

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

- and -

IN THE MATTER OF GREGORY MATTHEW DUNCAN  
("Respondent")

**SETTLEMENT AGREEMENT**

**PART I – INTRODUCTION**

1. The parties to this Settlement Agreement ("Agreement") are the Respondent and the Director of Enforcement for the Nova Scotia Securities Commission, Enforcement Branch ("Director of Enforcement").
2. The parties agree that the Nova Scotia Securities Commission ("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 of Enforcement 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 the Agreement constitutes the entirety of evidence to be submitted to the Commission at the Settlement Hearing.
6. The Director of Enforcement 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 of Enforcement and the Respondent agree with the facts and conclusions set out in this Part of the Agreement.



9. The Respondent is a resident of Halifax, Nova Scotia.
10. The Respondent has held continuous registration with the Commission in the capacity of Dealing Representative since October, 1995 with various mutual fund dealers. In particular, he has been registered as a representative with Keybase Financial Group Inc. ("Keybase") since March 23, 2007.
11. Keybase is a mutual fund dealer with its head office located in Markham, Ontario and branch offices in Nova Scotia. Keybase has been registered with the Commission as a mutual fund dealer since January, 2003.
12. The Respondent was also registered with the Commission in the category of Branch Manager with Keybase from September 17, 2008 to May 11, 2009.
13. Beginning in March, 2007, the Respondent was the Branch Manager of Keybase's Halifax branch and the Truro sub-branch.
14. Between March 23, 2007 and September 4, 2007 ("the Relevant Period"), Keybase employed John Alexander Allen ("Allen") a Dealing Representative who was a party to a separate Commission Settlement Agreement approved on June 29, 2011.
15. During the Relevant Period, Allen submitted at least 43 new client account applications to Keybase for review, approval and opening, all of which included new account opening forms, know-your-client information ("KYC") and an application for an investment loan through a third party loan provider (collectively the "New Account Applications").
16. The New Account Applications included numerous falsities, inaccuracies and inconsistencies, such as improperly recorded driver's license numbers, unsubstantiated sources of income, and discrepancies between incomes noted on one form to another.
17. During the Relevant Period, the Respondent provided first level supervisory review and approved the opening of new accounts in connection with several of the New Account Applications. The Respondent was unaware that the New Account Applications included the falsities, inaccuracies and inconsistencies referred to in paragraph 16.
18. By failing to conduct sufficient inquiries in regard to several of the New Account Applications to ensure that the information recorded on those New Account Applications was true, accurate and consistent the Respondent failed to establish procedures that conform with prudent business practice and enable him to adequately service the clients, thereby violating section 31(1)(a) of the General Securities Regulations, as rep. by Rule 31-801.

19. By failing to conduct sufficient inquiries in regard to several of the New Account Applications to ensure the information recorded on those New Account Applications was true, accurate and consistent, the Respondent failed to take whatever steps necessary or appropriate to supervise Keybase's procedures properly, thereby violating section 31(1)(b) of the General Securities Regulations, as rep. by Rule 31-801.

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

20. The Respondent admits the facts set forth in Part III herein and acknowledges that he violated Nova Scotia securities laws.
21. The Respondent acknowledges and admits that he violated sections 31(1)(a) and (b) of the General Securities Regulations as rep. by Rule 31-801.
22. The Respondent acknowledges that his actions undermined investor confidence in the fairness and efficiency of capital markets and were contrary to the public interest.

#### **PART V – MITIGATING FACTORS**

23. The Respondent acknowledges and accepts responsibility for his conduct which is the subject matter of this Agreement.
24. The Respondent cooperated with the Director of Enforcement's investigation of this matter.
25. Beginning in late-August 2007, the Respondent participated actively in the internal investigation of Allen's conduct, and was involved in the internal processes leading to (and including) the termination of Allen's relationship with Keybase.

#### **PART VI – TERMS OF SETTLEMENT**

26. The terms of settlement are set forth in the Order contained in **Schedule "A"** to this Agreement which is expressly incorporated herein.
27. The Respondent consents to the Order contained in **Schedule "A"**.

