Re Nyquvest

IN THE MATTER OF:

The Rules of the Investment Industry Regulatory Organization of Canada

and

Shayne Ian Frederick Nyquvest

2021 IIROC 36

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

Heard: December 16, 2021 by videoconference
Decision: December 16, 2021
Reasons for Decision: February 2, 2022

Hearing Panel:
John Rogers, Chair, Lloyd Costley and William Wright
Appearances:
Tayen Godfrey, Senior Enforcement Counsel
Patrick Sullivan, for Respondent
Shayne Ian Frederick Nyquvest (present)

REASONS FOR DECISION

INTRODUCTION

¶ 1 At a Settlement Hearing held by videoconference on December 16, 2021, Enforcement Staff of the Investment Industry Regulatory Organization of Canada ("IIROC") and counsel for Shayne Ian Frederick Nyquvest (the "Respondent") jointly recommended that the Hearing Panel accept the attached settlement agreement agreed to by the Respondent and IIROC's Enforcement Staff (the "Settlement Agreement"). The settlement agreed to by IIROC Enforcement Staff and the Respondent was effected in accordance with the provisions of Section 8215 of the IIROC Consolidated Enforcement, Examination and Approval Rules (the "Consolidated Rules"), with the Settlement Hearing constituted pursuant to the provisions of Section 8203 of the Consolidated Rules, and held in accordance with the Rules of Practice and Procedure as set out in Rule 8400 of the Consolidated Rules.

¶ 2 The Hearing Panel received and considered oral submissions from IIROC Enforcement Counsel and the Respondent's Counsel and received and considered the IIROC Settlement Book containing copies of:

- the Settlement Agreement,
- IIROC Rules 18.14, 43 and 1400
- Consolidated Rules 8210, 8214, 8215 and 8428
- IIROC Sanction Guidelines dated February 2, 2015 and

- the following IIROC hearing panel decisions:

  Re Smith 2019 IIROC 13

  Re Panzures 2018 IIROC 37

  Re Poirier 2017 IIROC 12

  Re Prusky 2017 IIROC 43

  Re Blackmore 2014 IIROC 43

  Re Lee 2013 IIROC 10 and

  Re Gunderson 2012 IIROC 66.

TERMS OF SETTLEMENT

¶ 3 The Settlement Agreement contains the agreement of the Respondent and IIROC Enforcement Staff that by engaging in the conduct as described in the Settlement Agreement, the Respondent committed the following contraventions of the Rules:

- Between September 2016 and August 2017, the Respondent engaged in person financial dealings contrary to Dealer Member Rule 43;
- Between December 2016 and April 2017, the Respondent facilitated off-book investments without the knowledge or consent of his firm contrary to Consolidated Rule 1400; and
- In or around 2016 and September 2017, the Respondent engaged in outside business activities without the knowledge or approval of his firm contrary to Dealer Member Rule 18.14.

¶ 4 The relevant portions of Dealer Member Rule 43 which is entitled "PERSONAL FINANCIAL DEALINGS WITH CLIENTS" provides:

> 43.1 An employee or Approved Person of a Dealer Member must not, directly or indirectly, engage in any personal financial dealings with clients.
>
> 43.2 Personal financial dealings include, but are not limited to, the following types of dealings:
>
> […]
>
> (4) Lending to clients
>
> (i) Lending money, or providing a guarantee in relation to a loan of money, securities or any other assets to a client, unless:
>
> (a) The client is a Related Person as defined by the Income Tax Act (Canada) and the transaction complies with the Dealer Member's policies and procedures; and
>
> (b) In the case of Registered Representatives and Investment Representatives, the arrangement set out in sub-clause 43.2(4)(i)(a) is disclosed to and approved in writing by the Dealer Member, prior to the transaction.

