

# 2008 BCSECCOM 633

## Settlement Agreement

### E\*TRADE Canada Securities Corporation

#### *Securities Act, RSBC 1996, c. 418*

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and E\*TRADE Canada Securities Corporation (E\*Trade) agree as follows:

#### **Agreed Statement of Facts**

1. E\*Trade is registered under the *Securities Act, RSBC 1996, c. 418* as an Investment Dealer (Securities) and is a member of the Investment Industry Regulatory Organization of Canada (IIROC). E\*Trade is also registered under securities legislation of other Canadian jurisdictions.
2. In December 2001, in a settlement with the Executive Director, E\*Trade agreed to develop and implement procedures that would enable it to comply with outstanding cease trade orders (CTO).
3. Raven Gold Corp. (Raven) was incorporated on February 9, 2005 under the laws of the State of Nevada. Raven's head office is located in Penticton, British Columbia (BC). Raven's President and Secretary, who is also a director, resides in BC. Raven is not a reporting issuer in BC.
4. On August 1, 2007, under section 164(1) of the Act, the Executive Director issued a CTO against Raven, whose shares are quoted on the United States Over the Counter Bulletin Board.
5. On October 4, 2007, a BC resident client (BC Client) submitted an online order to purchase 7,000 shares of Raven.
6. E\*Trade did not refuse the BC Client's order as it had not updated its systems to include the Raven CTO.
7. In December 2007, when the BC Client attempted to purchase a further 5,000 shares of Raven online, E\*Trade refused the order due the Raven CTO.
8. When E\*Trade realized their original breach of the Raven CTO, they cancelled the 7,000 Raven shares out of the BC Client's account to an internal error account.

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9. On January 7, 2008, in an attempt to cancel the purchase of the Raven shares and liquidate the position, E\*Trade sold the Raven shares in two separate transactions, contrary to the CTO.

10. E\*Trade did not self-report their breach of the Raven CTO.

### ***Misconduct***

11. E\*Trade contravened an order issued under section 164(1) of the Act.

### ***Public Interest***

12. E\*Trade acted contrary to the public interest by engaging in the conduct set out above.

### ***Undertaking***

13. E\*Trade undertakes to pay \$12,000 to the Commission, which is due and payable immediately without further demand.

### **Order**

¶ 2 The Executive Director will issue an order (the Order) that:

1. under section 161(1)(a) of the Act, E\*Trade will comply fully with the Act, the *Securities Rules*, BC Reg. 194/97, and any applicable regulations; and
2. under section 161(1)(j) of the Act, E\*Trade be reprimanded.

### **Consent to Reciprocal Orders**

¶ 3 Any securities regulator in Canada may rely on the facts admitted in this agreement solely for the purpose of making an order similar to the one contemplated above.

### **Waiver**

¶ 4 E\*Trade waives any right they may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this settlement.

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### Counterpart

¶ 5 This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

¶ 6 December 5, 2008

¶ 7 “John De Pompa” )  
E\*TRADE Canada Securities Corporation  
(Signing Authority)

John De Pompa )  
Print Signing Authority Name )

“Carole Forde” )  
Witness Signature )

Carole Forde )  
Witness Name (please print) )

1200-225 King Street W. )  
Address )  
Toronto ON M5V 3M2 )

Legal Assistant )  
Occupation )

¶ 8 December 13, 2008

¶ 9 “B. Leong”  
Brenda M. Leong  
Executive Director