

INVESTMENT DEALERS ASSOCIATION

IN THE MATTER OF:

THE BY-LAWS OF THE INVESTMENT DEALERS
ASSOCIATION OF CANADA

AND

WILLIAM RICHARD BOOTH BELL WRIGHT

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The Enforcement Department Staff (Staff) of the Investment Dealers Association of Canada (the Association) has conducted an investigation (the Investigation) into the conduct of William Richard Booth Bell Wright (the Respondent).
2. The Investigation discloses matters for which the Respondent may be disciplined by a hearing panel appointed pursuant to Association By-law 20 Part 10 (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 By-laws 20.35 to 20.40, inclusive and Rule 15 of the Association 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 right under the Association By-laws 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) Factual Background

The Respondent

13. The Respondent's registration history is set out in the following table:

Registration Issue Date	Registration Termination Date	Employer	Registration Category
December 1981	June 1982	Continental Carlisle Douglas	-Registered Representative
July 1982	October 1985	Yorkton Securities Inc.	-Registered Representative
October 1985	May 1990	Yorkton Securities Inc.	-Registered Representative -Director
May 1990	March 1994	Yorkton Securities Inc.	-Registered Representative -Director -Assistant Branch Manager
March 1994	September 1994	Yorkton Securities Inc.	-Registered Representative -Director -Assistant Branch Manager -Sales Manager
September 1994	January 1997	Yorkton Securities Inc.	-Registered Representative -Director -Assistant Branch Manager -Sales Manager -Officer (Vice-President)

January 1997	May 1997	Yorkton Securities Inc.	-Trading Partner/Director/ Officer -Assistant Branch Manager -Sales Manager -Officer (Vice-President)
May 1997	March 2000	Yorkton Securities Inc.	-Trading Partner/ Director/Officer -Branch Manager -Sales Manager -Officer (Vice-President) – Trading in Securities & Security Options
March 2000	April 2001	Yorkton Securities Inc.	-Trading Partner/ Director/Officer -Branch Manager -Officer (Vice President) Trading in Securities & Security Options
April 2001	August 2001	Yorkton Securities Inc.	-Trading Partner/ Director/Officer -Officer (Senior Vice President) Trading in Securities & Security Options
August 2001	December 2001	Yorkton Securities Inc.	-Trading Partner/ Director/Officer -Director -Assistant Branch Manager -Officer (Senior Vice-President) Trading in Securities/Options
December 2001	December 2002	Yorkton Securities Inc.	-Assistant Branch Manager -Officer (Senior Vice President) Trading in Securities and Options -Director
December 2002	January 2003	Yorkton Securities Inc.	-Assistant Branch Manager -Officer (Senior Vice-President) Trading in Securities & Options
January 2003	February 2003	First Associates Investments Inc.	-Assistant Branch Manager -Officer (Senior Vice-President) Trading in Securities & Options
March 2003	May 2004	Bolder Investments Partners Ltd.	-Officer (Chief Operating Officer & Chief Compliance Officer) Trading in Securities & Security Options
May 2004	Present	Bolder Investments Partners Ltd.	-Chief Compliance Officer -Director (Industry) -Officer (Trading) -Registered Representative - Options (Retail)

14. Between May 1997 and April 2001, the Respondent was the branch manager of the Vancouver branch office of Yorkton Securities Inc. (the Vancouver Branch). In his capacity as branch manager, the Respondent was, among other things, responsible for the opening of new accounts and supervision of account activity at the Vancouver Branch.

15. As branch manager, the Respondent was also responsible for the supervision of George Otto Pappas (Pappas). Pappas was a registered representative (RR) who worked at the Vancouver Branch from on or about March 13, 2000 to on or about September 26, 2001.
16. In October 2000, the Respondent became aware that there were problems with the manner in which Pappas dealt with client accounts due to large margin deficiencies in several of Pappas's client accounts. As a result, the Respondent placed Pappas on internal strict supervision.
17. Pappas continued to maintain poor credit practices. As a result, on or about January 2, 2001, the Respondent, among other things, revoked Pappas's access to the trade entry system and required Pappas to have his client purchase orders approved by management of Yorkton Securities Inc. (Yorkton).
18. On or about August 14, 2001, Yorkton suspended Pappas's employment.
19. On or about September 26, 2001, Yorkton terminated Pappas's employment for cause
20. At all material times, Pappas was the RR responsible for the joint account of C.T. and R.T. and the accounts of J.C.

T Account

21. C.T. and R.T. were husband and wife. On or about November 25, 2000, they opened an account at the Vancouver Branch (the T account).
22. The New Client Application Form (NCAF) for the T Account recorded, among other things, that:
 - C.T. was 64 years old;
 - his annual income was \$21,000;
 - R.T. was 57 years old;
 - she worked as a waitress;
 - her annual income was \$16,000;
 - their estimated net worth was \$184,000 (\$109,000 in liquid assets and \$75,000 in fixed assets);
 - their investment knowledge was minimal;
 - their investment objectives were 100% short term; and
 - their risk level was 100% high.
23. The NCAF also recorded that C.T. and J.T. had provided a cheque for \$25,000 that was to be deposited into the T Account. The cheque was subsequently deposited into the T Account.
24. On or about November 27, 2000, the Respondent approved the NCAF for the T Account, despite the fact that the investment objectives and the risk level that were indicated on the NCAF were inconsistent with the age, income, and net worth information that was recorded on the NCAF.