¶ 5 The relevant portion of Consolidated Rule 1400 which is entitled "STANDARDS OF CONDUCT" provides:

> (1) A Regulated Person
>
> (i) in the transaction of business, must observe high standards of ethics and conduct and must act openly and fairly and in accordance with just and equitable principles of trade, and

(ii) must not engage in any business conduct that is unbecoming or detrimental to the public interest.

¶ 6 The relevant portions of Dealer Member Rule 18.14 provide:

(1) A Registered Representative or Investment Representative may have, and continue in, any business activity outside of the Dealer Member, including another gainful occupation if:

[…]

(c) The Registered Representative or Investment Representative informs the Dealer Member of the outside business activity and obtains the Dealer Member's approval to engage in such outside business activity prior to engaging in such outside business activity;

¶ 7 As a result of these contraventions, the Settlement Agreement confirms that the Respondent and IIROC Enforcement Staff have agreed to the following sanctions:

- A fine in the amount of $34,000;
- A suspension from registration in any capacity with IIROC for six months;
- Close supervision upon any registration with IIROC for 12 months;
- A successful rewrite of the Conduct and Practices Handbook examination upon return; and
- Costs to IIROC in the amount of $5,000.

STATEMENT OF FACTS

¶ 8 The Settlement Agreement contains certain facts and allegations all agreed to by IIROC Enforcement Staff and the Respondent for the purpose of the Settlement Agreement, a copy of which is attached to our Reasons for Decision. A summary of these facts is as follows:

The Respondent

- Between June 2015 and June 2018, the Respondent was registered as an Approved Person in Vancouver with Mackie Research Capital Corporation ("Mackie Research"), now Research Capital Corporation. During this time, his roles at Mackie Research included:
  i. Executive Vice President and, after August 2017, Vice Chairman,
  ii. Member of the Board of Directors,
  iii. Member of the Executive Committee, and
  iv. Sales Manager for British Columbia.
- In April 2018, the Respondent ceased his registration as an Approved Person, but he remained on the Board of Directors of Mackie Research.
- Since July 2020, the Respondent has been and is currently registered as a Dealing Representative with Ascenta Finance Corp.

Conduct of the Respondent

- The Respondent engaged in or facilitate personal financial dealings, off-book investments and outside business activities involving securities-related work without the approval of Mackie Research ("inappropriate conduct") .
- This inappropriate conduct was done in a manner that avoided detection by Mackie Research.

- The Respondent's position is that he did not intentionally take any steps to hide this inappropriate conduct.

Other Individuals and Entities Involved

- AM – a longtime friend and business partner of the Respondent,
- TN – a son of the Respondent,
- PN - a son of the Respondent,
- BC 108 – a British Columbia numbered company in which AM became a director in August 2016 and TN became a director in January 2018,
- AB 107 – an Alberta numbered company in which the Respondent's brother became a director in 2003 and in which TN was to become, but did not become a director,
- Morquest – Morquest Trading Company a company in which the Respondent and AM each hold a 50% interest,
- Winquvest – Winquvest Investments Ltd., a company in which the Respondent and PN each hold a 50% interest, and
- BTK – BTK Limited Partnership.

Loans to Corporate Clients

- The Respondent provided loans to BC 108 and AB 107 (the "Loans"), companies in which TN, PN and AM, the Respondent's sons and longtime friend, were involved in a manner which was off-book and outside Mackie Research's systems by having the funds for the Loans flow through the Morquest bank account.
- The primary purpose of the Loans was for investment purposes in order to help his son learn about the capital markets.
- The flow of funds for the Loans was:
    i. BC 108:
        1. Approximately $180,000 was paid by the Respondent between September 2016 and May 2017,
        2. $105,000 was paid by the Respondent on or around September 7, 2016, and
        3. $75,000 was paid by the Respondent on May 12, 2017.
    ii. AB 107:
        1. $50,000 was paid to the Respondent by AB 107 in repayment of funds advanced to AB 107.
- The client accounts for BC 108 and AB 107 were not designated as pro-accounts.
- Other than the Loans, the Respondent had no direct or indirect interest in either BC 108 or AB 107.

