



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Stanley Wayne Parke

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (the “MFDA”) will announce that it proposes to hold a hearing to consider whether, pursuant to section 24.4 of By-law No. 1, a hearing panel of the Prairie Regional Council (the “Hearing Panel”) of the MFDA should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of the MFDA (“Staff”) and the Respondent, Stanley Wayne Parke (the “Respondent”).

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff conducted an investigation of the Respondent’s activities. The investigation disclosed that the Respondent had engaged in activity for which the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to s. 24.1 of By-law No.1.

3. Staff and the Respondent recommend settlement of the matters disclosed by the investigation in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule “A”.

4. Staff and the Respondent agree that the terms of this Settlement Agreement, including the attached Schedule “A”, will be released to the public only if and when the Settlement Agreement is accepted by the Hearing Panel.

III. ACKNOWLEDGEMENT

5. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the MFDA (subject to Part IX) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

IV. AGREED FACTS

Registration History

6. The Respondent was registered as a mutual fund salesperson in the provinces of Alberta and Saskatchewan with Sun Life Financial Investment Services (Canada) Inc. (“Sun Life”) from December 2002 to December 2009.

7. Sun Life became a member of the MFDA on February 14, 2002.

8. Prior to Sun Life, the Respondent was registered as a mutual fund salesperson with Sun Life Financial Advisory Services Inc. from August 1999 to December 2002. Sun Life Financial

Advisory Services Inc. was granted membership in the MFDA on December 7, 2001 and then amalgamated with Hub Capital Inc. effective December 28, 2002. The amalgamated entity carried on business as Hub Capital Inc. In December 2002, at or around the same time as the amalgamation, the Respondent transferred to Clarica Investco Inc., which was subsequently acquired by Sun Life.

9. The Respondent is currently not registered in the securities industry in any capacity.

Securities Related Business

10. At all material times, ExtremeSpeed Inc. (“EXS”)¹ was a company that held itself out as a developer and vendor of internet related hardware. The Respondent knew the founder and principal of EXS, one GP, from prior business dealings unrelated to EXS. EXS was a private company. It was not a reporting issuer and its shares did not trade publicly on an exchange.

11. In or about late 2002, while the Respondent was registered as an Approved Person with Sun Life, GP approached the Respondent and asked him to assist some original shareholders of EXS in selling some or all of their shares to new investors and to assist EXS generally in expanding its shareholder base. In exchange, the Respondent would receive a commission or finder’s fee of 25 cents for every EXS share that was sold.

12. Between November 2002 and 2006, the Respondent sold or facilitated the sale of EXS shares to at least 59 individuals, 13 of whom were clients of Sun Life (these 59 individuals are hereinafter referred to singly or collectively as the “Investor” or “Investors”).

13. The Respondent sold or facilitated the sale of the EXS Shares through his company, 763810 Alberta Ltd. (“Share Co.”). The Respondent sold the Investors shares in Share Co., and then used the proceeds from the sale of the Share Co. shares to purchase a specified number of EXS shares for the beneficial ownership of each Investor. To accomplish this, the Investors entered into either an “Agreement of Purchase and Sale of Shares” or a “Bare Trust Agreement”,

¹ EXS may also have been known as “Silvercrest Internet Services Inc.”

both of which were signed by the Respondent on behalf of Share Co.

14. Under the terms of the Agreement of Purchase and Sale of Shares, Share Co. was the vendor and the Investor was the purchaser of EXS shares. The Agreement provided that the Investor purchased shares in Share Co. for a specified sum and that the proceeds from the sale of those shares were to be allocated to purchase a specified number of EXS shares for the Investor.

15. Under the terms of the “Bare Trust Agreement”, Share Co. was the “Bare Trustee”, the Investor was the “Beneficial Owner” and the EXS shares were the “Trust Property”. The Investor directed Share Co. to purchase and hold a specified number of EXS shares as trustee for the Investor. The Respondent signed both of these types of documents on behalf of Share Co.

16. Share Co. acquired at least 276,550 EXS shares as follows: (a) 136,550 shares on or about October 10, 2003; and (b) 140,000 shares on February 15, 2004.

17. The Respondent claims that he knew some of the original EXS shareholders from prior business dealings with them. The Respondent represented to prospective investors that EXS was a sound investment by pointing out to them, among other things, the reputations of the original EXS shareholders. The Respondent provided most of the Investors with a brochure about EXS and showed them a piece of EXS hardware.

