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

- AND -

IN THE MATTER OF  
STEVEN JULES RETHY ("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 Respondent agree with the facts and conclusions set out in this Part of the Agreement are for the purposes of this Agreement only and further agree that this agreement of facts is without prejudice to the Respondent in any proceeding

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of any kind, including, without limiting the generality of the foregoing, any civil or other proceeding which may be brought by any other person or agency.

9. The Respondent is registered with the Commission as a Dealing Representative. He has held continuous registration with the Commission since May, 1990 and in particular he has been registered with Keybase Financial Group Inc. ("Keybase") since January, 2004.
10. AB is a resident of Halifax, Nova Scotia, and is a client of the Respondent.
11. The Respondent instructed AB to sign blank forms that he kept on file.
12. On or about September 07, 2009, the Respondent signed AB's signature to a letter of direction form for Clarington Funds.
13. By keeping blank signed forms on file and by signing AB's name, the Respondent failed to deal fairly, honestly, and in good faith with his client and did thereby breach section 61 of the Securities Regulations, as rep. by Rule 31-801.

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

14. The Respondent acknowledges and admits that he violated section 61 of the Securities Regulations, as rep. by Rule 31-801.
15. The Respondent acknowledges that his actions undermined investor confidence in the fairness and efficiency of capital markets in Nova Scotia and were contrary to the public interest.
16. The Respondent admits the facts set forth in Part III herein and acknowledges that he violated the Act.

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

17. The Respondent acknowledges and accepts responsibility for his conduct which is the subject matter of this Agreement.
18. The Respondent's conduct was not intended to and did not result in personal gain.
19. Keybase has attached the following Terms and Conditions to the Respondent's registration to supervise and monitor his registration:
  - a. all paperwork required for the conduct of client accounts will be submitted to and reviewed by the branch manager prior to any activity in the account;





- b. monthly confirmation to the Branch Manager that there is no misconduct in trading practice;
- c. quarterly sampling review by the branch manager of client files for inappropriate paper work, including but not limited to signed documents;
- d. quarterly branch manager reports to the CCO on the conduct of his business.

#### **PART V – TERMS OF SETTLEMENT**

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

#### **PART VI – COMMITMENTS**

- 22. 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.
- 23. 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.
- 24. 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".
- 25. 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 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.

26. 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 Respondent in writing. In the event of such notice being given, the provisions of paragraph 25 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**

27. 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**

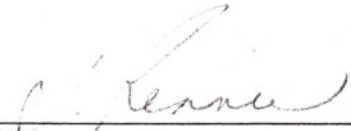
28. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.


A handwritten signature in black ink, appearing to be the initials 'RFP', is located in the lower right quadrant of the page.



Dated this 9 day of ~~February~~ <sup>March</sup> 2010.

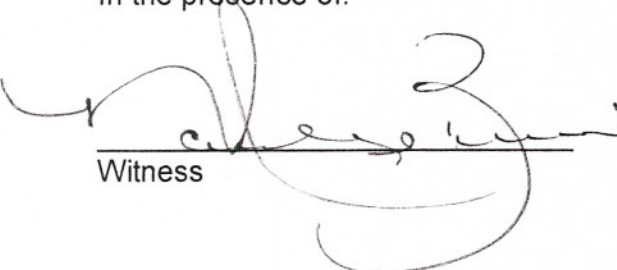
SIGNED, SEALED AND DELIVERED  
In the presence of:

  
\_\_\_\_\_  
Witness

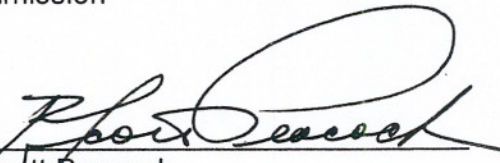
  
\_\_\_\_\_  
Steven Jules Rethy

Dated this 24<sup>th</sup> day of ~~February~~ <sup>March</sup> 2010.

SIGNED, SEALED AND DELIVERED  
In the presence of:

  
\_\_\_\_\_  
Witness

Staff of the Nova Scotia Securities  
Commission

Per:   
\_\_\_\_\_  
R. Scott Peacock  
Director, 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  
STEVEN JULES RETHY ("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 Respondent entered into a settlement agreement with Staff of the Commission ("Staff") whereby he 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 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**, pursuant to sections 134, 135 and 135A of the Act, that:

1. the settlement agreement dated \_\_\_\_\_, 2010, a copy of which is attached, is approved; and
2. pursuant to section 134(1)(h) of the Act, the Respondent shall be reprimanded; and
3. pursuant to section 135 of the Act, the Respondent shall pay an administrative penalty in the amount of twenty-two thousand dollars (\$22,000.00) 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 five hundred dollars (\$500.00) forthwith.

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

NOVA SCOTIA SECURITIES COMMISSION

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