Off -Book Transactions

- Rheingold Exploration
    - Sometime in late 2016, the Respondent facilitated private transactions totalling approximately $100,995 relating to Rheingold Exploration for the purpose of assisting

the Respondent's son learn about the capital market.

- These transactions involved five share purchase agreements involving five different vending parties, two of which were clients of the Respondent, whose client account documents identified their level of investment experience as "good".
- The purchasers in all five of the share purchase agreements were BC 108 and AB 107.

- BTK Limited Partnership
  - On or around August 10, 2016, the Respondent invested $35,000 in BTK.
  - This investment was made off-book through the bank account of Winquvest after Mackie Research advised the Respondent that because of the small size of the investment, it was not interested in being involved.
- Nextleaf Solutions Ltd.
  - On or around January 2017, the Respondent received from BC 108 the sum of $32,000.
  - These funds represented repayment of a loan made by the Respondent to BC 108 for the purpose of an off-book investment in Nextleaf Solutions Ltd.
- Glance Technologies
  - Sometime in 2015, the Respondent became the beneficial owner of 227,907 shares of a private company called Glance Technologies.
- Cannapay Financial
  - On or around June 2017, the Respondent invested $30,000 in the private company, Cannapay Financial.
  - This investment was made off-book and through the the bank account of Morquvest.

Outside Business Activities

- On or around June 21, 2016, the Respondent received approximately $32,500 in compensation from BTK for finder's fees.
- On or around September 15, 2017, the Respondent received approximately $4,500 from BTK for finder's fees.
- These outside business activities with BTK were without the approval of Mackie Research.
- Following an investigation by Mackie Research in March 2018, the Respondent arranged with Mackie Research to disgorge this total of $37,000 in finder's fees paid to him by BTK.

ACCEPTANCE PRINCIPLES

¶ 9 Under IIROC Rule 8215(5), at the conclusion of a settlement hearing, a hearing panel may either accept or reject the proposed settlement. It does not have the jurisdiction to amend or alter the agreed upon penalties.

¶ 10 Enforcement Counsel referred to Rule 8428(6) of the Consolidated Rules noting that this Rule provides that the facts to be considered by the Hearing Panel in making our decision are limited to the facts as set out in the Settlement Agreement.

¶ 11 To assist the Hearing Panel in exercising its discretion, Enforcement Counsel referred the Hearing Panel to the decisions above set out and summarized the principles enunciated in these decisions as providing that in making a determination under Rule 8215(5), a hearing panel is not to determine whether or not in its

opinion the penalties agreed upon in a settlement agreement are correct or in accordance with the hearing panel's particular view of the appropriate penalties, but rather whether the penalties agreed upon in the settlement agreement come within an acceptable range of appropriateness after taking into account the general benefits to all parties of the settlement process.

¶ 12 This approach, Enfocement Counsel submitted, provides the parties to the agreement some significant latitude in negotiating a settlement that may take many factors into account, including the time and expense of a liability hearing and the availability and convenience of witnesses. Enforcement Counsel noted that in the matter at hand, the Settlement Agreement was negotiated with the assistance of experienced counsel on the Respondent's behalf.

¶ 13 Enforcement Counsel noted the principal clearly enunciated in *Re Milewski,* [1999] I.D.A.C.D. No. 17 at page 10 that a hearing panel is not to "reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness" to ensure that in making its decision it properly reflects "the public interest benefits of the settlement process in its consideration of specific settlements". Such an approach, Enforcement Counsel submitted, gives a better assurance of certainty to the parties to the agreement and encourages them to come to agreement rather than to require that the matters at issue be decided upon at a disciplinary hearing.

¶ 14 In summary, Enforcement Counsel submitted, the test the Hearing Panel should use in determining whether or not to accept the Settlement Agreement was whether or not the penalty agreed to by IIROC Enforcement Staff and the Respondent in the Settlment Agreement was within a reasonable range of appropriateness.

