Citation: 2015 BCSECCOM 28

Douglas William Falconer Wood

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

Hearing

Panel	Judith Downes	Commissioner
	Nigel P. Cave	Vice Chair
	Gordon L. Holloway	Commissioner
	Don Rowlatt	Commissioner
Hearing Dates	June 12 and 13, 2014	
Submissions Completed	October 16, 2014	
Date of Findings	January 15, 2015	
Appearing		
Jennifer L. Whately	For the Executive Director	
H. Roderick Anderson	For Douglas William Falconer Wood	

Findings

I Introduction

¶ 1 This is the liability portion of a hearing under sections 161(1) and 162 of the *Securities Act*, RSBC 1996, c. 418.

¶ 2 On August 7, 2013, the executive director issued a notice of hearing (2013 BCSECCOM 267) alleging that Wood:

a) purchased shares of Highland Copper Company Inc. while in a special relationship with Highland and with knowledge of undisclosed material changes or material facts in respect of Highland, in contravention of section 57.2(2) of the Act;
b) gave information to persons appointed under the Act that was false or misleading in a material respect, in contravention of section 168.1(1)(a) of the Act; and
c) acted contrary to the public interest.

¶ 3 During the hearing, the executive director called three witnesses, two Commission investigators and Mr. W who was the Chief Compliance Officer of Jordan Capital Markets Inc., the respondent's employer at the time of the alleged misconduct, and tendered documentary evidence. The respondent was represented by counsel at the hearing and did not call any witnesses or tender any documentary evidence.

II Background

¶ 4 Wood was a registered broker employed by Jordan between February, 2009 and February, 2012.

¶ 5 Jordan is a registered investment dealer based in Vancouver.

¶ 6 Highland is a junior resource company listed on the TSX Venture Exchange. Wood was involved in Highland's IPO in 2006 and was friends with the CEO of Highland.

¶ 7 Natural Resources Partners L.P. (NRP) is a limited partnership listed on the NYSE that is in the business of owning and managing natural resource properties.

¶ 8 Bank Gutenberg AG is a Swiss private bank and investment dealer. Bank Gutenberg opened a trading account with Wood in February 2009.

¶ 9 Doble International S.A. is a company based in Panama. Doble, at the relevant time, had a trading account with Bank Gutenberg. Wood is the beneficial owner of the shares in Doble.

¶ 10 In the fall of 2010, a friend of Woods, F, entered into negotiations with NRP to acquire from NRP certain rights to a copper project in Michigan.

¶ 11 F was conducting these negotiations as a finder, first on behalf of another junior resource issuer and later on behalf of Highland.

¶ 12 Wood was brought into these negotiations in late September, 2010 by F who asked Wood to assist him in putting together a powerpoint presentation in anticipation of a meeting with NRP, at which they would explain to NRP how a transaction might be structured and financed. One of the roles that Wood would play in this meeting would be to explain how Jordan might assist in financing the project.

¶ 13 Although this initial meeting with NRP occurred on October 15, 2010 with Wood, F and representatives of the first junior resource company that F had targeted for the transaction in attendance, Wood forwarded an e-mail relating to the copper project to the Chief Executive Officer of Highland at this time.

¶ 14 Following this initial meeting with NRP, the first junior resource company decided not to pursue the copper project and, at this point, Highland became the intended vehicle for the project.

¶ 15 On November 2, 2010, Jordan provided a letter to Highland expressing an interest in raising money to assist Highland in financing the copper project. This letter was forwarded to NRP.

¶ 16 On November 18, 2010, NRP sent an e-mail to F indicating that NRP wanted to proceed with the letter of intent (LOI) with Highland but that it had some questions that needed to be addressed. This e-mail was immediately forwarded by F to Wood.

¶ 17 On November 19, 2010, F responded to NRP's questions and Wood was copied on this response.

¶ 18 On December 1, 2010 NRP sent a draft LOI to F, who then forwarded this document to Wood on December 2, 2010. Wood then forwarded the draft LOI to the CEO of Highland on the same day. The LOI set out the key commercial terms associated with the parties' agreement. It outlined, among other things, that NRP was to receive payments of cash and shares of Highland; it set out Highland's expenditure requirements; it established the interest in the project that Highland would earn upon meeting these requirements; and it set out an area of interest.

¶ 19 On December 7, 2010, NRP sent an e-mail to F indicating that NRP had reviewed F's modifications to NRP's proposal and that their only concern was Highland's level of expenditure commitments on the project.

