

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

-and-

IN THE MATTER OF QUADRUS INVESTMENT SERVICES LTD. ("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 this 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 Agreement.

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9. The Respondent is a mutual fund dealer whose head office is located in London, Ontario. The Respondent has held registration with the Commission since 2000.
10. At all relevant times, Glenn Francis Dunbar ("Dunbar") was a resident of Halifax, Nova Scotia. From July 2004 until October 2011, Dunbar was registered with the Respondent as a mutual fund salesperson.
11. AA is a resident of Halifax, Nova Scotia.
12. AA became a mutual fund client of the Respondent in August 2004 and remained a client of the Respondent until January 2012.
13. In July 2008, Dunbar recommended that AA sell his interest in three mutual funds held in RRSP accounts with the Respondent in order to re-purchase a different, single mutual fund in the amount of \$202,614 ("AA Account"). There was no apparent benefit of this transaction to AA, however the re-purchase within the AA Account generated a commission of approximately \$6,000 to Dunbar and approximately \$4,000 to the Respondent.
14. Between February 2009 and August 2011, monies were redeemed on approximately a monthly basis from the AA Account until the fund was ultimately depleted. As a result of these redemptions, approximately \$8,900 in deferred sales charges were charged to the AA Account.
15. Between February 2009 and August 2011, the Respondent observed that the redemptions in the AA account seemed unusual, and as a result contacted Dunbar as to the legitimacy and suitability of the transactions. Although Dunbar provided the Respondent with explanations for the transactions, the Respondent did not contact AA to verify the accuracy of those explanations.
16. The Respondent failed to conform with prudent business practices and take whatever steps were necessary or appropriate to supervise Dunbar and the AA Account, thereby violating section 31(1) of the Securities Regulations, as rep. by Rule 31-801.
17. The Respondent failed to take reasonable steps to ensure that before it accepted an instruction or made a purchase or sale of a security for the AA Account, the purchase or sale was suitable for AA, thereby violating section 13.3(1) of National Instrument 31-103.
18. The Respondent acted in a manner contrary to fair and efficient capital markets and contrary to the public interest.

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

19. The Respondent admits the facts set forth in Part III herein and acknowledges that it violated Nova Scotia securities laws.
20. The Respondent acknowledges and admits that it violated section 31(1) of the Securities Regulations, as rep. by Rule 31-801 and section 13.3(1) of National Instrument 31-103.
21. 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

22. The Respondent acknowledges and accepts responsibility for its conduct which is the subject matter of this Agreement.
23. The Respondent cooperated with the investigation of this matter.
24. The Respondent has made the following changes to its supervision procedures:
 - a. Appointment of a new Ultimate Designated Person in April 2011;
 - b. Appointment of a new Chief Compliance Officer in March 2013;
 - c. Implementation of an enhanced supervision structure with heightened oversight on suitability;
 - d. Hiring of salaried branch managers who are exclusively responsible for the supervision of mutual fund trading activities and registrants;
 - e. Implementation of new supervisory procedures in February 2015 to query redemptions greater than \$10,000 from registered accounts;
 - f. Confirming that the client is aware of the potential tax ramifications of various transactions.
25. Dunbar is no longer a representative of the Respondent.
26. The Respondent and AA have reached a mutually agreeable financial resolution, wherein the Respondent agreed to compensate AA with respect to the matters described in this Agreement.

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[Signature]

PART VI – TERMS OF SETTLEMENT

27. 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.
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.
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 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 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 of Enforcement 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 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. The Respondent acknowledges that the Director of Enforcement has the discretion to withdraw from this Agreement if additional facts or issues are discovered that cause him 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 paragraphs 32(a) and 32(b) of this Agreement will apply.

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PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

34. 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.

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 ~~LONDON~~ ^{ONTARIO}, ~~Nova Scotia~~, this 20th day of JULY, 2015.

SIGNED, SEALED AND DELIVERED
in the presence of:



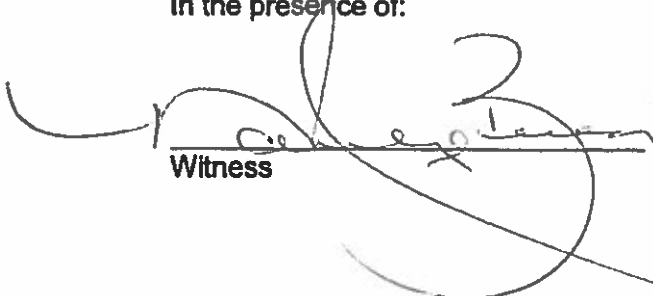
Witness




Per: 
Quadrus Investment Services Ltd.

DATED at Halifax, Nova Scotia, this 21 day of July, 2015.



SIGNED, SEALED AND DELIVERED
In the presence of:



Witness



Randy Gass
Director of Enforcement
Nova Scotia Securities Commission
Enforcement Branch

 MKR Rd


SCHEDULE "A"

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

-and-

IN THE MATTER OF QUADRUS INVESTMENT SERVICES LTD. ("Respondent")

ORDER
(Sections 134, 135 and 135A)

WHEREAS on _____, 2015, 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 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 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 of Enforcement and the Respondent;

IT IS HEREBY ORDERED that:

1. The Settlement Agreement dated _____, 2015, a copy of which is attached, is approved;
2. Pursuant to section 134(1)(a) of the Act, the Respondent comply with Nova Scotia securities laws;
3. Pursuant to section 134(1)(h) of the Act, that the Respondent be reprimanded;
4. Pursuant to sections 135(a) and (b) of the Act, the Respondent shall forthwith pay an administrative penalty in the amount of forty thousand dollars (\$40,000.00); and
5. Pursuant to section 135A of the Act, the Respondent shall forthwith pay costs in the amount of one thousand dollars (\$1,000.00) in connection with the investigation and conduct of this proceeding.

CH MB RJ
[Signature]

DATED at Halifax, Nova Scotia, this _____ day of _____, 2015.

NOVA SCOTIA SECURITIES COMMISSION

(Chair)

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