

# NOTICE / NEWS RELEASE

*For immediate release*

## **Enforcement Notice Decision 16-0077**

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## **IN THE MATTER OF John Phillip Watts and Sean Thomas Hickey – Settlement Accepted**

**April 13, 2016 (Toronto, Ontario)** – On April 13, 2016, a Hearing Panel of the Investment Industry Regulatory Organization of Canada (IIROC) accepted a Settlement Agreement, with sanctions, between IIROC staff and John Phillip Watts.

Mr. Watts admitted that he failed to use due diligence to ensure that recommendations were suitable for four clients, and engaged in unauthorized trading.

Specifically, Mr. Watts admitted to the following violation(s):

- (a) From or about July 2007 until December 2010, Mr. Watts failed to use sufficient due diligence to ensure that his recommendations were suitable for four clients, contrary to IIROC Dealer Member Rule 1300.1(a) (IDA Regulation 1300.1(q) prior to June 1, 2008); and
- (b) From or about May 2008 until June 2008, Mr. Watts engaged in trading in the accounts of one Estate client with instructions from only one of the three executors, contrary to IIROC Dealer Member Rule – 1300.4 (IDA Regulation 1300.4 prior to June 1, 2008).

Pursuant to the Settlement Agreement, Mr. Watts agreed to the following penalties:

- (a) A global fine of \$115,000, inclusive of disgorgement;
- (b) A prohibition from applying for re-registration until June 30, 2017; and
- (c) In the event that Mr. Watts seeks re-registration, strict supervision for six months.



Mr. Watts also agreed to pay costs in the amount of \$20,000.

The Settlement Agreement is available at:

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=AC40CB035783411BA7BB155450B86662&Language=en>

The Hearing Panel's decision will be made available at [www.iiroc.ca](http://www.iiroc.ca).

IIROC staff has withdrawn the charge and allegations made against Sean Thomas Hickey.

Documents related to ongoing IIROC enforcement proceedings – including Reasons and Decisions of Hearing Panels – are posted on the IIROC website as they become available. Click [here](#) to search and access all IIROC enforcement documents.

IIROC formally initiated the investigation into Mr. Watts' conduct in March 2012. The violations occurred while he was a Registered Representative with the Charlottetown branch of Wellington West Capital Inc., now National Bank Financial Ltd, an IIROC-regulated firm. Mr. Watts is currently registered with National Bank Financial Ltd., however he has been on medical leave since 2011.

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IIROC is the national self-regulatory organization which oversees all investment dealers and their trading activity in Canada's debt and equity markets. IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while maintaining efficient and competitive capital markets. IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of dealer firms and their registered employees and through setting and enforcing market integrity rules regarding trading activity on Canadian equity marketplaces.

IIROC investigates possible misconduct by its member firms and/or individual registrants. It can bring disciplinary proceedings which may result in penalties including fines, suspensions, permanent bars, expulsion from membership, or termination of rights and privileges for individuals and firms.

All information about disciplinary proceedings relating to current and former member firms is available in the [Enforcement](#) section of the IIROC website. Background information regarding the qualifications and disciplinary history, if any, of advisors currently employed by IIROC-regulated firms is available free of charge through the [IIROC AdvisorReport](#) service. Information on how to make investment dealer, advisor or marketplace-related complaints is available by calling 1 877 442-4322.