

IN THE MATTER OF:

THE RULES OF THE INVESTMENT INDUSTRY REGULATORY

ORGANIZATION OF CANADA

AND

SHAYNE IAN FREDERICK NYQUVEST

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 Shayne Ian Frederick Nyquvest (“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. The Respondent engaged in or facilitated personal financial dealings, off-book investments, and outside business activities involving securities-related work. The Respondent's firm did not approve these activities. The activities were conducted in a manner that avoided detection by Mackie Research. The Respondent's position is that he did not intentionally take any steps to hide the activity outlined below.
5. In particular, the Respondent:
 - a) Made personal loans via two corporate clients, who the Respondent was connected to by family members and a longtime business partner, in an effort to assist his son gain experience in the capital markets;
 - b) Facilitated private, off-book transactions, involving clients; and
 - c) Earned finder fees related to an oil and gas investment that he first offered to Mackie Research.

Background

6. The Respondent was an Approved Person with Mackie Research Capital Corporation ("Mackie Research", now Research Capital Corporation), in Vancouver, between June 2015 and June 2018. During this time, he held several roles at Mackie Research including:

- a) Executive Vice President (Vice Chairman, after August 2017);
 - b) Member of the Board of Directors;
 - c) Member of the Executive Committee; and
 - d) Sales Manager for British Columbia.
7. In April 2018, the Respondent ceased to be an approved person, but he remained on Mackie Research's board until June 2018. He is currently registered with Ascenta Finance Corp. as a Dealing Representative, since July 2020.

The Corporate Entities Involved

8. The corporate entities that are relevant to this settlement agreement are:
- a) A BC numbered company beginning with 108 ("BC 108"): AM became a director of BC 108 in August 2016 and the Respondent's son (TN) became a director in January 2018. The account was not designated as a pro account;
 - b) An Alberta numbered company beginning with 107 ("AB 107"): the Respondent's brother became a director in 2003. The Respondent's son was to become a director, but that never occurred. The account was not designated as a pro account;
 - c) Morquest Trading Company ("Morquest"): the Respondent and AM each hold a 50% interest in Morquest; and
 - d) Winquvest Investments Ltd. ("Winquvest"): the Respondent and his son, PN, each hold a 50% interest in Winquvest.

Loans to Corporate Clients

9. The Respondent provided loans to BC 108 and AB 107 (the “Loans”). The Respondent transferred the money to BC 108 and AB 107 by having the funds flow through the Morquest bank account. The Loans were made to BC 108 and AB 107 for investment purposes. The Loans were made off-book, outside Mackie Research.
10. The primary purpose of the loans was so the Respondent could help his son learn about the capital markets. To assist, the Respondent loaned money to corporate clients for which his son and either a longtime friend or brother were to manage.
11. The Loans are as follows:
 - a) BC 108 loans: between September 2016 and May 2017, the Respondent loaned approximately \$180,000 to BC 108. On or around September 7, 2016 the Respondent loaned BC 108 \$105,000, then an additional \$75,000 on May 12, 2017;
 - b) AB 107 loan: in August 2017, the Respondent received \$50,000 for repayment of a loan he made to corporate client AB 108.
12. The Respondent did not designate these client accounts as pro-accounts. Other than the loans, the Respondent had no direct, or non-direct, interest in the corporations.

Off-Book Transactions

13. The Respondent either took part in, or facilitated, off-book transactions outside of Mackie Research. The Respondent did not receive approval from Mackie Research for these transactions.

- a) Sometime in late 2016, the Respondent facilitated private transactions relating to Rheingold Exploration. The purpose of the transactions was to help the Respondent's son learn about the capital market. The transactions involved five share purchase agreements relating to five different vending parties. Two of the vending parties were clients of the Respondent, while the purchasers in all five agreements were clients BC 108 and AB 107. The purchase value of the five agreements totaled approximately \$100,995. Both clients' account documents identified their level of investment experience as "good".

- b) On or around August 10, 2016 the Respondent invested \$35,000 in BTK Limited Partnership ("BTK"). The investment was made off-book, through the Winquest's bank account after Mackie Research advised the Respondent that because of the small size of the investment, they were not interested in getting involved;

- c) On or around January 2017, the Respondent received payment for a loan he made to BC 108 for the purpose of an off-book investment in Nextleaf Solutions Ltd. The Respondent received \$32,000 from BC 108;

- d) Sometime in 2015, the Respondent became the beneficial owner of 227,907 shares of a private company called Glance Technologies; and

- e) On or around June 2017, the Respondent invested \$30,000 in a private company called Cannapay Financial, through Morquest. The investment was made off-book, through the Morquest bank account.

Outside Business Activities

14. The Respondent engaged in securities related outside business activities with BTK, without the approval from his firm. On or around June 21, 2016, the Respondent received approximately \$32,500 in compensation from BTK for finder's fees. Then again, on or around September 15, 2017, the Respondent received approximately \$4,500 in additional finder's fees, from BTK.
15. Following the Mackie Research investigation in March 2018, the Respondent arranged with Mackie Research, to disgorge the \$37,000 in BTK Finders fees.

PART IV – CONTRAVENTIONS

16. By engaging in the conduct described above, the Respondent committed the following contraventions of IIROC's Rules:
 - a) Between September 2016 and August 2017, the Respondent engaged in personal financial dealings contrary to Dealer Member Rule 43;
 - b) Between December 2016 and April 2017, the Respondent facilitated off-book investments, without the knowledge or consent of his firm, contrary to Consolidated Rule 1400; and
 - c) In or around June 2016 and September 2017, the Respondent engaged in outside business activities, without the knowledge or approval of his firm, contrary to Dealer Member Rule 18.14.

PART V – TERMS OF SETTLEMENT

17. The Respondent agrees to the following sanctions and costs:
- a) A fine in the amount of \$34,000;
 - b) A suspension from registration in any capacity for six months;
 - c) Close supervision for 12 months;
 - d) Successful rewrite of the Conduct and Practices Handbook examination upon return; and
 - e) Costs to IIROC in the amount of \$5,000.
18. 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

19. 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.
20. 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

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

- 28. 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.
- 29. 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

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

DATED this 23 day of November, 2021.

“Witness”

Witness

“Shayne Ian Frederick Nyquvest”

Shayne Ian Frederick Nyquvest

“Witness”

Witness

“Tayen Godfrey”

Tayen Godfrey

Enforcement Counsel on behalf of
Enforcement Staff of the Investment
Industry Regulatory Organization of
Canada

The Settlement Agreement is hereby accepted this 16 day of December, 2021 by the following
Hearing Panel:

Per: "John Rogers"

Panel Chair

Per: "Lloyd Costley"

Panel Member

Per: "Bill Wright"

Panel Member