¶ 20 F forwarded this e-mail on to Wood on December 7, 2010 with a note as follows:

> "Just about there. Have to give some thought to his request."

¶ 21 The next day, Wood purchased 195,500 shares of Highland at $0.10 per share. Wood purchased a further 4,500 shares of Highland on December 10, 2010 at $0.12 per share.

¶ 22 On the evening of December 12, 2010, F called Wood and left him a message indicating that they were going to get the copper deal with NRP.

¶ 23 On the morning of December 13, 2010, F sent Wood a copy of an updated version of the LOI. The LOI was clearly non-binding and subject to a number of significant conditions before the parties would enter into a definitive agreement.

¶ 24 Later in the morning of December 13, 2010, Wood forwarded the LOI to the CEO of Highland.

¶ 25 At some point prior to the opening of trading for the TSX Venture Exchange on December 13, 2010, Wood and the CEO of Highland had a telephone call during which Wood suggested that the CEO contact IIROC to have the shares of Highland halted.

¶ 26 The CEO of Highland did telephone IIROC prior to the market opening on December 13, 2010. A transcript of that call indicates that the CEO of Highland told IIROC that they had material news to report, as they had just received an LOI for a large transaction. IIROC declined to halt trading in the Highland shares at that time. IIROC was concerned about the length of the potential halt as Highland had not yet signed the LOI and the CEO of Highland indicated it could be several days before Highland issued a press release. IIROC said that they would monitor trading in Highland shares.

¶ 27 The CEO then spoke to Wood about his call to IIROC. Wood said in his compelled interview with the Commission that, in his view, if IIROC had determined not to halt the Highland shares then he could trade the shares in Highland on the morning of December 13, 2010.

¶ 28 Wood proceeded to acquire a further 50,000 shares of Highland on the morning of December 13, 2010 at a price of $0.125 per share. He also placed trades for purchases of Highland shares on behalf of a number of his clients.

¶ 29 During the morning of December 13, 2010, IIROC became aware that a significant volume of purchases of Highland shares were being placed by Jordan and contacted Jordan's compliance department. IIROC also halted the Highland shares from trading.

¶ 30 On December 14, 2010, NRP sent a revised LOI to F with some amendments to the area of interest described in the LOI. F immediately forwarded this revised LOI to the CEO of Highland with a note that said:

> "Looks like we are in business with this deal."

¶ 31 On December 16, 2010, NRP sent an e-mail to F indicating that an environmental issue had been identified with a property within the area of interest and that NRP was proposing to delete this property from the area of interest.

¶ 32 On December 17, 2010, Highland issued a press release indicating that it was in negotiations with an unnamed party about a copper project and that it would make a further press release when an agreement was signed. After issuing this press

release, the Highland shares closed the day at $0.25 per share, up 150% from the previous day's closing price.

¶ 33 On December 30, 2010, Wood sold 100,000 Highland shares at $0.315 per share, for a $18,000 profit relative to his purchase price on the shares.

¶ 34 On January 5, 2010, Highland issued a press release stating that it had signed the LOI with NRP.

¶ 35 IIROC and the Commission subsequently commenced an investigation into the trading of Highland shares conducted by Wood personally and on behalf of his clients.

¶ 36 At his compelled interview with the Commission, Wood was asked about his trading activity in Highland shares on the morning of December 13, 2010. In response to a question about trades placed by Bank Gutenberg, Wood replied that the trades conducted by Bank Gutenberg were unsolicited and that the orders were placed on behalf of Bank Gutenberg as principal. Wood provided the same answers to similar questions in an interview with IIROC investigators.

¶ 37 Wood now acknowledges that those answers were untrue.

¶ 38 At his interview with the Commission, Wood was also asked about the existence of any offshore trading accounts in which he held an interest. Wood denied the existence of any such accounts. That answer was also untrue.

¶ 39 During an internal investigation into these events conducted by his employer, Jordan, Wood admitted to having a previously undisclosed offshore account – Doble's account at Bank Gutenberg. Wood also admitted that his decision not to advise Jordan of the existence of this account was intentional.

¶ 40 The Commission further investigated Wood's trading history through Doble. Trading records for Doble's accounts at two Swiss banks for the period January 1, 2006 to January 31, 2012 were reviewed.

