

**IN THE MATTER OF:**

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY  
ORGANIZATION OF CANADA**

**AND**

**RICHARD BARKWELL**

**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 Richard Barkwell (“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. In April 2014, the Respondent borrowed approximately \$49,500 from a group of related clients while he was a Registered Representative with Raymond James Ltd.
5. Dealer Member Rule 43 prohibits any borrowing from clients unless specific conditions are met. None of the conditions which would allow the loans, applied to the Respondent. Raymond James Ltd. was unaware of the loans while the Respondent was employed with them.
6. The Respondent commenced employment with Edward Jones in February 2016 while the loans were still outstanding. Edward Jones was not aware of the loans and terminated the Respondent when it became aware of the loans.

## **Background**

7. The Respondent became registered with IIROC and its predecessor organizations in 2002. He worked at Raymond James from 2008 until February 2015. From February 2015 to February 2016, the Respondent was self-employed outside of the securities industry. He was a Registered Representative with Edward Jones from February 2016 until January 2017 when he was terminated. The Respondent is not currently a Registered Representative.

## **The Client Loans**

8. In or around April 25, 2014, the Respondent borrowed a total of \$45,000 in one loan transaction from a group of three related clients, UE, BR and DE (the "First Loan"). The loan carried a simple interest rate of 55% per annum. The Respondent repaid \$1,000 on June 25, 2014. As of February 2018, no further payments have been made on the First Loan.

9. Both prior to April 25, 2014 and after, UE and BR were clients of the Respondent at Raymond James. Raymond James Ltd. was unaware of the First Loan while the Respondent was employed with them.
10. The Respondent signed an acknowledgement dated July 14, 2015 that he owed UE, BR and DE \$74,174, inclusive of interest on the First Loan. The acknowledgement confirms the \$45,000 principal amount and the payment on June 25, 2014 of \$1,000.
11. In 2016, the Respondent borrowed an additional \$4,500 from UE and BR (the “Second Loan”).
12. In February 2016, the Respondent became a Registered Representative with Edward Jones. BR and DE became clients of the Respondent at Edward Jones in February 2016 while the First and Second Loans were still outstanding. UE was already a client of Edward Jones when the Respondent started employment with Edward Jones and became his client in March 2016 while the First and Second Loans were still outstanding.
13. Edward Jones was not aware of the existence or status of the First or Second Loans.
14. In January 2017, Edward Jones learned about the Respondent’s loans from an internal compliance review and terminated his employment for the inappropriate and undisclosed personal financial dealings with clients.
15. The Respondent made an assignment in bankruptcy on July 19, 2018 and included the loans to BR, DE and UE as part of his outstanding debts.
16. The Respondent acknowledges that if not for his inability to pay, the agreed fine would have been higher and that an order to pay costs would also have been made.

#### **PART IV – CONTRAVENTIONS**

17. By engaging in the conduct described above, the Respondent committed the following contraventions of IIROC's Rules: Between April 2014 and January 2017, Richard Barkwell engaged in personal financial dealings with clients, contrary to Dealer Member Rule 43.

#### **PART V – TERMS OF SETTLEMENT**

18. The Respondent agrees to the following sanctions and costs:
- a) Pay a fine of \$10,000 to IIROC;
  - b) 12 month suspension from registration in any capacity with IIROC; and
  - c) Re-write Conduct and Practices Handbook course prior to any registration with IIROC.
19. 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**

20. 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.
21. 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**

22. This Settlement Agreement is conditional on acceptance by the Hearing Panel.
23. 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.
24. 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.
25. 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.
26. 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.
27. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the Hearing Panel.
28. 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.

29. 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.
30. 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**

31. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
32. A fax or electronic copy of any signature will be treated as an original signature.

**DATED** this 6<sup>th</sup> day of November, 2018.

“Witness”  
Witness

“Richard Barkwell”  
Respondent, Richard Barkwell

“Witness”  
Witness

“Stacy Robertson”  
Stacy Robertson  
Enforcement Counsel on behalf of  
Enforcement Staff of the Investment  
Industry Regulatory Organization of  
Canada

The Settlement Agreement is hereby accepted this 11<sup>th</sup> day of December, 2018 by the following Hearing Panel:

Per: “Panel Chair”  
Panel Chair

Per: “Panel Member”  
Panel Member

Per: “Panel Member”

Panel Member