INVESTMENT DEALERS ASSOCIATION

IN THE MATTER OF:

THE BY-LAWS OF THE INVESTMENT DEALERS ASSOCIATION OF CANADA

AND

BRUCE CALVIN DECK

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Enforcement Department Staff (“Staff”) of the Investment Dealers Association of Canada (“the Association”) has conducted an investigation (“the Investigation”) into the conduct of Bruce Calvin Deck (“the Respondent”).

2. The Investigation discloses matters for which the Respondent may be disciplined by a hearing panel appointed pursuant to Association By-law 20 Part 10 (“the Hearing Panel”).

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this settlement agreement (“the Settlement Agreement”) in accordance with By-laws 20.35 to 20.40, inclusive and Rule 15 of the Association Rules of Practice and Procedure.

4. The Settlement Agreement is subject to acceptance by the Hearing Panel.

5. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel.

6. The Settlement Agreement will be presented to the Hearing Panel at a hearing (“the Settlement Hearing”) for approval. Following the conclusion of the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement.

7. If the Hearing Panel accepts the Settlement Agreement, the Respondent waives his/her right under the Association By-laws and any applicable legislation to a disciplinary hearing, review or appeal.
8. 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.

9. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel.

10. 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.

11. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

III. STATEMENT OF FACTS

   (i) Acknowledgment

12. 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) Background

13. The Respondent first became licensed on January 30, 1990 as a Registered Representative (“RR”) with Planvest Financial Corporation. He was subsequently employed by Fortune Financial Corporation. On or about November 28, 1997, the Respondent became employed by the Prince George, BC office of TD Evergreen which subsequently became TD Waterhouse Canada Inc. (“TD”), where he remained employed at all times. The Respondent’s employment was terminated by TD on or about March 11, 2004. He is currently employed by Raymond James Ltd. in Prince George, BC. None of the violations occurred during the course of the Respondent’s employment at Raymond James.

14. The Respondent has no disciplinary history.

   (iii) Off-Book Transactions TDBI

15. TDB Investment Company (“TDBI”), a private company unrelated to TD, was incorporated on or about December 23, 1999. It was essentially an investment club whereby each investor’s percentage interest in TDBI was determined by the amount of their investment. The majority, if not all of the twenty-two (22) investors were the Respondent’s clients at TD. The Respondent introduced most of the investors to TDBI. The sole business purpose of TDBI was to access investments that were not available for purchase through TD at the time. The total amount invested in TDBI was $1,981,352.
16. The Respondent was not a director or officer of TDBI, but he made the investment recommendations and provided information, with final approval for investment decisions coming from TDBI’s president. The Respondent also dealt with administrative matters in respect of TDBI, including the preparation of valuations of the investments and the preparation of newsletters which were sent to TDBI investors, sometimes using TD resources to do so.

17. The Respondent did not advise TD nor did he obtain the approval of TD with respect to his involvement with TDBI.

RemoteLaw Online Systems Corp. Investment

18. RemoteLaw Online Systems Corp. (“RemoteLaw”) is an internet based business service which provides online applications for all the participants involved in real estate transactions.

19. The Respondent was extensively involved with RemoteLaw, although he did not receive any remuneration for his efforts. His involvement included acting as an advisor on the company’s “informal advisory board”. The Respondent acknowledged that in carrying out his work for RemoteLaw, he used TD’s resources, including e-mail and letterhead, without the prior knowledge or approval of TD.

20. In or about early 2000, the Respondent facilitated the purchase of 200,000 preferred shares of RemoteLaw at a total cost of $200,000.

21. The Respondent did not advise or seek the approval of TD with respect to these RemoteLaw investments.

QTrade Canada Investment

22. QTrade Canada Inc. (“QTrade”) was a company involved in providing online securities trading for retail and financial institutions.

23. In or about March 2000, TDBI made an investment of $100,000 in QTrade (50,000 shares @ $2.00). Initially, the Respondent was approached about making this investment personally, through Merchant Private Investments Corp. (“MPI”), a company wholly owned by the Respondent’s wife. However, he decided against making this personal investment and rather referred the opportunity to TDBI, which made the investment.