¶ 41 Those trading records indicated that Wood traded, while employed at Jordan, the securities of four listed companies (including Highland) while those issuers were on Jordan's restricted list. There was disagreement between the parties as to the volume of trading activity that occurred in these circumstances. The respondent acknowledges that twelve trades were made by Wood in contravention of Jordan's restricted list policies. While the Commission alleged that the respondent engaged in more trades than the twelve acknowledged by the respondent, the evidence of further trades was not sufficiently clear to determine that more than twelve trades occurred in these circumstances.

¶ 42 Jordan's restricted list policy, very broadly, prohibited employees, family members of employees and their affiliates from trading in securities of issuers on its restricted list and required that all trades of these securities be unsolicited.

¶ 43 Jordan notified its employees of additions to and deletions from the firm's restricted list by e-mail. There were no records entered to confirm that Wood received and opened the applicable notification e-mails in this case nor was there any evidence to the contrary.

III Position of the Parties

¶ 44 The executive director says that Wood breached section 57.2(2) by purchasing shares of Highland, during the period of December 8 through December 13, 2010, while in a special relationship with Highland with knowledge of the following undisclosed information:

a) the negotiations surrounding the copper project; and
b) the impending LOI between Highland and NRP with respect to the copper project.

¶ 45 The executive director says that the above information constituted a material fact as early as December 8, 2010 and certainly by the morning of December 13, 2010.

¶ 46 The executive director says that Wood provided false or misleading information to Commission investigators, in contravention of section 168.1(1)(a), when he falsely stated that the trades he placed on behalf of Bank Gutenberg:

a) were unsolicited; and
b) were made by Bank Gutenberg as principal.

¶ 47 The executive director says that the following behaviour of Wood is contrary to the public interest:

a) his contraventions of sections 57.2(2) and 168.1(1)(a) outlined above;
b) his use of an elaborate scheme of deception only available to a registrant to conceal his trading so as to avoid supervision of regulators and his employer;
c) his lies to IIROC investigators; and
d) his trading in stocks while those stocks were on Jordan's restricted list.

¶ 48 The respondent concedes that he breached section 168.1(1)(a) when he lied to Commssion investigators in the manner alleged by the executive director. He also admits to lying to IIROC investigators in the manner alleged by the executive director.

¶ 49 The respondent says that the allegation of contravention of section 57.2(2) should be dismissed because the information that the executive director says is the basis of the contravention, namely:

a) the negotiations surrounding the copper project; and
b) the impending LOI between Highland and NRP,

were neither material facts nor material changes when Wood purchased Highland shares during the period of December 8 through December 13, 2010. Wood concedes the other elements necessary to establish a contravention of section 57.2(2) – that Highland was an issuer, that he was in a special relationship with Highland at the applicable time and that the information (whatever its legal characterization) was undisclosed at the dates of Wood's purchases during this period.

¶ 50 The respondent addresses the allegation that his conduct contravened the public interest in a number of different ways:

a) to the extent the executive director's allegation is based on the same facts as a contravention of a specific section of the Act, then the executive director has failed to articulate why a separate order in the public interest should be made in addition to or in substitution for a finding that that conduct contravened the specific section of the Act alleged;
b) to the extent the allegation is that Wood abused his position as a registrant by using offshore accounts, there is nothing about Wood's conduct that would be limited to registrants;
c) to the extent the allegation is that Wood breached the restricted list policies of Jordan, there was no suggestion that the trades were conducted with knowledge of any undisclosed material information and the number of such contraventions were relatively small and not of the magnitude for the Commission to exercise its discretion to make an order in the public interest which should only be utilized by the Commission in extraordinary circumstances.

IV Analysis of the Law

a) Insider Trading

¶ 51 Section 57.2(2) provides:

> (2) A person must not enter into a transaction involving a security of an issuer,…if the person
>
> (a) is in a special relationship with the issuer, and
>
> (b) knows of a material fact or material change with respect to the issuer, which material fact or material change has not been generally disclosed.

¶ 52 Section 1(1) of the Act defines "material fact" as,

> a fact that would reasonably be expected to have a significant effect on the market price or value of the securities.

¶ 53 Section 1(1) of the Act defines "material change" as,

> a) if used in relation to an issuer …,
>
> (i) a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of a security of the issuer, or
>
> (ii) a decision to implement a change referred to in subparagraph (i) made by
>
> (A) the directors of the issuer, or
>
> (B) senior management of the issuer who believe that confirmation of the decision by the directors is probable, and

¶ 54 With the admissions of the respondent, a finding that the respondent contravened section 57.2(2), when he traded Highland shares between December 8 and December 13, 2010, is dependent on a finding that either the negotiations with respect to the copper project and/or the impending LOI between Highland and NRP constituted a material fact or material change on the date or dates in question.