Activity in the T Account

25. Between late November 2000 and February 2001, Pappas effected a high risk, short-term trading strategy primarily in large cap technology securities in the T Account. At times he traded on margin and in one instance he engaged in short-selling.
26. In December 2000 the T Account generated approximately \$2,950 in commissions.
27. As a result of the trading strategy that was effected by Pappas, C.T. and R.T. lost their entire \$25,000 investment.
28. The recommendations that were made and the orders that were effected in the T Account were not appropriate for C.T. and R.T., given their respective ages, financial situation, and investment knowledge.

C Accounts

29. On or about February 7, 2000, J.C. opened a RRSP account and a locked-in RRSP account (collectively the C Accounts) at the Vancouver Branch. J.C. had been a client of Pappas when Pappas worked as an RR at another Member firm.
30. The February 7, 2000 NCAF for J.C. indicated that:
 - J.C. was 47 years old;
 - her annual income was \$36,000;
 - her spouse's annual income was approximately \$50,000;
 - she worked as a secretary;
 - her investment objectives were 50% medium term, 30% short term, and 20% venture;
 - her risk level was 50% medium and 50% high;
 - her investment knowledge was good; and
 - her estimated total net worth was \$230,000 (\$10,000 in liquid assets and \$220,000 in fixed assets).
31. On or about March 16, 2000, the Respondent approved the NCAF for the C Accounts.

Activity in the C Accounts

RRSP Account

32. In or around March and April 2000, J.C. transferred approximately \$77,146 worth of Canadian mutual funds and large cap U.S. securities from an account she had maintained with Pappas at another Member firm, to her RRSP Account at the Vancouver Branch. The securities were sold and between April 2000 and March 2001, Pappas used the proceeds to effect a high risk, short-term trading strategy primarily in technology securities.

33. In May 2000, June 2000, July 2000, August 2000, and January 2001, the monthly commissions for the RRSP Account exceeded \$1,000.
34. By August 2000 the value of the account holdings had appreciated to approximately \$93,734.
35. By March 2001 the value of the account holdings had diminished to approximately \$25,366.
36. In total, J.C. lost approximately \$60,758 of the approximately \$77,146 that she transferred into the RRSP account.

Locked in RRSP Account

37. In or around July 2000, J.C. transferred approximately \$59,377 worth of mutual funds from an account she had maintained with Pappas at another Member firm, to her locked in RRSP Account at the Vancouver Branch. Like in the RRSP Account, the securities were sold and between July and March 2001, Pappas used the proceeds to effect a high-risk, short-term trading strategy primarily in technology securities.
38. By August 2000 the value of the account holdings had appreciated to approximately \$65,241.
39. In September 2000, the monthly commissions for the locked in RRSP Account exceeded \$1,000.
40. By March 2001 the value of the account holdings had diminished to approximately \$18,183.
41. In total, J.C. lost approximately \$41,194 of the approximately \$59,377 that she transferred into the locked in RRSP account.
42. The recommendations that were made and the orders that were effected in the C Accounts were not appropriate or suitable for J.C. given her age, financial situation, and investment knowledge.

Supervision

43. The Respondent did not make any inquiries of Pappas or the respective account holders, in relation to the opening of the T Account or the C Accounts.
44. The Respondent failed to take any action to prevent Pappas from making recommendations and effecting transactions in the T Account and the C Accounts, which were unsuitable for the respective account holders.

IV. CONTRAVENTIONS

45. The Respondent admits to the following contravention of Association By-laws, Regulations, Rulings or Policies:

During the period from March 2000 to April 2001, the Respondent, while employed as a branch manager by Yorkton, a Member of the Association, at its Vancouver Branch, failed to properly supervise the opening of, and the activity in, the T Account and he failed to properly supervise the activity in the C Accounts, contrary to Association By-law 29.1, Regulation 1300.2, and Policy 2 (as they were in effect at that time).

V. TERMS OF SETTLEMENT

46. The Respondent agrees to the following terms of settlement:

Penalties

- (i) payment of a fine in the amount of \$25,000; and
- (ii) a requirement that he re-write and pass the Partners, Directors and Officers examination, administered by the Canadian Securities Institute, within twelve months of the effective date of this Settlement Agreement.

Costs

The Respondent shall pay a portion of the Association's costs of this proceeding in the amount of \$4,500.

47. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately to the Association upon the effective date of the Settlement Agreement.

48. 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 Vancouver in the Province of British Columbia, this _____ day of August, 2005.

Witness

William Richard Booth Bell Wright

AGREED TO by Staff at the City of Vancouver in the Province of British Columbia, this _____ day of August 2005.

Witness

Lorne Herlin
Enforcement Counsel on behalf of Staff of
the Investment Dealers Association of
Canada

ACCEPTED this _____ day of August, 2005, by the following Hearing Panel:

Per: _____
Panel Chair

Per: _____
Panel Member

Per: _____
Panel Member