24. While it was TDBI that made the investment in QTrade, the share subscription was made in the name of MPI. It was not until September 2005 that the Respondent contacted QTrade to have the shares transferred into TDBI’s name. However, a TDBI valuation as at June 30, 2001, prepared by the Respondent, indicated that the QTrade shares had been allocated to TDBI.
25. In or about January 2001, the Respondent initiated a subsequent purchase of QTrade shares by TDBI. The transaction was not directly with QTrade but rather with another QTrade shareholder. TDBI agreed to purchase 25,000 QTrade shares @ $4.50 each. It also agreed to transfer 25,000 shares TDBI held in RemoteLaw to the seller of the QTrade shares.

26. The subsequent purchase of QTrade shares was noted on the TDBI valuation prepared by the Respondent for TDBI.

27. The Respondent did not advise or seek the approval of TD with respect to these RemoteLaw investments.

*BPI Global Opportunities Fund*

28. The BPI Global Opportunities Fund (“BPI”) was an offshore mutual fund that was not approved for sale by TD. Notwithstanding this, the Respondent facilitated the investment in BPI by TDBI.

29. Units in BPI were required to be purchased through an off-shore company. Accordingly, the Respondent facilitated the purchase of 38.33 units of BPI for a total cost of $225,060 through his wife’s company, Goodman Enterprises Ltd. (“Goodman”), which was incorporated in the Bahamas.

30. On or about October 1, 2001, the Respondent requested the redemption of the BPI units. The Respondent used a TD facsimile cover sheet to make this request. A follow up letter was sent on or about November 1, 2001, but that letter was instead signed by the Respondent’s wife. The Respondent says that he used TD letterhead on all communications from his office, including personal communications.

31. The Respondent did not advise nor obtain the consent of TD in respect of the investment in BPI.

*Fixed Deposits*

32. In or about January 2001, the Respondent also used Goodman to purchase fixed deposits of cash for TDBI in excess of $205,000 USD offshore in the Bahamas.

33. There were no written agreements in place to evidence that Goodman was acting on behalf of TDBI in respect of the purchase of the fixed deposits.

34. The Respondent did not advise nor obtain the consent of TD in respect of the investment in the fixed deposits.

*TD Compliance Manual*

35. The TD Compliance Manual which was in effect from 1997 through to 2004 (the “TD Compliance Manual”), Section 3.52 provides:
An “Off Book” Mutual Fund Transaction is defined as any transaction where an Investment Advisor has acted as agent and the transaction contains any of the following elements:

- The firm does not open an account for the client on its records;
- The securities related transaction is not recorded on the daily record of the Firm, such as cash receipt/disbursement ledgers and trading blotters;
- The Firm does not produce trade confirmations disclosing the details of the trade to its client;
- The monthly account statements do not detail all money/security transactions, and security holdings of the Firm on behalf of the client;

TD Evergreen does not allow “Off-Book” Mutual Fund Transactions because the above conditions violate the SRO Rules and provincial security acts including the failure to confirm all transactions where the Firm has acted as agent. In addition, it is difficult to fulfill the IDA’s Minimum Standards for Retail Account Supervision Requirement for transactions not recorded on TD Evergreen trading blotters. Therefore, for any client where the Investment Advisor intends to act as agent an account must be opened at TD Evergreen.

36. Section 12.13 of the TD Compliance Manual, with respect to Dealings With Clients Outside the Firm, provides:

…However, an Investment Advisor must refrain from having business relationships outside of the firm. An Investment Advisor must consider the financial integrity and moral responsibilities of the firm when entering into any business deal outside of the firm. Because of this, the Compliance Department must be notified in advance and approval obtained for any proposed business dealings with clients outside of TD Evergreen. Some of the practices which must be avoided or require approval from the Compliance Department are as follows:

Loans

An Investment Advisor cannot lend money to a client or accept a loan from a client. These situations will place the Investment Advisor in a conflict of interest and thus must be avoided. By accepting a loan from a client the Investment Advisor is using the client’s assets for his own personal benefit and not necessarily the best opportunity for the client. By lending money to the client the Investment Advisor may give the appearance of providing the client commission rebates or “kickbacks” or attempting to persuade the client not to complain about the IA conduct. Clients or Investment Advisors who require a loan should process the request through their local TD Bank.