¶ 55 The law on materiality has been canvassed by this Commission recently in the decisions of *Canaco Resources Inc. (Re)*, 2013 BCSECCOM 310 and *Siddiqi (Re)*, 2005 BCSECCOM 416.

¶ 56 In the circumstances of this case, it is clear that neither the negotiations with respect to the copper project nor the impending LOI had reached the point of being a material change. Therefore, the issue is whether this information was a material fact at the applicable time(s).

¶ 57 The Commission's decision in *Canaco* outlined certain other general principles that apply to considerations of material fact:

1. The test for materiality is objective – would the fact or event reasonably be expected to significantly affect the market price or value of the securities?

2. The test for materiality is a market impact test. As stated in *YBM*, "The investor is an economic being and materiality must be viewed from the perspective of the trading markets, that is, the buying, selling and holding of securities."

3. The reasonableness of market impact is assessed from the point of view of the reasonable investor, that is, would a reasonable investor expect that the market price or value of the securities would be affected by the fact or event?

…

6. Issuers are not held to perfection nor is the expectation of the market impact assessed with the benefit of hindsight.

¶ 58 In *Siddiqi* the Commission further considered the question of what constituted a material fact in the context of negotiations for a transaction and stated as follows:

> Whether information is material depends on the facts of each case. The test is the expected impact the information would have on the market price or value of the issuer's securities. Where transactions are involved, it is not enough to consider only the materiality of the transaction itself, but also the materiality of the information that negotiations are underway that could lead to a possible transaction. In some cases, the existence of negotiations would or could reasonably be expected to affect the stock price, and is therefore material. (Of course, the existence of negotiations about a proposed transaction can be material only if the underlying transaction itself, if completed, would be material.)
>
> Whether information about negotiations is material requires a consideration of the uncertainty of outcome inherent in any negotiation process. This depends on both the likelihood that the event will happen, and the expected impact of the event on the market price or value of the issuers's securities if it were to happen. For example, at the outset of negotiations it is usually uncertain whether the transaction will occur. As a result, information about negotiations at their early stage may not be material because the potential materiality of the transaction is offset by the uncertainty of whether it will happen. The evidence that is relevant to the issue of when negotiations reach the point that the information becomes material includes the evidence of parties and observers to the negotiations and the surrounding circumstances, including the parties' conduct.

¶ 59 Using this framework to determine whether the LOI and the fact of negotiations in respect of the copper project were material facts, the first question in this case is whether the transaction which was the subject of the negotiations and LOI was material to Highland (using the principles outlined in *Canaco* as a guide). If the first question is answered in the affirmative, then the second question is whether the uncertainty of the completion of negotiations for the LOI and completion of the transaction itself was such as to offset the materiality of the transaction.

¶ 60 The executive director submits, as support for its position that the information regarding the negotiations in respect of the copper project and LOI was a material fact, that the respondent and the CEO of Highand were of the view that the information was material – the CEO called IIROC on the morning of December 13, 2010, following a call from the respondent, because he believed the information to be material.

¶ 61 The executive director also cites the change in Highland's share price following Highland's press release of December 17, 2010 (announcing that it was in negotiations with an unnamed party for a transaction that was not described) as supportive for the proposition that the fact of negotiations was material.

¶ 62 Neither of the above submissions are determinative of the question of materiality using the principles as set out in *Canaco*. The test for materiality is objective – the subjective belief of the respondent, the CEO of Highland or IIROC is not relevant. The share price movement on December 17, 2010, while objective reaction to the news of negotiations, also represents a form of hindsight that we should be cautious to place too much emphasis upon. At the most, this is but one data point in the analysis of materiality.

¶ 63 The executive director further submits that a reasonable investor, armed with Wood's knowledge regarding the copper project would expect that the market price or value of Highland shares would be impacted by disclosure of the negotiations and the impending LOI.

¶ 64 We agree that the proper test is one of objectively assessing what the reasonable investor would conclude about the impact of the information on an issuer's share price or value. As outlined in *Canaco*:

> ¶ 100 The analysis of the impact of a fact or event on market price requires the issuer to consider whether the information will change existing investor perception to an extent sufficient to significantly affect market price. The questions the issuer needs to consider are: What is current investor perception of our business and prospects now? Would this information reasonably be expected to change that perception? If so, would the information reasonably be expected to change the perception to an extent sufficient to significantly affect market price?

