

NOTICE / NEWS RELEASE

For immediate release

Enforcement Notice Hearing 12-0031

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IN THE MATTER OF Carolann Steinhoff – Penalty Hearing

January 27, 2012 (Vancouver, BC) – A penalty hearing has been scheduled before a Hearing Panel of the Investment Industry Regulatory Organization of Canada (IIROC) in the matter of Carolann Steinhoff.

The panel will consider the appropriate penalty to be imposed as a result of its earlier Decision and Reasons which found that Ms. Steinhoff acted contrary to IIROC rules. In that decision, Ms. Steinhoff was found to have made discretionary purchases in a client's account, unsuitable use of margin and unsuitable investments for clients. The panel also found that when her firm's compliance department questioned her about the purchases, Ms. Steinhoff told them that the topic of margin was raised by the client, even though she knew that was a false statement.

The panel's Decision and Reasons dated October 6, 2011 are available at:

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=F8B40378675F46C39EF6CBA4CD2BC79B&Language=en>

The penalty hearing is open to the public, unless the panel orders otherwise. 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.

Hearing Date: February 23 & 24, 2012 at 10:00 a.m.

Location: Morris J. Wosk Centre for Dialogue
SFU Vancouver
580 West Hastings Street, Room 470



Vancouver, B.C.

Specifically, the panel found that on June 26, 2008 and July 8, 2008, Ms. Steinhoff:

- (a) Made 12 discretionary purchases in a client's account totaling \$240,000, contrary to IIROC Rule [1300.4](#);
- (b) Purchased securities in a client's account using approximately \$120,000 borrowed on margin when use of margin to that extent was not suitable for the client, contrary to IIROC Rule [1300.1](#) (p) and (q); and
- (c) Constructed a portfolio in a client's account which was not suitable for the client, contrary to Rule [1300.1](#) (p) and (q).

The Hearing Panel also found that on August 26, 2008, Ms. Steinhoff:

- (d) Recommended that a client continue with previously purchased investments when that portfolio was not suitable for her clients, contrary to IIROC Rule [1300.1](#) (q).

And that on November 28, 2008, Ms. Steinhoff:

- (e) Made a false statement in response to an inquiry from her firm's compliance department regarding the use of margin by her client, contrary to IIROC [Rule 29.1](#).

IIROC formally initiated the investigation into Ms. Steinhoff's conduct in November 2008. The violations occurred when she was a Registered Representative in Victoria, British Columbia with Wellington West Capital Inc., an IIROC-regulated firm. She is currently registered in Victoria with Queensbury Securities Inc., an IIROC-regulated firm.

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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 and Market Regulation Services Inc., 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.