Private Placement/Underwriting

…An Investment Advisor must never arrange a private deal between a client interested in investing and those in need of capital without the prior approval of the Compliance Department…If an Investment Advisor is approached by a company seeking capital, they must call the Compliance Department for approval…

37. By acting on behalf of TDBI with respect to the foregoing off-book transactions, the Respondent contravened the TD Compliance Manual and Association By-law 29.1.

(iv) Off-Book Transactions - TDBJV

38. TDB Joint Venture (“TDBJV”), a private group unrelated to TD, was an investment club created for the purpose of making joint investments on behalf of the group. The minimum investment was $100,000 per investor. The Respondent had a form of joint venture agreement drafted but no final version was ever signed. The investors in TDBJV were different from the TDBI investors. Most of the TDBJV investors were also his TD clients.
who withdrew funds from their TD accounts in order to invest in TDBJV. Their total investment in TDBJV was $1,200,000. It was the Respondent who made the investors aware of TDBJV and it was the Respondent who provided all the information to TDBJV’s president in order to make investment decisions.

**JC Clark Ltd.**

39. On or about May 14, 2003, an account was opened at JC Clark Ltd. (“JC Clark”), a Member firm, in the name of TDBI.

40. On or about May 20, 2003, TDBJV made a $700,000 investment in the JC Clark Loyalist Preservation Fund, (the “JC Clark Fund”) through the TDBI account at JC Clark.

41. The JC Clark Fund purchase was made in the name of TDBI although the funds were drawn from TDBJV’s bank account. The valuation prepared by the Respondent for TDBJV clearly indicated that the investment in the JC Clark Fund was attributed to TDBJV.

42. The JC Clark Fund was redeemed on or about May 4, 2004 in the amount of $824,064.22.

43. The Respondent did not advise nor obtain the consent of TD in respect of the JC Clark Fund Investment.

**Fairfield Sentry**

44. On or about October 1, 2003, TDBJV invested $200,000 USD in Fairfield Sentry Limited (“Fairfield”).

45. However, records indicate that the investment was made in the name of TDBI, rather than TDBJV. However the valuation prepared by the Respondent for TDBJV clearly indicated that the investment in Fairfield was allocated to TDBJV.

46. Correspondence with respect to the Fairfield investment was transacted on TD stationery.

47. The Respondent did not advise nor obtain the consent of TD in respect of the Fairfield investment.

48. By acting on behalf of TDBJV with respect to the foregoing off-book transactions, the Respondent contravened the TD Compliance Manual and Association By-law 29.1.

(v) **Investing With Clients**

49. MPI was listed as one of the investors in TDBI on the valuation prepared by the Respondent. While MPI is the Respondent’s wife’s company, the Respondent held himself out to be a person of authority with MPI and on one occasion, he held himself out to be the president of MPI. TD was unaware of the Respondent’s involvement with MPI or that MPI was a TDBI investor.
50. The Respondent acknowledged that he was “more or less” running MPI and that when it came to investment decisions, his wife relied on him.

51. The Respondent admitted to the TD Regional Manager BC, JK (“JK”) that MPI was his company.

52. Accordingly, the Respondent’s family, through MPI, had a financial interest in TDBI along with the Respondent’s clients.

53. The Respondent was listed as one of the investors in TDBJV on the valuation prepared by the Respondent. The Respondent’s position is that the listing of his name as one of the investors in TDBJV was in error and that he was not an investor in TDBJV.

54. The CPH, Code of Ethics and Standards of Conduct provides, *inter alia*, that registrants should avoid personal financial dealings with clients, including sharing a financial interest in an account with a client.

55. By investing either directly or indirectly in both TDBI and TDBJV with his clients, the Respondent entered into personal financial dealings with his clients, contrary to the CPH.

(vi) **Bank Draft - TO**

56. TO was the Respondent’s client at TD. In or about April 2003, the Respondent advised TO of the JC Clark Fund. The JC Clark Fund was only available by investing $200,000 in TDBJV. The Respondent advised TO that he would wire the money from TO’s TD account to TO’s bank account following which TO would write a cheque to TDBJV.

57. On or about April 10, 2003, the Respondent caused a bank draft to be drawn on funds from TO’s TD account and made payable to TO and his wife, in the amount of $200,000 (the “Bank Draft”). TO’s position to the Association is that he was unaware that the Bank Draft had been prepared.

