

**IN THE MATTER OF THE SECURITY FRAUDS PREVENTION ACT  
R.S.N.B. 1973, c. S-6 AS AMENDED**

**AND**

**IN THE MATTER OF  
REGAL CAPITAL PLANNERS LTD.;  
ROBERTA LOUBIER;  
GARY ROBERTSON; AND  
DIXILEE ROBERTSON**

**ORDER**

**WHEREAS** on October 1, 2001, the Administrator of the Securities Administration Branch issued a Notice of Hearing in respect of Regal Capital Planners Ltd. ("Regal"); Roberta Loubier; Gary Robertson; and Dixilee Robertson;

**AND WHEREAS** the parties have consented to remove Roberta Loubier as a party to the proceeding;

**AND WHEREAS** Regal, Gary Robertson and Dixilee Robertson entered into a Settlement Agreement dated November 13, 2001 ("the Agreement") in which they agreed to a proposed settlement of the proceeding, subject to the approval of the Administrator;

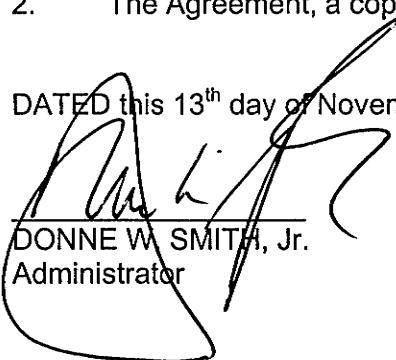
**AND UPON REVIEWING** the Agreement;

**AND WHEREAS** THE Administrator is of the opinion that it is in the public interest to make this Order;

**IT IS HEREBY ORDERED THAT:**

1. Roberta Loubier be dropped as a party to this action; and
2. The Agreement, a copy of which is attached to this Order, is hereby approved.

DATED this 13<sup>th</sup> day of November, 2001.

  
DONNE W. SMITH, Jr.  
Administrator

**IN THE MATTER OF THE SECURITY FRAUDS PREVENTION ACT  
R.S.N.B. 1973, c. S-6 AS AMENDED**

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D.P. 17  
Nov 13, 2000

**AND**

**IN THE MATTER OF  
REGAL CAPITAL PLANNERS LTD.;  
ROBERTA LOUBIER;  
GARY ROBERTSON; AND  
DIXILEE ROBERTSON**

**SETTLEMENT AGREEMENT**

**1. INTRODUCTION**

- 1.1 Regal Capital Planners Ltd. (now known as Cartier Partners Financial Services Inc. and hereinafter called "Regal") is a broker registered in New Brunswick to trade in securities, restricted to distributing mutual funds approved for distribution in New Brunswick.
- 1.2 In February 2000, Cartier Partners Financial Group Inc. ("Cartier") became the new owner of Regal.
- 1.3 In the course of a compliance review, staff of the Securities Administration Branch ("Staff") learned that 53 salespersons, employed by Regal in other provinces, were trading on behalf of New Brunswick residents. These salespersons were not registered in New Brunswick.
- 1.4 In addition, Staff was concerned that there had been a failure to respond to some requests for information; that information provided appeared designed to conceal the unregistered trading; that no system had been in place to detect unauthorized trading, that appropriate controls had not been in place and that there had been inadequate supervision to ensure suitability of trades and compliance with the *Security Frauds Prevention Act* (the "Act").
- 1.5 Regal has provided supplementary information which has removed the concern Staff had that the information provided to Staff in respect of unregistered representatives was intentionally misleading. Regal also provided supplementary information to Staff to show that the Company had been taking steps to address the problem from the beginning of the year. As a result, the allegations against Roberta Loubier, Compliance Officer, have been dropped.
- 1.6 In addition, Regal provided acceptable explanations for delays; information about a programme of annual audits; and a new back office system. Regal has reassigned supervisory responsibilities for the Moncton branch and its sub-branches to Dixilee Robertson and has agreed to perform increased compliance reviews and training.

