

IIROC NOTICE

Enforcement Notice Decision

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Legal and Compliance

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10-0052
March 3, 2010

IN THE MATTER OF David Francis Shep – Settlement

SUMMARY

On February 22, 2010, a Hearing Panel of the Investment Industry Regulatory Organization of Canada (IIROC) accepted a Settlement Agreement between IIROC Staff and David Francis Shep (the “Respondent”). Pursuant to the Settlement Agreement, the Respondent admitted that:

1. Between, on or about November 4, 2002, and May 4, 2005, the Respondent violated Investment Dealers Association of Canada By-law 29.1 and engaged in conduct unbecoming or detrimental to the public by:
 - a. Failing to disclose that he was actively and closely involved in the affairs of Second Stage Ventures Inc. (SSVT), subsequently called Dermisonics Inc. (Dermisonics), a Nevada company whose shares were traded on the National Association of Securities Dealers’ Over-the-Counter Bulletin Board (OTC BB);
 - b. Facilitating trading creating a misleading appearance of increased price and volume constituting manipulative and deceptive trading in SSVT/Dermisonics;
 - c. Providing account information to a person who was not authorized in writing to receive such information for an account in the name of Caledonia Corporate



- d. Failing to carry out his duties as gatekeeper and facilitating questionable activities in Caledonia's account.
2. On or about April 20, 2006, the Respondent violated Investment Dealers Association of Canada By-law 19.5 by answering questions untruthfully or incompletely that were asked by Association Staff investigators with respect to the extent of his involvement in SSVT/Dermisonics.

Pursuant to the Settlement Agreement, the Hearing Panel imposed the following penalty against the Respondent:

- a. a permanent ban from receiving registration approval in any capacity with any Dealer Member of IIROC;
- b. a global fine in the sum of \$80,000

and required the Respondent to pay costs in the amount of \$20,000.

The Investment Dealers Association of Canada formally initiated the investigation into the Respondent's conduct on August 12, 2004. The violations occurred when the Respondent was a Registered Representative with the Toronto Branch of Desjardins Securities Inc. The Respondent is no longer a registrant with an IIROC-regulated firm.

The Hearing Panel issued its Reasons and Decision on March 2, 2010. The Settlement Agreement and the Hearing Panel's Decision and Reasons are available at:

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=7B33EC7143864655BFD7692E70679082&Language=en>