

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

- AND -

IN THE MATTER OF
SCOTIA SECURITIES INC. ("Respondent")

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. Staff of the Nova Scotia Securities Commission ("Commission") agrees to request that a Notice of Hearing be issued setting a hearing down to consider whether, pursuant to sections 135 and 135A of the Act, in the opinion of the Commission, it is in the public interest for the Commission to:
 - a. Approve this settlement agreement ("Agreement");
 - b. Make a determination pursuant to section 135(a)(i) of the Act that the Respondent has contravened the Act or its regulations;
 - c. Make an order pursuant to section 135(b) that the Respondent pay an administrative penalty in the amount of thirty thousand dollars (\$30,000.00) forthwith; and
 - d. Make an order pursuant to section 135A of the Act that the Respondent pay costs in connection with the Staff's investigation and conduct of the proceedings before the Commission in the amount of one thousand dollars (\$1,000.00) forthwith.

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agrees to recommend settlement of the proceedings initiated in respect of the Respondent by the Notice of Hearing in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts agreed to as hereinafter provided and consents to the making of an Order, in the form attached as Schedule "A", on the basis of the facts set out below in respect to the violations of the Act.

PART III – STATEMENT OF FACTS

Acknowledgment

3. Staff and the Respondent agree with the facts and conclusions set out in this Part of this Agreement.

Introduction

4. The Respondent is an extra provincial corporation located in Toronto, Ontario and is registered as a Mutual Fund Dealer with the Commission.

Facts

5. Darren Wayne Ruck (Ruck) is a resident of Dartmouth, Nova Scotia.
6. On December 14, 2004 Ruck was informed via email by a registrations officer of the Respondent that he held registration as a salesperson with the Commission.
7. In February 2005, staff at the Respondent's head office learned that Ruck was not registered as a salesperson with the Commission, that his application had not yet been filed with the Commission, and that he had been misinformed by registration staff that he was registered.
8. On February 11, 2005, Ruck was registered as a salesperson with the Commission.
9. Between December 14, 2004 and February 11, 2005, Ruck sold \$2,298.00 in mutual funds without being registered to do so. The Respondent failed to ensure that Ruck was registered with the Commission, thereby breaching section 31(1)(a) of the Act.
10. Between July, 2005 and September, 2006, the Respondent failed to notify the Commission within five business days that eight of its salespersons terminated registration, thereby contravening Section 39(1)(c) of the Act. In particular:
 - a. Carol MacKinnon terminated registration with the Respondent on July 1, 2005. The Commission was notified of this termination on November 10, 2005.
 - b. Hugh McMullen terminated registration with the Respondent on July 1, 2005. The Commission was notified of this termination on November 10, 2005.
 - c. Carol MacDonald terminated registration with the Respondent on July 29, 2005. The Commission was notified of this termination on November 3, 2005.
 - d. Christine Matte terminated registration with the Respondent on September 9, 2005. The Commission was notified of this termination on November 3, 2005.

- e. Rodney Barton terminated registration with the Respondent on September 29, 2005. The Commission was notified of this termination on October 11, 2005.
- f. Britta Eckart-John terminated registration with the Respondent on November 30, 2005. The Commission was notified of this termination on January 6, 2006.
- g. Kimberley Skinner terminated registration with the Respondent on January 3, 2006. The Commission was notified of this termination on January 23, 2006.
- h. Desmond Munden terminated registration with the Respondent on September 22, 2006. The Commission was notified of this termination on October 5, 2006.

Mitigating Factors

- 11. The Respondent acknowledges and accepts responsibility for its conduct which is the subject matter of Staff's allegations.
- 12. The Respondent has made staffing changes and put new procedures in place to avoid violating section 31(1)(a) of the Act in the future.
- 13. The Respondent fully cooperated with Staff's investigation of these matters.

Conduct Contrary to the Public Interest

- 14. In summary, during all material times the Respondent's actions violated Nova Scotia securities laws and were contrary to the public interest. The Respondent's conduct was detrimental to the integrity and efficiency of the capital markets in Nova Scotia and was prejudicial to the interests of its Nova Scotian investors.

PART IV – POSITION OF THE RESPONDENT

- 15. The Respondent admits the facts set forth in Part III herein and acknowledges that it violated the Act.

PART V – TERMS OF SETTLEMENT

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

PART VI – COMMITMENTS

17. If this Agreement is approved by the Commission, Staff will not initiate any further proceedings before the Commission related to those facts set out in Part III of this Agreement in accordance with the procedures described herein.
18. If this Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter and the Respondent agrees to waive any right to a full hearing and appeal of this matter under the Act.
19. If this Agreement is approved by the Commission, the parties to this Agreement will not make any statement that is inconsistent with the Agreement.
20. If this Agreement is approved by the Commission, the Respondent shall abide by all terms of this Agreement in accordance with the Order set forth in Schedule "A".
21. If, for any reason whatsoever, this Agreement is not approved by the Commission, or the Order set forth in Schedule "A" is not made by the Commission:
 - a. Each of Staff and the Respondent will be entitled to proceed to a hearing of the allegations in the Notice of Hearing and related Statement of Allegations 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.
22. 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 21 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

23. Staff or the Respondent may refer to any or all parts of this Agreement in the course of the hearing convened to consider this Agreement. Otherwise, this Agreement and its terms will be treated as confidential by all parties to it until approved by the Commission, and, except as provided for in paragraph 21,

forever if, for any reason whatsoever, this Agreement is not approved by the Commission.

IX EXECUTION OF SETTLEMENT AGREEMENT

24. 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 4th day of April, 2007.

SIGNED, SEALED AND DELIVERED
In the presence of:

"Maria Cherry"
Witness

Scotia Securities Inc.

Per: "Glen B. Gowland "
Glen B. Gowland
Acting President, Acting CEO

Per: "Edna A. Chu"
Edna A. Chu
Vice President

Dated this 12th day of April, 2007.

SIGNED, SEALED AND DELIVERED
In the presence of:

"Selena Jones"
Witness

Staff of the Nova Scotia Securities
Commission

Per: "R. Scott Peacock"
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
Scotia Securities Inc. ("Respondent")

ORDER
(Sections 135, 135A)

WHEREAS on May 18, 2007, the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondent pursuant to sections 135 and 135A of the Act;

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the Commission ("Staff") whereby it 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 135 and 135A of the Act, that:

1. the settlement agreement dated April 12, 2007, a copy of which is attached, is approved;
2. pursuant to section 135 of the Act, the Respondent shall pay an administrative penalty in the amount of thirty thousand dollars (\$30,000.00) forthwith; and
3. 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 dollars (\$1,000.00) forthwith;

DATED at Halifax, Nova Scotia, this 31st day of May, 2007.

NOVA SCOTIA SECURITIES COMMISSION

" Paul Radford"
Paul Radford