

# Re Wood

IN THE MATTER OF:

**The Dealer Member Rules of the Investment Industry Regulatory  
Organization of Canada (IIROC)**

**and**

**James Wood (Respondent)**

2017 IIROC 18

Investment Industry Regulatory Organization of Canada  
Hearing Panel (Atlantic District)

Heard: March 8, 2017 in Charlottetown, Prince Edward Island  
Decision: April 4, 2017

**Hearing Panel:**

Gerard Mitchell, Chair, Roland Coffill and Nancy Ross

**Appearances:**

Kathryn Andrews, Senior Enforcement Counsel IIROC  
The Respondent for himself

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## PENALTY DECISION

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¶ 1 IIROC alleged that the Respondent committed the following three violations of the Dealer Member Rules:

1. During 2010 and 2011 the respondent while a registered representative failed to use due diligence to learn and remain informed of the essential facts relative to the client, contrary to IIROC Dealer Member Rule 1300.1(a);
2. Between 2010 and 2013, the respondent failed to ensure that recommendations made for the client's accounts were suitable for him, contrary to IIROC Dealer Member Rule 1300.1(q); and
3. In 2010 the respondent failed to use due diligence to ensure that the client qualified as an accredited investor in accordance with the provisions of National Instrument 45-106 before facilitating the purchase of securities offered pursuant to prospectus exemptions, contrary to IIROC Dealer Member Rule 1300.1(a).

¶ 2 In its decision dated November 29, 2016 the Panel found that IIROC had proven all three allegations.

¶ 3 IIROC submitted that the following sanctions should be imposed on the Respondent:

- (i) a fine of \$60,000;
- (ii) a 12 month suspension from registration in any capacity with IIROC;
- (iii) disgorgement of net commissions in the amount of \$765;
- (iv) to successfully re-write the Conduct and Practices Handbook course within 12 months of any re-registration with IIROC; and,
- (v) 6 months of close supervision upon any re-registration with IIROC.

¶ 4 IIROC also seeks an award of costs in the amount of \$15,000 against the Respondent.

¶ 5 The Respondent was at all material times an experienced financial advisor and knew his responsibilities as a registrant of IIROC. On the other hand the client, although apparently eager to invest in them, was not experienced in high risk investment products. The client's losses were substantial given his circumstances.

¶ 6 The Respondent introduced evidence, unchallenged, that shows he has little or no ability to pay. He also testified that the actual net commissions he received totaled about \$535.

¶ 7 The Respondent has no previous disciplinary history.

¶ 8 This Panel agrees with the Panel in the Nova Scotia case of *Re Brodie*, 2013 IIROC 39 at paragraph 9 where it said "there must be a balance between the public interest and that of the respondent."

¶ 9 Despite the Respondent's present poor financial situation, the Panel believes that the violations were serious and that substantial penalties must be imposed to condemn the conduct that occurred and to act as a general deterrent to protect the public and the industry.

¶ 10 Taking into account all of the forgoing, the Panel believes the following penalties are appropriate in this case and orders that the Respondent:

- a. Pay a fine of \$12,500 in respect of each of the first two violations and a fine of \$15,000 in respect of the third and most serious violation, thus making a total fine of \$40,000;
- b. be suspended from registration in any capacity with IIROC for a period of six months;
- c. be disgorged of \$535 in net commissions;
- d. successfully re-write the Conduct and Practices Handbook course within 12 months of any re-registration with IIROC; and
- e. undergo 6 months of close supervision upon any re-registration with IIROC.

¶ 11 The panel also orders the Respondent to pay IIROC \$15,000 in costs.

Gerard Mitchell

Roland Coffill

Nancy Ross

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