

IN THE MATTER OF  
THE *SECURITIES ACT*, R.S.N.S. 1989, CHAPTER 418, AS AMENDED (the "Act")

-and-

IN THE MATTER OF RAE & LIPSKIE INVESTMENT COUNSEL INC.  
(the "Respondent")

**SETTLEMENT AGREEMENT**

**PART I – INTRODUCTION**

1. The parties to this Settlement Agreement ["Agreement"] are the Respondent, Rae & Lipskie Investment Counsel Inc. ["the Respondent"], and the Director of Enforcement for the Nova Scotia Securities Commission, Enforcement Branch [the "Director"].
2. The parties agree the Nova Scotia Securities Commission [the "Commission"] has jurisdiction over this matter.
3. The parties agree to recommend to the Commission approval of this Agreement in accordance with the terms and process set out herein.

**PART II – PROCEDURE FOR APPROVAL OF THE AGREEMENT**

4. The Director agrees to request that a Notice of Hearing be issued setting down a hearing ["Settlement Hearing"] wherein the Commission will consider whether it is in the public interest to approve this Agreement and to issue an order in the form attached as **Schedule "A"**.
5. The parties agree that this Agreement constitutes the entirety of evidence to be submitted to the Commission at the Settlement Hearing.
6. The Director agrees to recommend that the allegations acknowledged and admitted by the Respondent be resolved and disposed of in accordance with this Agreement.
7. The parties acknowledge that this Agreement will become a public document upon its approval by the Commission at the Settlement Hearing.

**PART III – STATEMENT OF AGREED FACTS**

8. The Director and the Respondent agree with the facts and conclusions set out in this Agreement.
9. The Respondent is a portfolio and investment fund management firm with its head office located in Waterloo, Ontario.
10. As of November 2019 the Respondent had six (6) clients resident in Nova Scotia. Between March 2009 and November 2019 the Respondent's Nova Scotia clients were as follows:

- (a) A couple who moved from Ontario to Nova Scotia in November 2015 and who have one joint investment account with the Respondent;
  - (b) An individual resident in Nova Scotia who had an investment account with the Respondent from March 2009 until November 2019 when the account was closed;
  - (c) An individual who moved from Ontario to Nova Scotia in August 2017 and who has three investment accounts with the Respondent;
  - (d) A couple who moved from Ontario to Nova Scotia in June 2014 and who have, between them, seven investment accounts with the Respondent;
  - (e) An individual resident in Nova Scotia who has had two investment accounts with the Respondent since March 2010.
11. During the time these Nova Scotia clients have had investment accounts with the Respondent the Respondent has, through individual advising representatives, been providing advising services to the clients with respect to the investing in and buying and selling of securities and has conducted numerous trades in securities in the clients' investment accounts.
12. The Respondent was contacted by Commission staff in December 2019 regarding the Respondent's advising activities in Nova Scotia and subsequently the Respondent became registered with the Commission as a portfolio manager on or about March 17, 2020. Until that time, the Respondent had never been registered in any capacity with the Commission, though the Respondent had been registered as a portfolio manager in other Canadian jurisdictions including Alberta, Ontario, Manitoba, and British Columbia starting in as early as 2003 and as an investment fund manager in Ontario since about 2011.
13. By providing advising services to Nova Scotia clients without registration, the Respondent acted as an advisor without being registered to do so in violation of sections 31(2)(a), 31(2)(b), and 31(4) of the Act.

**PART IV – STATEMENT OF ALLEGATIONS ACKNOWLEDGED AND ADMITTED BY THE RESPONDENT**

14. The Respondent admits the facts set forth in Part III herein and acknowledges that it violated Nova Scotia securities laws.
15. The Respondent acknowledges and admits that it violated sections 31(2)(a) and (b) and 31(4) of the Act.
16. The Respondent acknowledges that its actions undermined investor confidence in the fairness and efficiency of capital markets and were contrary to the public interest.

## **PART V – MITIGATING FACTORS**

17. The Respondent acknowledges and accepts responsibility for its conduct which is the subject matter of this Agreement.
18. The Respondent cooperated with the investigation of this matter.
19. The Respondent has no past record of violations of Nova Scotia securities laws.
20. The Respondent has taken steps to properly register with the Commission so as to comply with securities laws.
21. The Respondent did not solicit potential new clients in Nova Scotia.
22. The Respondent's Nova Scotia clients have not made any complaints to the Commission regarding their accounts.
23. There is no evidence or allegation that any of the Respondent's clients were harmed as a result of the breaches described herein.
24. The Respondent has taken steps to update its compliance policies and system to protect against future violations of securities laws.