## 2. STATEMENT OF FACTS

- 2.1 Regal acknowledges the following facts as correct:
- 2.2 Regal is a body corporate. It was amalgamated under the *Business Corporations Act* (Ontario) on September 1, 1993 and registered in New Brunswick as an extra-provincial corporation (No. 077076) on February 14, 2000. On September 30, 2001, Regal was continued under the *Canada Business Corporations Act* as 3947386 Canada Inc. and on October 1, 2001 Regal amalgamated with a number of other entities to form Cartier Partners Financial Services Inc.
- 2.3 On November 27, 1986, Regal was registered with the Securities Administration Branch as a broker, licensed to trade securities, restricted to distributing mutual funds approved for distribution in New Brunswick, and has been registered continuously since that date.
- 2.4 Roberta Loubier is General Counsel and Compliance Officer for Cartier and Regal and has been registered in New Brunswick as a salesperson for compliance purposes since September 18, 2000.
- 2.5 Gary Robertson is the New Brunswick Provincial Manager for Regal and has been registered in New Brunswick since April 20, 1982 as a salesperson restricted to distributing mutual funds and as a branch manager.
- 2.6 Dixilee Robertson is a Branch Manager for Regal and has been registered in New Brunswick since November 16, 1990 as a salesperson restricted to distributing mutual funds and since July 19, 2001 as a branch manager.
- 2.7 In the course of a compliance review, Staff noted that salespersons employed by Regal in other provinces had been trading on behalf of New Brunswick residents. These salespersons were not registered in New Brunswick. Regal had taken steps to correct this on its own initiative before the review, but Staff did not learn of the extent of these measures until after the Notice of Hearing.
- 2.8 By letter dated March 29, 2001, Regal was required to provide, among other things, a list of New Brunswick clients with the name of the representative who served each one and a list of non-resident clients who were served by New Brunswick representatives.
- 2.9 By letter dated August 29, 2001, Regal was asked to provide, within five days, a list of clients transferred from representative account numbers 4000, 8002 and 4018 between January 1, 2001 and August 29, 2001.
- 2.10 By October 1, 2001 Regal had not provided the information requested August 29, 2001 or alternatively an adequate explanation for the failure.
- 2.11 The Staff compliance review also revealed incomplete complaint files and incomplete client information necessary to assess suitability of investments. Most of the deficiencies related to the time period before the institution of Regal's new compliance program and before Cartier's acquisition of Regal.
- 2.12 Staff ultimately determined through a review of the information provided after the

compliance review, that, 53 out-of-province representatives, sponsored by Regal, were handling New Brunswick clients without being registered in New Brunswick.

- 2.13 Regal permitted unregistered salespersons to trade on behalf of New Brunswick clients over a period of years. This was corrected following the acquisition of Regal by Cartier when Regal's out-of-province policy was implemented on April 1, 2001.
- 2.14 By permitting such unregistered trading, Regal has saved registration fees and may have further benefited from the commissions earned on trades executed for its New Brunswick clientele by unregistered representatives.
- 2.15 After issuance of the Notice of Hearing on October 1, 2001, Regal provided an explanation for the delay referred to in paragraph 2.10.
- 2.16 Staff accepts the following statements of the Respondents:
  - a) In the 18 months since Cartier acquired Regal in February of 2000, the company has done a complete review of compliance practices and procedures at Regal offices across Canada and instituted measures to ensure compliance with securities regulations and industry practice;
  - b) Before initiation of the Staff compliance review, and as part of its programme to correct historical out-of-province trading, Regal took steps to transfer the New Brunswick accounts to a registered salesperson or to obtain the required registration for salespersons in order to ensure compliance with New Brunswick's legislation;
  - c) There have been no client complaints and no adverse impact upon the capital markets of New Brunswick as a result of the unregistered trading; and
  - d) Regal has subsequently offered acceptable explanations for delays in providing information and has apologised for those delays.

### **3. JOINT SETTLEMENT RECOMMENDATION**

- 3.1 Staff agree to recommend settlement in accordance with the terms and conditions set out below.
- 3.2 Regal agrees to the settlement based on the facts set out in Part 2 and consents to the making of an order on the basis of those facts.
- 3.3 This Settlement Agreement will be released to the public only if and when the settlement is approved by the Administrator.
- 3.4 Subsequent to the issuance of the Notice of Hearing, the supplementary information Regal provided to Staff showed that the information initially provided was not intended to conceal unregistered trading and that Regal had been attempting to address the problem from the beginning of the year.

3.5 The parties are in accord that Roberta Loubier should be dropped as a party to this proceeding and all allegations against her withdrawn.

#### 4. TERMS OF SETTLEMENT

4.1 Regal agrees to:

- a) not make any statement which is inconsistent with the Statement of Facts, after the settlement is approved;
- b) ensure that no salesperson sponsored by Regal trades on behalf of New Brunswick residents, without being registered in New Brunswick;
- c) conduct a full compliance review, by head office, of its New Brunswick branches and sub-branches by November 30, 2001, including a complete verification of client records to ensure that basic client information is up to date and that no client is served by an unregistered representative;
- d) hold a training session for all New Brunswick staff to review the company's new policies and any deficiencies found in the compliance review;
- e) conduct head office compliance reviews of New Brunswick branches and sub-branches thereafter in accordance with Cartier's compliance program (which includes an annual branch compliance review starting in the spring of 2002 and a biennial sub-branch review);
- f) submit copies of compliance reports to the Securities Administration Branch;
- g) enhance co-ordination of compliance with head office and the Moncton Branch by appointing Dixilee Robertson as branch manager of the Moncton Branch and sub-branches; and
- h) voluntarily pay the following amounts in respect of unregistered trading:
  - i) \$10,000 for the purposes of investor education to the Investor Learning Centre; and
  - ii) \$12,000 for the purposes of investor education to New Brunswick Public Legal Education and Information Service (P.L.E.I.S.-NB).