SANCTION GUIDELINES

¶ 15 Enforcement Counsel referred the Hearing Panel to the IIROC Disciplinary Sanction Guidelines (the "Sanction Guidelines") and specifically to the following statement of the purpose set out on page 2 of the Sanction Guidelines:

> The primary purpose of IIROC disciplinary proceedings is to maintain high standards of conduct in the securities industry and to promote market integrity.

¶ 16 In his sumissions, Enforcement Counsel noted that the Sanction Guidelines identified specific and general deterrence as factors a hearing panel should consider in determining appropriate sanctions and referenced the following passage contained in paragraph 1 of Part 1 on page 4:

> The purpose of sanctions in a regulatory proceeding is to protect the public interest by restraining future conduct that may harm capital markets. In order to achieve this, sanctions should be significant enough to prevent and discourage future misconduct by the respondent (specific deterrence), and to deter others from engaging in similar misconduct (general deterrence).

¶ 17 He noted that the ongoing pattern of conduct to which the Respondent has admitted, namely personal financial dealings, off-book transactions and outside business activities, is extremely difficult for individual firms to effectively regulate and, when a senior member of the industry, such as the Respondent, engages in such conduct and does so in a manner which makes it difficult for his firm to discover, the sanctions imposed must reflect the seriousness of this improper conduct.

RELEVANT CASES

¶ 18 In *Re Gunderson* 2012 IIROC 66, Enforcement Counsel noted, the hearing panel accepted a settlement agreement in which the respondent admitted to engaging in outside business activities over a period of 14 months in the form of borrowing $133,900 from 11 clients without the knowledge of his firm. In the settlement agreement, the respondent agreed to pay a fine of $25,000, be suspended from registration for a period of one month and to pay costs of $3,000. Enforcement Counsel submitted that this case differed from

the matter at hand in that the respondent in *Gunderson* was not forthright in fully admitting to the facts involving his contraventions when questioned by Enforcement Staff.

¶ 19 In *Re Lee* 2013 IIROC 10, the hearing panel accepted a settlement agreement in which the respondent admitted to engaging in outside business activities totalling $7,400,000 without the knowledge of his firm over a three-year period in the form of off-book investments and/or loans involving nine clients. In the settlement agreement, the respondent agreed to pay a fine of $75,000, be suspended from registration for a period of six months, and to pay costs of $5,000. Enforcement Counsel submitted that this case differed from the matter at hand in that in Lee there was client harm and a greater amount of money involved in the off-book transactions.

¶ 20 *Re Blackmore* 2014 IIROC 43 involved the respondent's admitted engagement in outside business activities without his firm's approval by facilitating off-book investments with five clients amounting to $780,000. Enforcement Counsel noted that there were no client losses in this case and that unlike the matter at hand, there was not a pattern of this activity to which the respondent admitted. In the settlement agreement, the respondent agreed to pay a fine in the amount of $30,000, be suspended from registration for 45 days, and to pay costs of $2,500.

¶ 21 *Re Prusky* 2017 IIROC 43 involved the respondent admitting to one transaction in the amount of $60,000 dealing off-book with one client and one security, and where the respondent received no compensation for her dealings. Enforcement Counsel noted that the respondent agreed to pay a fine of $20,000 and to pay costs of $1,000.

¶ 22 *Re Panzures* 2018 IIROC 37 contains a fact situation where the respondent admited to accepting non-cash sales incentives amounting to $32,260 from a mutual fund representative in connection with the sale or distribution of mutual fund products. The sum of $28,340 was subsequently paid by the respondent in compensation. In the settlement agreement, the respondent agreed to pay a fine of $60,000 and to pay costs in the amount of $5,000.

¶ 23 In *Re Poirier* 2017 IIROC 12, there was one off-book transaction with a client to which the respondent admitted, from which transaction the client realized a gain of $240,000. There then followed a "gift" from that client to the respondent in the amount of $150,000. The respondent agreed to a fine of $100,000, a suspension of one month and a 12-month period of close supervision following re-approval.

