

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

IN THE MATTER OF:

THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA

AND

STANDARD SECURITIES CAPITAL CORPORATION

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Enforcement Department Staff (“Staff”) of the Investment Industry Regulatory Organization of Canada (“IIROC”) has received a referral from the Staff of IIROC’s Financial and Operations Compliance Department in relation with purported compliance issues related to Standard Securities Capital Corporation (“the Respondent”).
2. Staff has conducted a review into the purported compliance issues. The review 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 (“the Hearing Panel”).

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this settlement agreement (“the Settlement Agreement”) 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.
4. The Settlement Agreement is subject to acceptance by the Hearing Panel.
5. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel.
6. 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.
7. If the Hearing Panel accepts the Settlement Agreement, the Respondent waives his/her/its right under IIROC rules and any applicable legislation to a disciplinary hearing, review or appeal.

8. 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.
9. The Settlement Agreement will become available to the public upon its acceptance by the Hearing Panel.
10. 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.
11. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

III. STATEMENT OF FACTS

(i) Acknowledgment

12. 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) Background of the Respondent

13. The Respondent, with its head office located in Toronto, Ontario, became a member of the Investment Dealers Association of Canada in 1997.
14. The Respondent maintained a type 2 introducing / carrying broker agreement with Penson Financial Services Canada Inc. ("Penson"). The agreement was most recently renewed on October 1, 2007.
15. On June 1, 2008, the Respondent became a regulated person of IIROC.

(iii) Resignation of Membership

16. On November 24, 2008, IIROC was advised that the Respondent and Wolverton Securities ("Wolverton") entered into discussions for a possible purchase of the Respondent's assets by Wolverton.
17. On February 28, 2009, the Respondent and Wolverton entered into an agreement pursuant to which all of the Respondent's client accounts were transferred to Wolverton. This transfer was accomplished by Wolverton entering into a type 3 introducing / carrying broker agreement with Penson and assuming all of the Respondent's client accounts. All registered employees of Standard would also transfer their employment and registration to Wolverton.

18. On March 2, 2009, IIROC received confirmation from Penson that there were no client assets / accounts remaining with the Respondent. In addition, on April 23, 2009, IIROC received confirmation from Schwartz Levitsky Feldman LLP, Standard's Panel Auditor, that no client assets / accounts remained with the Respondent.
19. On March 17, 2009, the Respondent notified IIROC its intention to resign its membership. On March 19, 2009, IIROC announced this notification in notice 09-0080.
20. There are currently two outstanding legal actions, initiated by former clients, claiming damages against the Respondent.
21. There are no outstanding enforcement actions or ombudsman client complaints, against the Respondent aside from this proceeding.
22. The resignation of the Respondent's IIROC membership is currently pending.

(iv) Resignation of Chief Compliance Officer and Ultimate Designated Person

23. On July 3, 2009, Mike Bignell, Chief Compliance Officer and Ultimate Designated Person of the Respondent, tendered his resignation effective July 10, 2009.
24. Due to the Respondent's intent to resign its IIROC membership, it does not plan to name another officer to fill the vacancies of Chief Compliance Officer and Ultimate Designated Person.

IV. CONTRAVENTIONS

25. The Respondent admits to the following contraventions of IIROC Rules, Regulations or Policies:
 - 1) As of July 11, 2009, the Respondent failed to designate a Chief Compliance Officer who is responsible for discharging the obligations of the Respondent under Ontario Securities Law, contrary to section 1.3(1) of Ontario Securities Commission Rule 31-505;
 - 2) As of July 11, 2009, the Respondent failed to designate an Ultimately Responsible Person who is ultimately responsible for discharging the obligations of the Respondent under Ontario Securities Law, contrary to section 1.3(2) of Ontario Securities Commission Rule 31-505.

VI. TERMS OF SETTLEMENT

26. The Respondent agrees to the following terms of settlement:
 - a) an order that the Standard Securities Capital Corporation's membership with IIROC be immediately suspended;

- b) an order directing Standard Securities Capital Corporation to immediately cease dealing with the public;
- c) Standard Securities Capital Corporation will maintain its \$2.7 million Financial Institution Bond until such time the resignation of its IIROC membership become effective, unless otherwise agreed to by the Vice President Financial and Operation Compliance of IIROC;
- d) Standard Securities Capital Corporation will enter into an escrow agreement approved by Vice President Financial and Operation Compliance of IIROC, in which it will deposit its remaining assets, subject to reasonable terms and exceptions acceptable to the Vice President Financial and Operation Compliance of IIROC, until all outstanding legal actions initiated by its former clients are resolved.

27. 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 the City of Toronto in the Province of Ontario this 29th day of July, 2009.

Original Executed by:
(Signature Ineligible)

(James D Blair)

WITNESS

JAMES D. BLAIR
Chief Financial Officer, on behalf of
Standard Securities Capital Corporation

AGREED TO by Staff at the City of Toronto in the Province of Ontario, this 30th day of July, 2009.

Original Executed by:
(Signature Ineligible)

(Milton Chan)

WITNESS

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

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

IN THE MATTER OF:

THE RULES OF THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA

AND

STANDARD SECURITIES CAPITAL CORPORATION

SETTLEMENT AGREEMENT ENDORSEMENTS

ACCEPTED by a Hearing Panel of the Ontario District Council of the Investment Industry Regulatory Organization of Canada, at the City of Toronto in the Province of Ontario, this eleventh day of August, 2009.

**Investment Industry Regulatory Organization of Canada
(Ontario District Council)**

Original Executed by:
(Patrick Galligan)

Hon. Patrick Galligan, Panel Chair

(George B Dunn)

Mr. George Dunn, Panel Member

(David W Kerr)

Mr. David Kerr, Panel Member