

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

- and -

IN THE MATTER OF OLYMPIAN FINANCIAL INC.  
("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 ("Staff").
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 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 Respondent agree with the facts and conclusions set out in this Part of the Agreement.
9. The Respondent is an MFDA registrant, and is registered to carry on business in Nova Scotia.



10. As of January 1, 2008, the Respondent had a Policies and Procedures manual (the "Manual") which expressly required sales representatives to register in each province in which their clients resided. The policy expressly prohibited sales representatives from dealing with clients resident in provinces in which the sales representative was not registered. The policy also stated that as the Respondent was not registered outside of Ontario, "no trading is permitted for clients who reside in other provinces". As of January 1, 2008, the Respondent had never had an incident of trading for out-of-province clients.
11. On January 8, 2008 the Respondent hired a sales representative, who was provided with the Manual ("the new Sales Rep"). The new Sales Rep was not registered with the Commission in any capacity.
12. The new Sales Rep had one client who was a resident of Nova Scotia ("Nova Scotia Account"). Between February 6, 2008 and March 19, 2009, the new Sales Rep effected twenty-three (23) trades in the Nova Scotia Account for the purpose of rebalancing the account in accordance with the Know Your Client information on file.
13. Back office staff of the Respondent processed the transfer of the Nova Scotia Account to the Respondent and the trades in question without knowledge that to do so was in breach of the Manual.
14. In October 2008, upon discovery that the Nova Scotia Account and the trades in question were contrary to the Respondent's Manual, the Respondent notified the MFDA.
15. In October 2008, the Respondent contacted a third-party service provider with a view to becoming registered in Nova Scotia and to implement a new automated compliance module to screen for and prevent unregistered out-of-province trades.
16. In March 2009, the Respondent submitted an application to the Commission for registration as a Mutual Fund Dealer, and on September 10, 2009 that application was granted.
17. By executing trades on behalf of a Nova Scotia resident without being registered in Nova Scotia, the Respondent violated section 31(1) of the Act.
18. By failing to ensure that the sales representative was properly registered prior to executing trades on behalf of a Nova Scotia resident, the Respondent failed to conform with prudent business practices, thereby violating section 31(1) of the Securities Regulations, as rep. by Rule 31-801.

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

19. The Respondent acknowledges and admits that it violated section 31(1) of the Act and 31(1) of the Securities Regulations, as rep. by Rule 31-801.





20. The Respondent acknowledges that its actions undermined investor confidence in the fairness and efficiency of capital markets in Nova Scotia and were contrary to the public interest.
21. Respondent admits the facts set forth in Part III herein and acknowledges that it violated Nova Scotia securities laws.

#### **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 fully cooperated in the investigation of this matter.
24. By July 6, 2009, the Respondent implemented a new compliance module for out-of-province trades which utilizes an automated process that will reject any trades of clients of sales representatives who are not registered in the province where the clients reside. This module "locks out" all users, including the Chief Compliance Officer, when an attempted trade is out-of-jurisdiction. No administrative or compliance personnel can unfreeze the account and process the trade without taking further action.
25. Since the implementation of the new compliance module, no trades for out-of-province clients with sales representatives not registered in the client's province of residence have been processed by the Respondent.
26. The trades in question were processed solely for the purpose of rebalancing the Nova Scotia Account in accordance with the Know Your Client information on file.
27. The trades in question were processed by the Respondent's staff without knowledge that to do so was in breach of the Manual and Nova Scotia securities laws.
28. The conduct of the Respondent did not cause any client losses, and there has been no client complaint.

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

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



**PART VI – COMMITMENTS**

31. 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.
32. 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.
33. 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".
34. 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 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.
35. 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 34 in this Part will apply as if this Agreement had not been approved in accordance with the procedures set out herein.

**PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

36. 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, all Parties to it will treat this Settlement Agreement and its terms as confidential until approved by the Commission, and forever if, for any reason whatsoever, the Commission does not approve this settlement.



**PART IX – EXECUTION OF SETTLEMENT AGREEMENT**

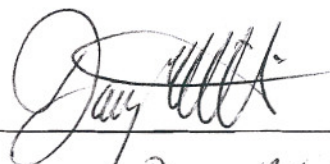
37. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

Dated this 11<sup>th</sup> day of May 2010.

SIGNED, SEALED AND DELIVERED  
In the presence of:

Alison Miller  
Witness

Olympian Financial Inc.

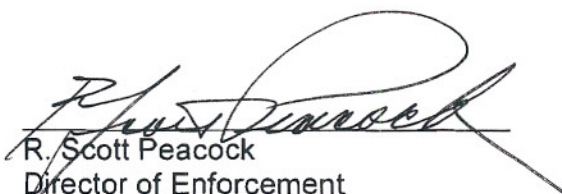
  
Per: Danny Pitorides  
Position: CEO

Dated this 13 day of May 2010.

SIGNED, SEALED AND DELIVERED  
In the presence of:

Hanina All  
Witness

Staff of the Nova Scotia Securities  
Commission

  
R. Scott Peacock  
Director of 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 OLYMPIAN FINANCIAL INC.  
("RESPONDENT")

**ORDER**

(Sections 134, 135, 135A)

**WHEREAS** on \_\_\_\_\_, 2010, 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 Respondents entered into a Settlement Agreement with Staff of the Commission ("Staff") whereby they agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

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

**AND WHEREAS** the Commission is of the opinion that the Respondents have 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 Respondents;

**IT IS HEREBY ORDERED** that:

1. the Settlement Agreement dated \_\_\_\_\_, 2010, a copy of which is attached, is approved;
2. pursuant to section 134(1)(h) of the Act, the Respondent be reprimanded;
3. pursuant to section 135 of the Act, the Respondent shall pay an administrative penalty in the amount of ten thousand dollars (\$10,000.00) forthwith; and
4. 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 one thousand two hundred dollars (\$1,200.00) forthwith;

DATED at Halifax, Nova Scotia, this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

NOVA SCOTIA SECURITIES COMMISSION



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