#### 5. STAFF COMMITMENT

5.1 Staff agree to:

- a) withdraw all allegations against Roberta Loubier and drop the proceedings against her;
- b) not seek suspension, cancellation or any other disciplinary order in respect of the registration of Regal, Gary Robertson or Dixilee Robertson in relation to the facts

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AS

set out in Part 2;

- c) not take any separate action against Regal, Gary Robertson, Dixilee Robertson, any of the unregistered representatives of Regal, or any of the company's officers or directors, in relation to the facts set out in Part 2; and
- d) accept and review the application of each non-resident representative on its own merits, separate and apart from any non-compliant activities identified in this Settlement Agreement with Regal.

## **6. PROCEDURE FOR APPROVAL OF SETTLEMENT**

- 6.1 Upon execution of this agreement by Staff and by Regal, Gary Robertson and Dixilee Robertson, Staff will apply to the Administrator for an order approving the terms set out in it.
- 6.2 If this Settlement Agreement is approved by the Administrator, it will constitute the entirety of the evidence to be submitted respecting Regal, Gary Robertson and Dixilee Robertson in this matter and Regal, Gary Robertson and Dixilee Robertson agree to waive any right to a hearing or appeal with respect to this matter.
- 6.3 If, for any reason whatever, this Settlement Agreement is not approved by the Administrator, or the order set forth in Schedule "A" is not made by the Administrator:
  - a) Staff, Regal, Gary Robertson and Dixilee Robertson will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing, unaffected by the Settlement Agreement or the settlement negotiations;
  - b) the terms of this agreement will not be referred to in any subsequent proceeding or disclosed to any person, except with the written consent of Staff, Regal, Gary Robertson and Dixilee Robertson or as may be required by law; and
  - c) Regal, Gary Robertson and Dixilee Robertson further agree that none of them will raise, in any proceeding, the Settlement Agreement or the negotiation or process of approval of it, as a basis for any attack on the jurisdiction of the Administrator, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.

## **7. DISCLOSURE OF SETTLEMENT AGREEMENT**

- 7.1 The terms of the Settlement Agreement will be treated as confidential by the parties hereto until approved by the Administrator and forever if, for any reason, the Settlement Agreement is not approved by the Administrator.
- 7.2 Any obligation as to confidentiality shall terminate upon the approval of this Settlement Agreement by the Administrator and it will become public information.

**8. EXECUTION OF SETTLEMENT AGREEMENT**

8.1 This Settlement Agreement shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

Dated this 13<sup>th</sup> day of November, 2001.

**SIGNED, SEALED AND DELIVERED**

Cartier Partners Financial Services Inc.  
By

\_\_\_\_\_

\_\_\_\_\_

Gary Robertson

\_\_\_\_\_

Dixilee Robertson

Staff of the Securities Administration Branch  
By

  
\_\_\_\_\_

Ed LeBlanc,  
Deputy Administrator,  
Enforcement & Compliance

**8. EXECUTION OF SETTLEMENT AGREEMENT**

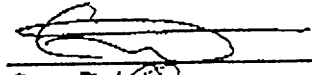
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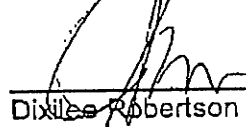
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\_\_\_\_\_

  
\_\_\_\_\_

Gary Robertson

  
\_\_\_\_\_

Dixie Robertson

Staff of the Securities Administration Branch  
By

  
\_\_\_\_\_

Ed LeBlanc,  
Deputy Administrator,  
Enforcement & Compliance

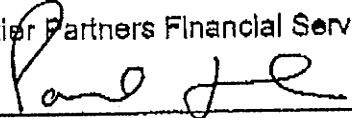



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Deputy Administrator,  
Enforcement & Compliance

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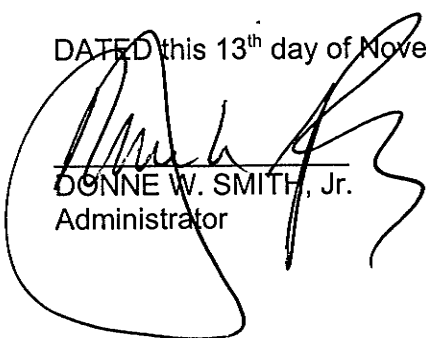
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**AND WHEREAS** THE Administrator is of the opinion that it is in the public interest to make this Order;

**IT IS HEREBY ORDERED THAT:**

1. Roberta Loubier be dropped as a party to this action; and
2. The Agreement, a copy of which is attached to this Order, is hereby approved.

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DONNE W. SMITH, Jr.  
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