

# IIROC NOTICE

## **Enforcement Notice Decision**

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**11-0026**  
**January 20, 2011**

## **IN THE MATTER OF Blackmont Capital Inc. and Dean Shannon Duke – Penalty**

Following a disciplinary hearing held from June 21-24, 2010, in Vancouver, British Columbia, a Hearing Panel of the Investment Industry Regulatory Organization of Canada (IIROC) found that Blackmont Capital Inc. (Blackmont) and Dean Shannon Duke (Duke) committed the following violations:

- (a) Between January 2003 and March 2007, they engaged in conduct contrary to Rule 29.1 and Rule 29.6 when they participated in a commission referral arrangement with a third party without disclosing the details and the existence of the referral arrangement to their clients; and
- (b) Between January 2003 and October 2007, they breached Rule 200.1(i)(3) by effecting trades in four client accounts based on third party instructions without having a duly executed trading authorization.

The Hearing Panel also found that between January 2003 and October 2007 Blackmont acted contrary to Rule 29.1 when it failed to obtain for certain clients:

- (a) Corporate records which indicated the power to bind a corporate client;



- (b) Signature documentation regarding trading authorization; and
  - (c) Identity verification for authorized trading individuals
- required pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations*. The Decision and Reasons on Liability dated September 1, 2010 can be found at: <http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=20C444D0FD7845DEABDF3FC68A49C4B0&Language=en>.

Following a penalty hearing held on November 2, 2010, the Hearing Panel imposed a \$732,500 fine on Blackmont.

The Hearing Panel also imposed the following penalty on Duke:

- (a) A \$265,000 fine;
- (b) A six month prohibition against re-approval for registration commencing January 1, 2011 and terminating on June 30, 2011; and
- (c) If Duke applies for readmission to the industry following June 30, 2011, he must first have successfully completed the *Conduct and Practices Handbook* examination and his re-registration will be subject to a six month period of strict supervision.

The decision and reasons on penalty are available at:

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=5E511A0CB1164BBDA62C35E891C2335A&Language=en>

IIROC formally initiated the investigation into Blackmont's conduct on December 10, 2007 and the investigation into Duke's conduct on February 1, 2008. The violations occurred when Duke was a Registered Representative with the Vancouver Branch of Blackmont. On February 1, 2010, Blackmont changed its name to Macquarie Private Wealth Inc. Duke is no longer a registrant in any capacity with an IIROC regulated firm.

The Notice of Hearing is available at:

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=EC121B99A9C043C4A618E7AD0D7BA7C0&Language=en>.

IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. Created in 2008 through the consolidation of the Investment Dealers Association of Canada (IDA) and Market Regulation Services Inc. (RS), 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 responsibility 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.