58. After TO spoke with his accountant about the JC Clark Fund, he advised the Respondent that he was no longer interested in participating in the JC Clark investment.

59. When TO changed his mind, the Respondent placed the Bank Draft in a lock-box in his office waiting for TO to come to the office and pick it up.

60. It was not until the TD accounting department contacted TO about the outstanding Bank Draft that had never been cashed or negotiated that TO became aware that the Bank Draft even existed. TO contacted JK, the TD Regional Manager, about getting his money back. At this point, the Respondent was no longer employed by TD.

61. In or about April 2004, after he was no longer employed by TD, the Respondent traveled to TO’s home (which was a 4-5 hour drive from Prince George) while visiting clients in that
region and presented TO with the Bank Draft and an invoice for services rendered. At the
time, TO believed that the Bank Draft had already been cancelled by TD, so he did not pay
the invoice nor did he take the Bank Draft.

62. TD contacted the Respondent’s new employer, Raymond James, and demanded that the
Respondent return the Bank Draft immediately to TD. The Respondent returned the Bank
Draft to TD.

63. On or about April 17, 2004, TD returned the monies from the Bank Draft to TO. On or
about May 6, 2004, TO contacted TD and requested interest compensation since the Bank
Draft had been issued without his knowledge. On or about May 26, 2004, TD paid TO
$3,212.26 for lost interest.

64. The TD Compliance Manual, Section 12.15 “Other Prohibited Activities” provides, in
respect of holding client property and receiving client mail, “Investment Advisors are not
allowed to act as personal custodians for the securities, money or property of clients, or
receive mail addressed to or on behalf of clients.”

65. The Respondent withheld the Bank Draft from TO, thereby depriving TO of the use of
those monies, contrary to Association By-law 29.1.

(vii) Personal Loan to BP

66. BP was a personal friend and a client of the Respondent at TD. On the Respondent’s
advice, BP invested in First Horizons Capital Corporation. This investment was structured
such that the investor invested an amount of money and also signed a promissory note for a
larger amount. This was an approved TD on book investment set up as a paper transaction
to enable the investor to qualify as a sophisticated investor, thereby taking advantage of
regulatory exemptions. When it came time to repay the promissory note, First Horizons
would provide the investors, like BP, with the monies to repay the same. Then when the
investment was redeemed, the investor would repay First Horizons.

67. However, with respect to BP, when it came time to repay the promissory note, First
Horizons changed its mind about lending BP the money to do so. Accordingly, BP did not
have the financial means to repay the loan.

68. The Respondent admitted that, on or about February 24, 2003, as a friend, he loaned BP
$125,000 in order to repay the First Horizons promissory note. He did not charge any
interest. The loan was deposited into BP’s bank account on or about February 25, 2003.

69. BP used the monies from the Respondent to repay the promissory note. She then redeemed
her First Horizons investment following which, on or about March 26, 2003, BP withdrew
$125,000 from her TD account and repaid the Respondent.
70. The CPH, Code of Ethics and Standards of Business Conduct provides, with respect to personal financial dealings, that Registrants should avoid personal financial dealings with clients, including the lending of money to or the borrowing of money from them.

71. By lending BP money, the Respondent engaged in personal financial dealings with BP, contrary to the CPH, the TD Compliance Manual and Association By-law 29.1.

(viii) Canadian Wealth Management Corporation

72. Canadian Wealth Management Corporation (“CWMC”) was incorporated on May 22, 1997. The Respondent was listed as a director and as the President and Secretary of CWMC. The Respondent admitted that he was the controlling mind behind the company.

73. CWMC was created with the idea of having multiple hedge fund managers available to both cash and registered account holders.

74. When the Respondent transferred his registration to TD in November 1997, he declared that his involvement with CWMC had ended in November 1997. At no time did he advise TD of either the reactivation or the continuation of his involvement with CWMC, nor did he advise the Association of this material change in his registration status.

75. Notwithstanding his declaration to the contrary, the Respondent nevertheless continued his involvement with CWMC.

76. AT was a contract employee hired by TD and was paid through the TD payroll system. AT performed secretarial/clerical duties for the Respondent. AT estimated that between 1998 and 2002 approximately 90% of her time was devoted to CWMC tasks. The Respondent asked AT to amend some of the invoices she provided for her contract services to remove any specific reference to the work she did in relation to CWMC. This amended invoice was submitted to TD for payment. Her compensation was deducted from the Respondent’s commissions.