¶ 65 The panel in *Canaco* then went on to consider a number of factors in their assessment of this test:

> ¶ 101 Canaco was a junior exploration issuer with no revenue and the Magambazi property was its main exploration focus. For an issuer with this profile, information associated with drill results is more likely to be

> material than for a larger issuer with more properties and more diversity to its business.
>
> ¶ 102 However, Canaco's drilling program was well advanced before Holes 84 to 98 were drilled. Canaco had been issuing news releases steadily since its first release in September 2009 and, as of December 2010, had disclosed the results of 82 drillholes. […]
>
> ¶ 103 In our opinion, the perception of a reasonable investor who was acquainted with Canaco's periodic and continuous disclosure in December 2010 would not be significantly altered by the drill results from Holes 84 to 98. The results were consistent with the existing "story" about the company and, as the geologist experts found, would not "appreciably" or "significantly" affect a mineral resource estimate.

¶ 66 *Canaco* provides for a separate, similar analysis of the impact the information would have on the value of the issuer's securities, based on an understanding of the underlying asset or property at the time of the information:

> ¶ 98 It is clear the evidence of these experts corroborates Smith's opinion about the drill results: that the eight holes in question would not affect the value of the Canaco shares from a geological perspective. The holes were infill drilling. They did not alter the known boundaries of the deposit. They did nothing more than add to the understanding of the continuity of the deposit. To the extent the results contained high grades, these would not affect a mineral resource estimate because their impact would have been neutralized through top-cutting.
>
> ¶ 99 We find that a reasonable investor with this information would not conclude that the drill results would reasonably be expected to have a significant effect on the value of the Canaco shares.

¶ 67 Unfortunately, in the matter before us, the executive director did not provide any factual background to explain why his assertion would be true in relation to Highland (other than the two specific submissions described above). We have no evidence about Highland before us, except that it was a junior resource company listed on the TSX Venture Exchange, and the number of its outstanding shares. No evidence was submitted about the financial circumstances, properties, assets or operations of Highland. Financial statements or other public disclosure documents in respect of Highland were not submitted into evidence.

¶ 68 We do not have any factual background or analysis to put the copper project into the context of Highland's current business and its prospects. Without evidence of the existing "story" of Highland, as outlined in *Canaco*, the panel is unable to determine whether a reasonable investor would expect the price or value of its

shares to be impacted by the information at issue. We are unable to answer the question of whether the reasonable investor would have viewed the copper project as material without speculating.

¶ 69 On this basis, we dismiss the allegation that the respondent breached section 57.2(2) of the Act.

b) Section 168.1(1)(a)

¶ 70 Section 168.1(1)(a) of the Act states a person must not,

> Make a statement in evidence or submit or give information under this Act to the commission, the executive director or any person appointed under this Act that, in a material respect and at the time and in light of circumstances under which it is made, is false or misleading, or omit facts from the statement or information necessary to make that statement or information not false or misleading.

¶ 71 The respondent has admitted to breaching s.168.1(1)(a) when he lied to BCSC investigators, as described in paragraphs 36 through 38 above.

c) Conduct contrary to the public interest

¶ 72 The executive director says that the following behaviour by the respondent, while not contravening a specific provision of the Act, is conduct contrary to the public interest that warrants our making orders against the respondent:

a) the conduct that the executive director says breaches sections 57.2(2) and 168.1(1)(a) of the Act;
b) his use of an elaborate scheme of deception only available to a registrant to conceal his trading;
c) his lying to IIROC investigators; and
d) his deception of his employer and trading in stocks that were on Jordan's restricted list.

¶ 73 We do have the authority under section 161(1) to make an order against the respondent without finding a specific contravention of the Act (see *Re Lohrisch*, 2012 BCSECCOM 237 and *Re McCabe*, 2014 BCSECCOM 269).

¶ 74 This authority must be exercised cautiously but must be exercised where protection of the public interest requires it. It is an important fact that the respondent was a registrant. In *Gregory & Co. v. Quebec Securities Commission* [1961] SCR 584, the court held that (at p.588),

> The paramount object of the Act is to ensure that persons who … carry on the business of trading in securities or acting as investment counsel, shall be honest and of good repute, and in this way, to protect the public…

Registrants are held to a high standard in their professional activities in order to ensure protection of the public interest.