## **PART VI – TERMS OF SETTLEMENT**

25. The terms of settlement are set forth in this Agreement and in the order contained in **Schedule "A"** to this Agreement, which is expressly incorporated herein.
26. The Respondent consents to the order contained in **Schedule "A"**.
27. The Respondent acknowledges that approximately seventeen thousand eight hundred fifty-four dollars (\$17,854) of registration fees would have been payable to the Commission if the Respondent had been registered under the Act during the relevant period as required. The parties acknowledge that the agreed upon administrative penalty in the amount of thirty thousand dollars (\$30,000) set out in the order contained in **Schedule "A"** to this Agreement is partially comprised of the registration fees that otherwise would have been payable.
28. The terms of settlement as set out in the order contained in **Schedule "A"** are as follows:
  - (a) Pursuant to section 134(1)(a) of the Act, the Respondent shall comply with Nova Scotia securities laws;
  - (b) Pursuant to section 134(1)(h) of the Act, the Respondent is reprimanded;

(c) Pursuant to section 135 of the Act, the Respondent shall forthwith pay an administrative penalty in the amount of thirty thousand dollars (\$30,000); and

(d) Pursuant to section 135A of the Act, the Respondent shall forthwith pay costs in the amount of one thousand five hundred dollars (\$1,500) in connection with the investigation and conduct of this proceeding.

#### **PART VII – COMMITMENTS**

29. If this Agreement is approved and the order as set out in **Schedule “A”** is granted, the parties agree to waive any right to a full hearing and judicial review and appeal of this matter.
30. If this Agreement is approved by the Commission, the parties will not in any way make any statement, public or otherwise, that is inconsistent with the terms of this Agreement.
31. If this Agreement is approved by the Commission, the Respondent agrees to abide by all terms of this Agreement.
32. If, for any reason whatsoever, this Agreement is not approved, or the order set forth in **Schedule “A”** is not granted by the Commission:
  - (a) The Director and the Respondent will be entitled to proceed to a hearing of the allegations which are the subject matter of this Agreement unaffected by the Agreement or the settlement negotiations;
  - (b) The negotiations, the terms of the Agreement and the Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of the Director and the Respondent or as may otherwise be required by law; and
  - (c) The Respondent agrees that it will not raise in any proceeding the Agreement or the negotiations thereof as a basis of any attack or challenge of the Commission’s jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.
33. The Respondent acknowledges that the Director has the discretion to withdraw from this Agreement if additional facts or issues are discovered that cause her to conclude that it would not be in the public interest to request approval of this Agreement. In the event of such withdrawal, notice will be provided to the Respondent in writing and the provisions of paragraph 32 of this Agreement will apply.

**PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

34. The Director or the Respondent may refer to any or all parts of this Agreement as required by Rule 15-501 General Rules of Practice and Procedure and in the course of the Settlement Hearing. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to it until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

**PART IX – EXECUTION OF SETTLEMENT AGREEMENT**


35. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

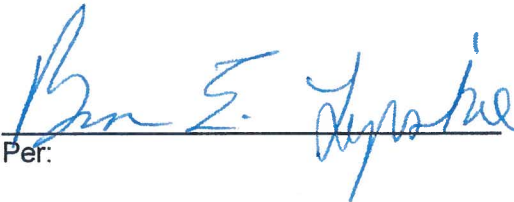
DATED at Waterloo, Ontario, this 8th day of JUNE, 2020.

**SIGNED, SEALED AND DELIVERED**

**RAE & LIPSKIE INVESTMENT COUNSEL  
INC.**

In the presence of:

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Per:

DATED at Halifax, Nova Scotia, this 10<sup>th</sup> day of JUNE, 2020.

**SIGNED, SEALED AND DELIVERED**

In the presence of:

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Stephanie Atkinson  
Acting Director of Enforcement  
Nova Scotia Securities Commission  
Enforcement Branch

**SCHEDULE "A"**

IN THE MATTER OF  
THE SECURITIES ACT, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

-and-

IN THE MATTER OF RAE & LIPSKIE INVESTMENT COUNSEL INC. ("Respondent")

**ORDER**  
(Sections 134, 135 and 135A)

**WHEREAS** on \_\_\_\_\_, 2020, the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondent pursuant to sections 134, 135, and 135A of the Act;

**AND WHEREAS** the Respondent entered into a Settlement Agreement with the Director of Enforcement for the Commission ("Director") whereby it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

**AND WHEREAS** the Director and the Respondent recommend approval of the Settlement Agreement;

**AND WHEREAS** the Commission is of the opinion that the Respondent has contravened Nova Scotia securities laws and it is in the public interest to make this order;

**AND UPON** reviewing the Settlement Agreement, and upon hearing submissions of counsel for the Director and counsel for the Respondent;

**IT IS HEREBY ORDERED** that:

1. The Settlement Agreement dated \_\_\_\_\_, 2020, a copy of which is attached, is approved;
2. Pursuant to section 134(1)(a) of the Act, the Respondent shall comply with Nova Scotia securities laws;
3. Pursuant to section 134(1)(h) of the Act, the Respondent is reprimanded;
4. Pursuant to section 135 of the Act, the Respondent shall forthwith pay an administrative penalty in the amount of thirty thousand dollars (\$30,000); and
5. Pursuant to section 135A of the Act, the Respondent shall forthwith pay costs in the amount of one thousand five hundred dollars (\$1,500.00) in connection with the investigation and conduct of this proceeding.

**DATED** at Halifax, Nova Scotia, this      day of                      , 2020.

**NOVA SCOTIA SECURITIES COMMISSION**

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(Chair)