18. It appears that, in total, there were 83 known shareholders of EXS. Of those 83 shareholders, 59 (the Investors) purchased their EXS shares through Share Co.² At least 13 of the Investors were clients of Sun Life. Those 13 clients purchased a total of at least \$135,000 of EXS shares, as follows:³

²On September 16, 2009, the Alberta Securities Commission issued a warning letter to the Respondent with respect to his participation in the sale of EXS shares through Share Co. The Alberta Securities Commission warned the Respondent, among other things, that the sale of the EXS shares had occurred without a determination by the Respondent whether the private issuer exemption was available to permit the sale of the EXS shares and without consideration of the 50 shareholder limit applicable to the exemption.

³ The total amount invested in EXS by clients and other individuals is unknown to Staff.

Client	Amount Invested
RD and JD	\$5,000
BG and MG	\$20,000
BP	\$70,000
DP	Undetermined
HS	Undetermined
HT and RT	\$20,000
WH Ltd.	\$10,000 to \$13,000
RM and VM	\$10,000
GM	Undetermined
13 Clients	\$135,000

19. The Respondent states that he received approximately 100 cheques from the Investors to purchase shares in EXS that he deposited into a bank account belonging to Share Co.

20. The Respondent claims that he disbursed 50% of the monies provided to him by the Investors to the five or six original EXS shareholders from whom Share Co. acquired EXS shares and the other 50% to EXS.

21. The Respondent claims that the compensation or finder's fee to which he was entitled for selling EXS shares was paid to him in the form of EXS shares valued at approximately \$25,000.⁴ The Respondent did not disclose this compensation to Sun Life.

22. In addition to selling or facilitating the sale of EXS shares to the Investors, the Respondent also attended an EXS shareholder meeting and some EXS shareholder events as the representative of the Investors. Share Co. was described as "[the Respondent's] holding company of investors". The Respondent also delivered two memos in August and September 2003 to "All [EXS] Investors", which instructed the Investors on the delivery process for EXS share certificates.

23. In or around early 2006, the Respondent states that he ceased his involvement with EXS when he was told by EXS that his services were no longer required and he was directed by EXS to return all EXS documents and records in his possession to EXS.

⁴ The Respondent states that his total investment in EXS shares was worth \$51,000, which consisted of the shares he received as compensation as well as additional investments of monies.

24. In or around March 2009, one of the Investors (who was not a client of Sun Life) complained to the Alberta Securities Commission concerning his investment in EXS. This Investor stated that his complaint was shared by a number of the other Investors.

25. Neither Sun Life nor MFDA Staff are aware of any complaints filed by clients of Sun Life relating to the Respondent's sale of EXS shares.⁵

26. To the best of the Respondent's knowledge, the Investors have lost the entirety of their investment in EXS. The Respondent states that he too has lost the entirety of his investment in EXS.

27. The Respondent did not disclose the existence of Share Co. to Sun Life. The Respondent also never disclosed to Sun Life that he had sold or facilitated the sale of EXS shares to clients and other individuals through Share Co. or that he received any commissions from EXS for his activities.

28. EXS and Share Co. were not investment products known to or approved by Sun Life for sale by its Approved Persons, including the Respondent. The sales of the EXS shares by the Respondent were not carried on for the account or through the facilities of Sun Life.

Mitigating Factors

29. The Respondent has not been the subject of a previous MFDA disciplinary proceeding.

The Respondent's Representations

30. The Respondent regrets the contravention of MFDA Rules described in this Settlement Agreement.

⁵ MFDA Staff is aware that a non-client complained to the Alberta Securities Commission after he was unable to recoup the money he had invested in EXS.

V. CONTRAVENTIONS

31. The Respondent admits that between November 2002 and 2006, the Respondent engaged in securities related business that was not carried on for the account and through the facilities of the Member by selling or facilitating the sale of shares in a private company to 59 individuals, 13 of whom were clients of the Member, through another company owned or controlled by the Respondent, contrary to MFDA Rules 1.1.1(a) and 2.1.1.