#### **PART VII – COMMITMENTS**

28. 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.



29. 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.
30. If this Agreement is approved by the Commission, the Respondent agrees to abide by all terms of this Agreement as set out in the Order attached as **Schedule "A"**.
31. 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 of Enforcement 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 terms of the Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of the Director of Enforcement and the Respondent or as may otherwise be required by law; and
  - c) The Respondent agrees that he will not raise in any proceeding the Agreement or the negotiations or process of approval 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.
32. If, in the view of the Director of Enforcement and prior to the approval of this Agreement by the Commission, there are new facts or issues of substantial concern regarding the facts set out in Part III of this Agreement, the Director of Enforcement will be at liberty to withdraw from this Agreement. Notice of such intention will be provided to the Respondent in writing. In the event of such notice being given, the provisions of paragraph 31 in this Part will apply as if this Agreement had not been approved in accordance with the procedures set out herein.

#### **VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

33. The Director of Enforcement or the Respondent may refer to any or all parts of this Agreement as required by the 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.



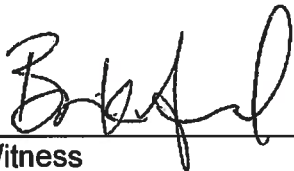
## IX – EXECUTION OF SETTLEMENT AGREEMENT

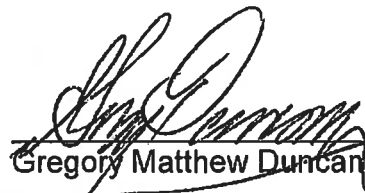
34. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

Dated at Halifax, Nova Scotia, this 2nd day of October, 2012.

### SIGNED, SEALED AND DELIVERED

In the presence of:

  
\_\_\_\_\_  
Witness

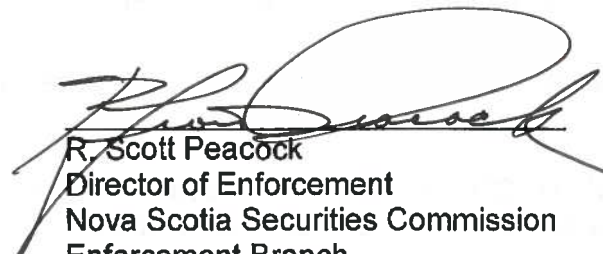
  
\_\_\_\_\_  
Gregory Matthew Duncan

Dated at Halifax, Nova Scotia, this 10<sup>th</sup> day of October, 2012.

### SIGNED, SEALED AND DELIVERED

In the presence of:

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
R. Scott Peacock  
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 GREGORY MATTHEW DUNCAN  
("Respondent")

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

**WHEREAS** on \_\_\_\_\_, 2012 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 Nova Scotia Securities Commission, Enforcement Branch ("Director of Enforcement") whereby it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

**AND WHEREAS** the Director of Enforcement recommended approval of the Settlement Agreement;

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

**AND UPON** the Commission considering it to be in the public interest to make this Order;

**IT IS HEREBY ORDERED** that:

1. The Settlement Agreement dated \_\_\_\_\_, 2012, a copy of which is attached, is approved;
2. Pursuant to section 134(1)(d)(ii) of the Act, the Respondent is prohibited from becoming registered as an Ultimate Designated Person, as a Chief Compliance Officer, or in any supervisory capacity for a period of five (5) years from the date of this Order;
3. Pursuant to section 134(1)(h) of the Act, that the Respondent be reprimanded;

4. Pursuant to section 135 of the Act, the Respondent shall forthwith pay an administrative penalty in the amount of ten thousand dollars (\$10,000.00); and
5. Pursuant to section 135A of the Act, the Respondent shall forthwith pay costs in connection with the investigation and conduct of the proceedings before the Commission in the amount of one thousand dollars (\$1,000.00).

DATED at Halifax, Nova Scotia, this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

**NOVA SCOTIA SECURITIES COMMISSION**

\_\_\_\_\_  
(Chair)

A handwritten signature in black ink, appearing to be 'JH' or similar, located to the right of the signature line.