

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

IN THE MATTER OF:

**THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA (IIROC)**

AND

DARYL WILLIAM WOOD

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. IIROC Enforcement Staff (“**Staff**”) and Daryl William Wood (“**Respondent**”) consent and agree to the settlement of this matter by way of this agreement (“**Settlement Agreement**”).
2. The Enforcement Department of IIROC has conducted an investigation (“**Investigation**”) into the conduct of the Respondent.
3. The Investigation discloses matters for which the Respondent may be disciplined by a hearing panel appointed pursuant to IIROC Transitional Rule No.1, Schedule C.1, Part C (“**Hearing Panel**”).

II. JOINT SETTLEMENT RECOMMENDATION

4. Staff and the Respondent jointly recommend that the Hearing Panel accept this Settlement Agreement.
5. The Respondent admits that in March 2011 when he was the Chief Financial Officer at Union Securities Ltd. (“**Union**”), he acted contrary to IIROC Dealer Member Rule 29.1 by representing to IIROC Financial and Operations Compliance Staff (“**FinOps**”) that a report he prepared summarizing the share positions held in Union had been completed in August 2010 when the report had in fact been completed in March 2011.

6. Staff and the Respondent agree that this matter shall be settled by the Respondent paying a fine of \$15,000.

III. STATEMENT OF FACTS

(i) Acknowledgment

7. 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) Factual Background

Overview

8. These facts relate to periods in 2011 when the Respondent was Chief Financial Officer at Union, a Dealer Member firm. In March 2011, the Respondent submitted a report to FinOps summarizing the share positions held in Union that he represented had been completed in August 2010 when in fact it had been completed in March 2011.

Reconciliations

9. As part of the requirement to file monthly and annual capital related reports with FinOps, Dealer Member firms must perform a reconciliation of securities and investments held outside the firm's control, at least monthly.
10. With every Monthly Financial Report ("MFR"), a Dealer Member firm is required to reconcile all security holdings held by a third party.
11. As Union's own shares are recorded on various client statements, they are also subject to the requirement to be reconciled monthly.
12. The reconciliations are required to be completed within 20 business days of the month end.

Wood

13. Wood was a retail Investment Advisor for approximately one year from 1995-96. He obtained his Certified Management Accountant designation in 2000 and was Director of Finance with Market Regulations Services Inc. ("RS") from November, 2001 until May, 2005. Wood had not been an Officer at a Dealer Member firm before joining Union in 2010. He completed his qualifying exams and was registered as Union's Chief Financial Officer in March, 2010. He stayed in that role for approximately 16 months until July, 2011. He has not been registered with IIROC since that time.

14. In March, 2011, when they were reviewing Union's July 2010 MFR as part of an annual examination, FinOps requested the reconciliation of the private shares of Union held by its officers and employees, some of which were reported on the officers' and employees' Union account statements.
15. On March 16, 2011 Wood prepared the reconciliation and delivered it to FinOps, but he did not indicate when it was prepared or who prepared it.
16. FinOps requested clarification as to when the reconciliation had been prepared and who had prepared it. Wood advised FinOps that the reconciliation had been prepared one month in arrears - ie: the July reconciliation had been prepared in August - and that he himself had prepared it.
17. Wood's statement to FinOps that the July 2010 reconciliation was prepared in August 2010 was a misrepresentation.

Mitigating Factors

18. The Respondent has not previously been subject to disciplinary sanction and fully cooperated with IIROC Staff during the Investigation.

IV. TERMS OF SETTLEMENT

19. This settlement is agreed upon in accordance with IIROC Dealer Member Rules 20.35 to 20.40, inclusive and Rule 15 of the Dealer Member Rules of Practice and Procedure.
20. The Settlement Agreement is subject to acceptance by the Hearing Panel.
21. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel.
22. 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.
23. If the Hearing Panel accepts the Settlement Agreement, the Respondent waives his right under IIROC rules and any applicable legislation to a disciplinary hearing, review or appeal.
24. 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.

25. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel.
26. 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.
27. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately upon the effective date of the Settlement Agreement.
28. 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 Vancouver, British Columbia, this 14th day of October, 2014.

“Patrick Sullivan”
WITNESS

“Daryl William Wood”
RESPONDENT

AGREED TO by Staff at Vancouver, British Columbia, this 14th day of October, 2014.

“Wesley Chan”
WITNESS

“Paul Smith”
PAUL SMITH
Enforcement Counsel on behalf of
Staff of the Investment Industry
Regulatory Organization of Canada

ACCEPTED at Vancouver, British Columbia, this 14th day of October, 2014, by the following Hearing Panel:

Per: “Joseph Bernardo”
Panel Chair

Per: “Brian Field”
Panel Member

Per: “Lloyd Costley”
Panel Member