VI. TERMS OF SETTLEMENT

32. The Respondent agrees to the following terms of settlement:

- a. the Respondent shall pay a fine in the amount of \$10,000 pursuant to section 24.1.1(b) of MFDA By-law No. 1;
- b. the Respondent shall pay costs of \$5,000, pursuant to section 24.2 of MFDA By-law No. 1.;
- c. the Respondent shall be prohibited from conducting securities related business while in the employ of, or associated with, a Member of the MFDA for a period of 10 years, pursuant to section 24.1.1(e) of MFDA By-law No. 1.;
- d. the payment by the Respondent of the fine and costs in subparagraphs a. and b. above shall be made to and received by MFDA Staff in certified funds as follows:
 - I. \$5,000 (fine) upon entering into the settlement agreement;
 - II. \$5,000 (fine) on or before July 3, 2012; and
 - III. \$5,000 (costs) on or before September 4, 2012;
- e. if the Respondent fails to make any of the payments described in subparagraph d. above, then the Respondent:
 - I. shall immediately be permanently prohibited from conducting securities related business while in the employ of, or associated with, a Member of the MFDA; and
 - II. the Respondent shall pay an additional fine of \$10,000, which together with any outstanding balance of fine and costs, shall immediately become due

and payable to the MFDA; and

f. the Respondent shall attend at the settlement hearing in person.

VII. STAFF COMMITMENT

33. If this Settlement Agreement is accepted by the Hearing Panel, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts set out in Part IV and the contravention described in Part V of this Settlement Agreement, subject to the provisions of Part IX below. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any facts and contraventions that are not set out in Parts IV and V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the contravention set out in Part V, whether known or unknown at the time of settlement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

34. Acceptance of this Settlement Agreement shall be sought at a hearing of the Prairie Regional Council of the MFDA on a date agreed to by counsel for Staff and the Respondent.

35. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the settlement hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive his rights to a full hearing, a review hearing before the Board of Directors of the MFDA or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction.

36. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, then the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof

in accordance with s. 24.5 of By-law No. 1.

37. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against it him.

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

38. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under section 24.3 of the By-laws of the MFDA against the Respondent based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is taken, the Respondent agrees that the proceeding(s) may be heard and determined by a hearing panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

39. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule "A" is not made by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to sections 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

40. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

XI. DISCLOSURE OF AGREEMENT

40. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law.

41. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel

XII. EXECUTION OF SETTLEMENT AGREEMENT

43. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

44. A facsimile copy of any signature shall be effective as an original signature.

Dated: 18th day of April, 2012

“Stanley Parke”
Stanley Wayne Parke

“Doreen Parke”
Witness - Signature

Doreen Parke
Witness - Print name

“Shaun Devlin”
Staff of the MFDA
Per: Shaun Devlin
Vice-President, Enforcement



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PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
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Re: Stanley Wayne Parke

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the "MFDA") issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of [Respondent] (the "Respondent");

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated [date] (the "Settlement Agreement"), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to ss. 20 and 24.1 of By-law No. 1;

AND WHEREAS the Hearing Panel is of the opinion that between November 2002 and 2006, the Respondent engaged in securities related business that was not carried on for the account and through the facilities of the Member by selling or facilitating the sale of shares in a private company to 59 individuals, 13 of whom were clients of the Member, through another company owned or controlled by the Respondent, contrary to MFDA Rules 1.1.1(a) and 2.1.1.

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent shall pay a fine in the amount of \$10,000, pursuant to section 24.1.1(b) of MFDA By-law No. 1.
2. The Respondent shall pay costs in the amount of \$5,000, attributable to the investigation and settlement of this matter, pursuant to section 24.2 of MFDA By-law No. 1.
3. The Respondent shall be prohibited from conducting securities related business while in the employ of, or associated with, a Member of the MFDA for a period of ten years from the date of the Order, pursuant to section 24.1.1(e) of MFDA By-law No. 1.
4. The payment by the Respondent of the fine and costs in paragraphs 1. and 2. above shall be made to and received by MFDA Staff in certified funds as follows:
 - a. \$5,000 (fine) upon entering into the settlement agreement;
 - b. \$5,000 (fine) on or before July 3, 2012; and
 - c. \$5,000 (costs) on or before September 4, 2012;
5. If the Respondent fails to make any of the payments described in paragraph 4. above, then the Respondent:
 - a. shall immediately be permanently prohibited from conducting securities related business while in the employ of, or associated with, a Member of the MFDA; and
 - b. the Respondent shall pay an additional fine of \$10,000, which together with any outstanding balance of fine and costs, shall immediately become due and payable to the MFDA; and
6. If at any time a non-party to this proceeding requests production of, or access to, any materials filed in, or the record of, this proceeding, including all exhibits and transcripts, then the

MFDA Corporate Secretary shall not provide copies of, or access to, the requested documents to the non-party without first redacting from them any and all intimate financial or personal information, pursuant to Rules 1.8(2) and (5) of the MFDA *Rules of Procedure*.

DATED this [day] day of [month], 2012.

Per: _____
[Name of Public Representative], Chair

Per: _____
[Name of Industry Representative]

Per: _____
[Name of Industry Representative]