¶ 75 It is a fact that the respondent concealed his trading activity through offshore accounts. However, this is not a scheme or behaviour that is available only to registrants. The registrant may have set this trading arrangement in place for a variety of reasons, many of which have nothing to do with the capital markets. There is nothing in this behaviour, in and of itself, that is so troubling or contrary to the public interest as to require an order in the circumstances. However, that the respondent, as a registrant, had this trading structure, which he intentionally kept from his employer, is relevant as we will discuss below.

¶ 76 The respondent has admitted that he lied to regulators. His lying to Commission investigators is a contravention of a specific section of the Act. There is no need to make a separate finding of acting contrary to the public interest in respect of that contravention. Acting in contravention of a specific section of the Act, by definition, is acting contrary to the public interest.

¶ 77 We have found that the respondent's purchases of Highland shares during the period of December 8 through December 13, 2010 were not in contravention of section 57.2(2) of the Act. The allegation that that conduct contravened a specific provision of the Act having failed, we cannot agree that such conduct, in this case, can be viewed as conduct contrary to the public interest. We were not given submissions as to why that conduct (other than the allegation that it contravened s.57.2(2)) should be viewed as contrary to the public interest and we do not find it so.

¶ 78 That the respondent lied to his employer is primarily a matter of private contractual interests that is generally outside the scope of the Commission's mandate. We would not make an order in the public interest, in this case, solely for the respondent lying to his employer. However, again, this conduct is relevant as will be discussed below.

¶ 79 The other allegations in this section, that must be considered further are the allegations that the respondent traded securities of listed issuers that were on his employer's restricted list and that he lied to IIROC investigators.

¶ 80 The respondent says that over a period of six years there were only a handful of trades that match the allegation that he traded securities of issuers on Jordan's restricted list. He says that the executive director has not proved that he was aware that these issuers were on Jordan's restricted list and/or that he was in possession of any material undisclosed information about those issuers at the time of the impugned trades. He says that there is no evidence of any malintent

connected with these trades and, as a consequence, we should not exercise our discretion to make an order in the public interest in the circumstances.

¶ 81 The executive director says that restricted lists are designed to protect the integrity of the public markets and violations of policies in respect of restricted lists by registrants, while not a contravention of a specific section of the Act, warrants an order in the public interest.

¶ 82 We agree with the respondent that there has been no suggestion that when the respondent made the impugned trades, he was in possession of material undisclosed information.

¶ 83 We disagree with the respondent that there was no evidence that the respondent was unaware that these issuers were on Jordan's restricted list. Evidence given by the Chief Compliance Officer of Jordan established that firm wide e-mails were circulated of the entries and removals of issuers from the restricted lists. It would be unreasonable to infer that the respondent did not receive these e-mails or that even if it were possible that he may have missed some of these, that he missed e-mails for all four of the issuers in question.

¶ 84 The primary purpose of restricted lists for registrants is for internal purposes to ensure that the firm and its employees have protocols in place in order to qualify for an exemption from insider trading restrictions (and to generally protect against inadvertent insider trading). As such, the trading of securities which are on a restricted list by a registrant, without a further finding of malintent, would not, in and of itself, usually result in a finding that that conduct was contrary to the public interest.

¶ 85 However, in this case, the respondent,

a) repeatedly traded securities that were on Jordan's restricted list;
b) set up an offshore trading structure to conceal his trading activity (for whatever reason) and then intentionally withheld this information from his employer;
c) lied to his primary regulator, IIROC, about some of his conduct.

Individually, these facts might not be serious enough for a finding that they are contrary to the public interest but, when combined, lead us to the conclusion that the respondent's conduct fell far short of what is expected of registrants. In our view, this pattern of conduct by the respondent is contrary to the public interest.

V Summary

¶ 86 In summary, we have found that the respondent:

a) Did not breach s.57.2(2) when he traded securities of Highland between December 8 through December 13, 2010;
b) Breached s.168.1(1)(a) when he lied to Commission staff; and
c) Acted contrary to the public interest.

VI Submissions on Sanctions

¶ 87 We direct the parties to make their submissions on sanctions as follows:

By February 6, 2015	The executive director delivers submissions to Wood and to the secretary to the Commission
By February 20, 2015	Wood delivers response submissions to the executive director and to the secretary to the Commission Any party seeking an oral hearing on the issue of sanctions so advises the secretary to the Commission
By February 27, 2015	The executive director delivers reply submissions (if any) to Wood and to the secretary to the Commission

¶ 88 January 15, 2015

¶ 89 **For the Commission**

Judith Downes
Commissioner

Gordon L. Holloway
Commissioner

Nigel P. Cave
Vice Chair

Don Rowlatt
Commissioner