms A and Mr B was used for the deposit of an inheritance bequeathed by their parents.
29. The Respondent knew that the inheritance bequeathed by her grandparents had been deposited in account No. 310-99524-28.
30. From December 2005 to December 2007, even though only one mailing address appeared on the new account form, Mr B and Ms A did not reside at the same address. In fact, at this period, Mr B resided at the following address:
 - Mr B’s residential address.
31. The mailing address recorded on the new account form for account No. 310-99524-28 was that of Ms A. At no time did Mr B receive any copies of the statements for account No. 310-99524-28.
32. On or about February 8, 2005, Company C1 opened an AAA margin account No. 500-98847-26 with

CIBC. At the time and until on or about April 26, 2006, Mr D was the representative in charge of the management of this account. From February 8, 2005 to June 2005, the mailing address appearing on the new account form was as follows:

- Address of account of Company C1.

33. As of July 2005, the mailing address of account No. 500-98847-26 was changed to the following address:
- Modified address for Company C1's account.
34. On April 26, 2006, an update form to update the information concerning account No. 500-98847-26 was completed. The form reveals that Mr E was now the representative in charge of the management of the account.
35. Company C1 is a computer programming company of which the sole director, president and specified shareholder in the company register was Mr C, a member of the Respondent's family.
36. Respondent's position with CIBC allowed her to know that Company C1 deposited monies in account No. 500-98847-26.
37. Both Ms A and Mr C lived in the same triplex, but occupied different units located at Ms A's and Mr B's residential address respectively. The mail was therefore distributed to each unit separately.
38. Notwithstanding that a representative other than the Respondent had been designated by the Firm to manage accounts Nos. 310-99524-28 and 500-98847-26, and that the Respondent had been designated simply as an assistant, in actual fact she is the one who dealt with the two accounts.
39. Indeed, the Respondent is the one who, where required, contacted Ms A or Mr C or Mr B to settle all matters surrounding the management of their respective brokerage accounts.
40. As for Ms A and Mr C, they reflexively sought answers from the Respondent to their questions about the management of their respective brokerage accounts or even financial matters in general.
41. The reason for this is the close relationship, the trust and the family ties and cultural bonds that united them with the Respondent.
42. For Ms A and Mr B, turning to the Respondent is understandable not only for the reasons set out in section 29, but also because of their limited knowledge of investment matters or the little schooling or little knowledge of the French language they had acquired, if any.
43. On or about November 27, 2008, Ms A and Mr B declared that they had never authorized the Respondent to carry out twenty-five (25) transfers of monies in account No. 310-99524-28 as they were the only ones authorized to do so. The aggregate unauthorized transfers from account No. 310-99524-28 totalled approximately \$130,409.30.
44. It should be noted that the Respondent also personally held a bank account with CIBC, bearing number 78-36635, which allowed her to deposit certain unauthorized transfers of monies from brokerage account No. 310-99524-28.
45. On or about October 2, 2008, Mr C declared that he had never authorized the Respondent to effect twenty-five (25) transfers from his Company's brokerage account as he was the only person authorized to do so. The aggregate amount of unauthorized transfers from account No. 500-98847-26 totalled approximately \$109,048.56.
46. For Mr C, in addition to the reasons invoked in section 29, it is important to note that he had a bank account bearing No. 137816150 with the HSBC Bank and that he held this account jointly with the Respondent.
47. Also, as of July 17, 2006, a permanent letter of authorization bearing a signature in the name of Mr C

allowed the Respondent to transfer monies from CIBC account No. 500-98847-26 to HSBC Account No. 137816150.

48. The Respondent in fact used HSBC Bank Account No. 137816150 to misappropriate funds deposited into CIBC account No. 500-98847-26.
49. Also, notwithstanding that HSBC Account No. 137816150 was jointly held by the Respondent and Mr C, as of June 2005 or thereabouts the Respondent arranged to have the statements of account sent to her personal address without Mr C being informed thereof.
50. Consequently, as of June 2005, Mr C did not question the transactions in the HSBC Account No. 137816150 as he was unaware they even existed.
51. All monies misappropriated by the Respondent in accounts No. 310-99524-28 and No. 500-98847-26 were misappropriated for her sole benefit.

Financial Consequences of Respondent's Behaviour

52. The unauthorized transactions made by the Respondent in Ms A's and Mr B's brokerage account as well as in Mr C's brokerage account caused them to sustain total losses estimated at approximately \$239,457.86.

IV. Terms of Settlement

53. 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.
54. The Settlement Agreement is subject to acceptance by the Hearing Panel.
55. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel.
56. The Settlement Agreement will be presented to the Hearing Panel at a hearing (Settlement Hearing) for approval. Following the conclusion of the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement.
57. If the Hearing Panel accepts the Settlement Agreement, the Respondent waives her right under IIROC rules and any applicable legislation to a disciplinary hearing, review or appeal.
58. 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.
59. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel.
60. 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.
61. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately upon the effective date of the Settlement Agreement.
62. Unless otherwise stated, suspensions, bans, 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 Repentigny, Quebec, on the 29th day of August, 2011.

“WITNESS”

“MARIA SILVAGGIO”

WITNESS

RESPONDENT

AGREED TO BY IIROC Staff at Montreal, Quebec, on the 2nd day of September 2011.

“WITNESS”

WITNESS

“MYRIAM GIROUX-DEL ZOTTO”

MYRIAM GIROUX-DEL ZOTTO

Enforcement Counsel for Staff of the Investment
Industry Regulatory Organization of Canada

ACCEPTED at Montreal, Quebec, on the 7th day of December 2011 by the following Hearing Panel:

“Jean Martel”

Panel Chair

“Élaine Phénix”

Panel Member

“Jacques Lemay”

Panel Member

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