MITIGATING CIRCUMSTANCES

¶ 24 With respect to mitigating circumstances, Enforcement Counsel noted:

- the Respondent has no prior disciplinary record with IIROC,
- the Respondent accepted that his conduct was in breach of the Rules and has entered into the Settlement Agreement with IIROC Enforcement Staff,
- There were no client claims or losses,
- Funds were loaned and not borrowed, and the Loans were made to related and not arms length parties, and
- When the BTK finder's fees came to the attention of Mackie Research, the Respondent provided reimbursement.

AGGRAVATING CIRCUMSTANCES

¶ 25 In recommending that the Hearing Panel accept the Settlement Agreement, Enforcement Counsel summarized the matter noting that the Respondent was a senior member of the investment industry and that there were a number of violations of the Rules effected by him over a period of time.

SUBMISSIONS OF RESPONSENT'S COUNSEL

¶ 26 In his submissions on behalf of the Respondent, Respondent's Counsel noted:

- That the conduct of the Respondent in question involved transactions with either a good friend, AM, or the Respondent's sons, PN and TN,
- The transactions involved not borrowing funds, but lending them,
- The purpose of this conduct was to assist his son in understanding the capital markets, and
- The off-book dealings with BTK only occurred after the Respondent was advised that Mackie Research was not interested in being involved.

¶ 27 Given these mitigating factors, Respondent's Counsel submitted that the penalties agreed to by the Respondent in the Settlement Agreement were appropriate, especially in light of the fact that once the decision of the Hearing Panel and its reasoning thereon became public, the Respondent's reputation in the industry would be adversely affected.

DECISION

¶ 28 The Hearing Panel has considered the submissions of Enforcement Counsel and the Respondent's Counsel, it has considered, as well, the decisions of previous hearing panels submitted by Enforcement Counsel.

¶ 29 In determing whether or not the penalties agreed to in the Settlement Agreement meet the test of being within an acceptable range of appropriateness, the Hearing Panel has considered such penalties in the context of:

- penalties accepted by hearing panels in other cases with similar admitted contraventions,
- serving as a specific deterrent to the Respondent and as a general deterrent to the investment industry as a whole, and
- what members of the investment industry and the public would consider fair and reasonable.

¶ 30 Following a review of the cases as above set out, the Hearing Panel finds the penalties agreed to in the Settlement Agreement within an acceptable range of appropriateness.

¶ 31 Similary, in the context of serving as a specific and general deterrent, the Hearing Panel agrees with Enforcement Counsel that the Respondent, as a senior member of the industry engaging in the conduct outlined in the Settlement Agreement and doing so in a manner which makes it difficult for his firm to discover, should be subject to sanctions which reflect the seriousness of this improper conduct.

¶ 32 Finally, the Hearing Panel has determined that members of the investment industry and the public would consider fair and reasonable the penalties agreed to in the Settlement Agreement.

¶ 33 In the context of this final test, in the submissions of Respondent's Counsel, he noted that once this decision and the reasons became public, that the Respondent's reputation in the investment industry would be adversely affected. Respondent's Counsel appears to suggest that the publication of this decision and the reasons should be taken into account in assessing the severity of the penalties imposed upon the Respondent. With due respect to Respondent's Counsel, if the Respondent were so worried about his reputation as a senior member of the investment industry, he should have been concerned about following the rules and best practices of the industry and he should not have engaged in the pattern of conduct that he did, carried out these activities in a manner that best shielded his actions from the oversight of Mackie Research, and continued such activities over the length of time that he did so.

