

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

- AND -

IN THE MATTER OF  
TAURA IRENE PUBLICOVER (the "RESPONDENT")

**SETTLEMENT AGREEMENT**

**PART I – INTRODUCTION**

1. The parties to this Settlement Agreement ("Agreement") are the Respondent and Staff of the Nova Scotia Securities Commission.
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. Staff of the Commission ("Staff") 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. Staff 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. Staff 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.

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10. The Respondent was registered in the capacity of a mutual fund salesperson with various registered mutual fund dealers from February, 1997 until February, 2007. In particular, she was registered with Desjardins Financial Security Investments Inc. ("Desjardins") from January 21, 2004 until February 22, 2007.
11. On March 31, 2006, the Respondent purchased a 50% ownership share in Art Core Developments Inc. ("Art Core"). At all relevant times, Art Core owned Winchester's Classic Woman Ltd. ("Winchester's").
12. To complete the acquisition and arrange for payment of start-up costs of Art Core, the Respondent engaged professionals to obtain financing from recognized financial lenders and private individuals for a financing fee ("Lenders").
13. Between July 2006 and February 2007, the Respondent issued five promissory notes to five of her Desjardins clients, borrowing approximately \$205,000 from those clients ("Promissory Notes"). The Promissory Notes offered interest rates ranging from 10%-30%, and repayment terms of 3-12 months.
14. The Respondent used the money borrowed through the Promissory Notes to finance the operations of Art Core and Winchester's, to refinance the principal and interest borrowed from other clients, and to repay the Lenders.
15. In order to loan the Respondent the money she required to finance Art Core and Winchester's, some of the Respondent's Desjardins clients redeemed securities held in investment accounts outside of Desjardins. This was not done on the advice of the Respondent.
16. The Respondent was personally and financially involved in Art Core and Winchester's when she issued the Promissory Notes from her Desjardins clients.
17. In April of 2006, and again in September of 2007, the Respondent contacted the Branch Manager of Desjardins, informing him of her position as co-owner of Art Core. On or about October 11, 2006, the Respondent completed Schedule G to Form 33-109 F4 disclosing her outside business interests in Art Core and Winchester's, indicating that there was no known confusion or potential conflicts arising from her outside business activity.

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

18. The Respondent acknowledges and admits that:
  - a. When re-financing the debt from the acquisition and start-up costs associated with her purchase of Art Core, she failed to seek the explicit, written approval of the Director of Securities prior to engaging in business





- outside her registration as a salesperson, thereby violating section 44(3) of the Securities Regulations;
- b. By using the money borrowed from her Desjardins clients through the Promissory Notes to finance the purchase and operations of Art Core and Winchester's while she was personally and financially involved in Art Core and Winchester's, she failed to deal fairly, honestly in good faith with her clients, thereby violating section 61 of the Securities Regulations; and
  - c. She failed to report to the Commission within five business days the borrowed money for outside business activities from her Desjardins clients as a potential conflict, thereby violating section 4.1(1) of Multilateral Instrument 33-109.
19. The Respondent acknowledges that by violating sections 44(3) and 61 of the Securities Regulations and section 4.1(1) of Multilateral Instrument 33-109, she undermined investor confidence in the fairness and efficiency of capital markets in Nova Scotia and were contrary to the public interest.
20. The Respondent admits the facts set forth in Part III herein and acknowledges that she violated the Act.

#### **PART V - MITIGATING FACTORS**

21. The Respondent acknowledges and accepts responsibility, and expresses remorse for her conduct which is the subject matter of this Agreement.
22. The Respondent reported to the Branch Manager of Desjardins her position as co-owner of Art Core, but she was not aware that she was also obligated to seek approval from the Commission to engage in business outside her registration or to disclose potential conflicts of interest.
23. The Respondent was not aware that issuing the Promissory Notes for the purpose of refinancing the debt to the Lenders was an act outside of her registration.
24. The Respondent repaid the principal and interest to each of her Desjardins clients.
25. The Respondent cooperated with Staff's investigation of this matter.
26. The Respondent has not previously been the subject of a proceeding before the Commission.

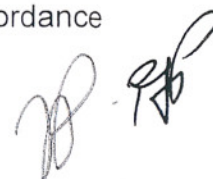
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## PART VI – TERMS OF SETTLEMENT

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

## 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 as set out in the Order attached as Schedule "A".
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. Staff 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 Staff and the Respondent or as may otherwise be required by law; and
  - c. The Respondent agrees that she 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.
33. If, in the view of Staff 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, Staff 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 32 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


34. Staff 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

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 this 10<sup>th</sup> day of August 2009.

SIGNED, SEALED AND DELIVERED  
In the presence of:

  
Witness

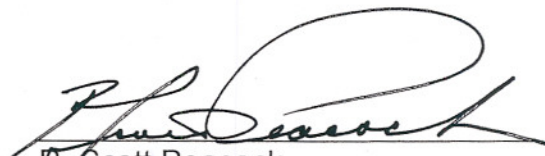
  
Taura Publicover

Dated this 10 day of August 2009.

SIGNED, SEALED AND DELIVERED  
In the presence of:

  
Witness

Staff of the Nova Scotia Securities  
Commission

  
R. Scott Peacock  
Deputy Director  
Compliance and Enforcement  
Nova Scotia Securities Commission

**SCHEDULE "A"**

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

- AND -

IN THE MATTER OF  
TAURA IRENE PUBLICOVER (the "Respondent")

**ORDER**

(Sections 134, 135, 135A)

**WHEREAS** on \_\_\_\_\_, 2009, 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 Staff of the Commission ("Staff") whereby she agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

**AND WHEREAS** Staff and the Respondent recommended approval of the settlement agreement;

**AND WHEREAS** the Commission is of the opinion that the Respondent has contravened the Act and it is in the public interest to make this Order;

**AND UPON** reviewing the settlement agreement and the Notice of Hearing, and upon hearing submissions of counsel for Staff and the Respondent;

**IT IS HEREBY ORDERED** that:

1. the settlement agreement dated \_\_\_\_\_, 2009, a copy of which is attached, is approved;
2. pursuant to section 134(1)(d)(i) of the Act, the Respondent shall forthwith resign any position that she holds as a director or officer of an issuer, registrant or investment fund manager;
3. pursuant to section 134(1)(d)(ii) of the Act, the Respondent shall be prohibited from becoming or acting as a director or officer of any issuer for a period of one (1) year from the date of this Order;
4. pursuant to section 134(1)(f) the Respondent's registration with the Commission shall be suspended for a period of one (1) year, which shall expire on the date of this Order ;
5. pursuant to section 135 of the Act, the Respondent shall pay an administrative penalty in the amount of twenty-five thousand dollars (\$25,000.00) forthwith;

6. pursuant to section 135A of the Act, the Respondent shall pay costs in connection with the investigation and conduct of the proceedings before the Commission in the amount of six thousand dollars (\$6,000.00) forthwith;

DATED at Halifax, Nova Scotia, this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

NOVA SCOTIA SECURITIES COMMISSION

\_\_\_\_\_  
(Chairman)

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