77. On or about December 6, 1999, the Respondent personally and through CWMC, entered into a confidentiality agreement with another individual and company in order to fully and effectively discuss a proposal concerning the establishment of a business relationship between them.

78. The Respondent admitted that, on or about March 3, 2000, he sent letters to potential investors in CWMC. In that letter, he describes the tremendous amount of work and long hours that went into the creation of the executive summary and business plan. Also in the letter, the Respondent advised that, officially at TD, he was not allowed to invest in a security that was not approved by TD without TD’s written permission. He was planning to leave TD in a few weeks, but until that time, his conscience was bothering him, so he returned the investors’ cheques.
79. In 2000, CWMC, through its legal counsel, was in contact with the British Columbia Financial Institutions Commission to discuss CWMC’s business plan in relation to the *Financial Institutions Act (BC)* and the incorporation of a trust company.

80. JK, the TD Regional Manager, stated that while going through the Respondent’s things after the Respondent had been locked out, he discovered a number of boxes and documentation related to CWMC.

81. JK was not aware of any authorization given by TD for the Respondent to pursue the CWMC project.

82. On or about October 24, 2003, CWMC was voluntarily dissolved by the British Columbia Ministry of Finance, Corporate and Personal Property Registries for failure to file the required financial reports.

83. The Respondent’s involvement with CWMC without the written consent of TD was contrary to the TD Compliance Manual and contrary to Association By-law 29.1.

84. The Respondent’s position is that his contravention of the Association’s By-laws as outlined in this Settlement Agreement resulted from his ignorance of these By-laws, which the Respondent acknowledges is not an excuse.

**IV. CONTRAVENTIONS**

85. The Respondent admits to the following contraventions of Association By-laws, Regulations, Rulings or Policies:

   (i) Between January 2000 and October 2003, the Respondent an RR employed at TD effected participation in off-book transactions on behalf of TDBI and TDBJV, without the knowledge or consent of TD, contrary to Association By-law 29.1;

   (ii) Between March 2003 and October 2003, the Respondent engaged in personal financial dealings with clients, in that he invested either directly or indirectly, with his clients in TDBI and TDBJV, without the knowledge or consent or authorization of TD, contrary to Association By-law 29.1;

   (iii) Between April 2003 and April 2004, the Respondent engaged in poor business practices by causing a bank draft to be issued from a client’s TD account without that client’s consent and subsequently withholding that bank draft from the client, contrary to Association By-law 29.1;

   (iv) On February 24, 2003, the Respondent engaged in personal financial dealings with a client, BP, in that he loaned BP monies, without the knowledge, consent or authorization of TD, contrary to Association By-law 29.1;

   (v) Between November 1997 and March 2004, the Respondent failed to fully disclose to TD about his involvement with TDBI and his involvement as a director, President and Secretary for CWMC, contrary to Association By-law 29.1.
VI. TERMS OF SETTLEMENT

86. The Respondent agrees to the following terms of settlement:

(i) The Respondent’s registration in all capacities shall be suspended for a period of two years;
(ii) The Respondent shall pay a fine to the Association in the amount of $138,212;
(iii) As a condition of re-approval in any capacity, the Respondent shall be required to successfully complete both the Canadian Securities Course and the Conduct and Practices Handbook Course;
(iv) As a condition of re-approval in any capacity, the Respondent shall be subject to twelve months strict supervision; and
(v) The Respondent shall pay an amount of $15,000 to the Association towards the Association’s investigation and prosecution costs in this matter.

87. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately upon the effective date of the Settlement Agreement.

88. Unless otherwise stated, any suspensions, bars, 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 the City of _______________ in the Province of British Columbia, this _____ day of ________, 2007.

_________________________ _________________________
WITNESS RESPONDENT

AGREED TO by Staff at the City of Vancouver in the Province of British Columbia, this _____ day of ____________, 2007.

_________________________ _________________________
WITNESS BARBARA LOHMANN
Enforcement Counsel on behalf of Staff of the Investment Dealers Association of Canada

ACCEPTED this _____ day of ________, 2007, by the following Hearing Panel:
Per: __________________________
Panel Chair

Per: __________________________
Panel Member

Per: __________________________
Panel Member