¶ 34 Indeed, the Hearing Panel takes note of the provisions throughout the Settlement Agreement and in

the submissions of Respondent's Counsel that the reason that the Respondent engaged in some of the conduct that he did, in the manner that he did, and over the length of time that he did was to help his son learn about the Canadian capital markets. Given the Respondent's decades of experience in the investment industry combined with various leadership and governance positions held at his own firm and as his stated purpose was to teach his son about the Canadian capital markets, one would have thought that one of the most important things that the Respondent would be teaching his son about the Canadian capital markets was the purpose of the rules with respect to off-book transactions and outside business activities. This would include the obligation and requirement of every member of the investment industry to honour these rules not just in their strictest sense, but in their overall purpose. It is obvious from the conduct to which the Respondent has admitted that he did not view such rules as important to the industry or to the participants therein and, therefore, to his son's education of the capital markets.

¶ 35 On a final note, as was referenced above, Rule 8428(6) of the Consolidated Rules limits the facts to be considered by the Hearing Panel in making our decision to strictly the facts as set out in the Settlement Agreement. If the Hearing Panel were not so restricted, it would have inquired further into some of the off-book transactions admitted to by the Respondent in the Settlement Agreement. This would have included his receipt of 227,907 shares of Glance Technologies. The purpose of this inquiry would have been to enable the Panel to better understand the context in which such shares were issued and whether or not such issuance constituted the payment of a form of consideration such as a commission or a finder's fee.

¶ 36 Having found that the penalties agreed to in the Settlement Agreement meet the three tests as above set out and that these penalties are, therefore, within an acceptable range of appropriateness, the Hearing Panel determines that it is within the public interest to accept the Settlement Agreement and the Hearing Panel therefore does accept the Settlement Agreement.

Dated at Vancouver, British Columbia this 2 day of February 2022.

John Rogers

Lloyd Costley

William Wright

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 Shayne Ian Frederick Nyquvest ("Respondent").

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. The Respondent engaged in or facilitated personal financial dealings, off-book investments, and outside business activities involving securities-related work. The Respondent's firm did not approve these activities. The activities were conducted in a manner that avoided detection by Mackie Research. The Respondent's position is that he did not intentionally take any steps to hide the activity outlined below.

5. In particular, the Respondent:

    a) Made personal loans via two corporate clients, who the Respondent was connected to by family members and a longtime business partner, in an effort to assist his son gain experience in the capital markets;

    b) Facilitated private, off-book transactions, involving clients; and

    c) Earned finder fees related to an oil and gas investment that he first offered to Mackie Research.

Background

6. The Respondent was an Approved Person with Mackie Research Capital Corporation ("Mackie Research", now Research Capital Corporation), in Vancouver, between June 2015 and June 2018. During this time, he held several roles at Mackie Research including:

    a) Executive Vice President (Vice Chairman, after August 2017);

    b) Member of the Board of Directors;

    c) Member of the Executive Committee; and

    d) Sales Manager for British Columbia.

7. In April 2018, the Respondent ceased to be an approved person, but he remained on Mackie Research's board until June 2018. He is currently registered with Ascenta Finance Corp. as a Dealing Representative, since July 2020.

The Corporate Entities Involved

8. The corporate entities that are relevant to this settlement agreement are:

    a) A BC numbered company beginning with 108 ("BC 108"): AM became a director of BC 108 in August 2016 and the Respondent's son (TN) became a director in January 2018. The account was not designated as a pro account;

    b) An Alberta numbered company beginning with 107 ("AB 107"): the Respondent's brother became a director in 2003. The Respondent's son was to become a director, but that never occurred. The account was not designated as a pro account;

    c) Morquest Trading Company ("Morquest"): the Respondent and AM each hold a 50% interest in Morquest; and

    d) Winquvest Investments Ltd. ("Winquvest"): the Respondent and his son, PN, each hold a 50% interest in Winquvest.

Loans to Corporate Clients

9. The Respondent provided loans to BC 108 and AB 107 (the "Loans"). The Respondent transferred the money to BC 108 and AB 107 by having the funds flow through the Morquest bank account. The Loans were made to BC 108 and AB 107 for investment purposes. The Loans were made off-book, outside Mackie Research.

10. The primary purpose of the loans was so the Respondent could help his son learn about the capital markets. To assist, the Respondent loaned money to corporate clients for which his son and either a

longtime friend or brother were to manage.

11. The Loans are as follows:

    a) BC 108 loans: between September 2016 and May 2017, the Respondent loaned approximately $180,000 to BC 108. On or around September 7, 2016 the Respondent loaned BC 108 $105,000, then an additional $75,000 on May 12, 2017;

    b) AB 107 loan: in August 2017, the Respondent received $50,000 for repayment of a loan he made to corporate client AB 108.

12. The Respondent did not designate these client accounts as pro-accounts. Other than the loans, the Respondent had no direct, or non-direct, interest in the corporations.

Off-Book Transactions

13. The Respondent either took part in, or facilitated, off-book transactions outside of Mackie Research. The Respondent did not receive approval from Mackie Research for these transactions.

    a) Sometime in late 2016, the Respondent facilitated private transactions relating to Rheingold Exploration. The purpose of the transactions was to help the Respondent's son learn about the capital market. The transactions involved five share purchase agreements relating to five different vending parties. Two of the vending parties were clients of the Respondent, while the purchasers in all five agreements were clients BC 108 and AB 107. The purchase value of the five agreements totaled approximately $100,995. Both clients' account documents identified their level of investment experience as "good".

    b) On or around August 10, 2016 the Respondent invested $35,000 in BTK Limited Partnership ("BTK"). The investment was made off-book, through the Winquvest's bank account after Mackie Research advised the Respondent that because of the small size of the investment, they were not interested in getting involved;

    c) On or around January 2017, the Respondent received payment for a loan he made to BC 108 for the purpose of an off-book investment in Nextleaf Solutions Ltd. The Respondent received $32,000 from BC 108;

    d) Sometime in 2015, the Respondent became the beneficial owner of 227,907 shares of a private company called Glance Technologies; and

    e) On or around June 2017, the Respondent invested $30,000 in a private company called Cannapay Financial, through Morquvest. The investment was made off-book, through the Morquvest bank account.

Outside Business Activities

14. The Respondent engaged in securities related outside business activities with BTK, without the approval from his firm. On or around June 21, 2016, the Respondent received approximately $32,500 in compensation from BTK for finder's fees. Then again, on or around September 15, 2017, the Respondent received approximately $4,500 in additional finder's fees, from BTK.

15. Following the Mackie Research investigation in March 2018, the Respondent arranged with Mackie Research, to disgorge the $37,000 in BTK Finders fees.

PART IV – CONTRAVENTIONS

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

a) Between September 2016 and August 2017, the Respondent engaged in personal financial dealings contrary to Dealer Member Rule 43;

b) Between December 2016 and April 2017, the Respondent facilitated off-book investments, without the knowledge or consent of his firm, contrary to Consolidated Rule 1400; and

c) In or around June 2016 and September 2017, the Respondent engaged in outside business activities, without the knowledge or approval of his firm, contrary to Dealer Member Rule 18.14.

PART V – TERMS OF SETTLEMENT

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

a) A fine in the amount of $34,000;

b) A suspension from registration in any capacity for six months;

c) Close supervision for 12 months;

d) Successful rewrite of the Conduct and Practices Handbook examination upon return; and

e) Costs to IIROC in the amount of $5,000.

18. 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

19. 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 paragraph below.

20. 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

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

22. 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.

23. 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.

24. 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.

25. 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.

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

27. 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.

28. 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.

29. 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

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

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

DATED this 23 day of November, 2021.

"Witness"

Witness

"Shayne Ian Frederick Nyquvest"

Shayne Ian Frederick Nyquvest

"Witness"

Witness

"Tayen Godfrey"

Tayen Godfrey

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

The Settlement Agreement is hereby accepted this 16 day of December, 2021 by the following Hearing Panel:

Per: "John Rogers"

Panel Chair

Per: "Lloyd Costley"

Panel Member

Per: "Bill Wright"

Panel Member