

IIROC NOTICE

Enforcement Notice Hearing

Please distribute internally to:
Legal and Compliance

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10-0186
June 24, 2010

IN THE MATTER OF Carolann Steinhoff – Discipline

SUMMARY

NOTICE is hereby given that a hearing will be held before a Hearing Panel of the Investment Industry Regulatory Organization of Canada (IIROC), on Tuesday August 3, 2010, at UBC Robson Square, Room C 225, 800 Robson St., Vancouver, British Columbia, at 10:00 a.m. to hear evidence and submissions in the matter of Carolann Steinhoff (the Respondent).

The hearing concerns matters for which the Respondent may be disciplined as an Approved Person of IIROC, pursuant to Part 10 of IIROC Dealer Member Rule 20.

The hearing concerns allegations that the Respondent:

1. On June 10, 2008, prior to opening a new joint account for CK and AK with a short term time horizon, failed to determine or consider the rate of return her clients were seeking or how much money they were prepared to lose in their account and thereby failed to learn essential facts relative to her clients contrary to IIROC Dealer Member Rules 29.1 and / or 1300.1(a);
2. On June 10, 2008 failed to ensure that the New Client Application Form (NCAF) for a new joint account of her clients CK and AK reflected the essential fact that the funds in



the account would be needed approximately four months later to make the down payment on the Ks' new home and thereby acted contrary to IIROC Dealer Member Rules 29.1 and / or 1300.1(a);

3. On June 26, 2008, and subsequently on July 8, 2008, entered orders in the joint account of her clients CK and AK to purchase 12 different securities totaling approximately \$240,000 without first obtaining approval from the clients as to the specific securities to be purchased, the amount of each security to be purchased, or the price at which the security would be purchased, when the account was not a discretionary account and thereby acted contrary to IIROC Dealer Member Rules 29.1 and / or 1300.4;
4. On June 26, 2008, and subsequently on July 8, 2008, entered orders in the joint account of her clients CK and AK to purchase 12 different securities totaling approximately \$240,000 when approximately \$120,000 of the money used to purchase the securities was borrowed on margin and when use of margin to that extent was inconsistent with the clients' investment objectives for the account. The Respondent thereby acted contrary to IIROC Dealer Member Rules 29.1 and / or 1300.1 (p) and (q);
5. On June 26, 2008, and subsequently on July 8, 2008, recommended and constructed a portfolio of investments for her clients CK and AK in their joint account consisting of 12 different securities totaling approximately \$240,000 and approximately \$120,000 of margin debt which was not suitable for the clients and inconsistent with the clients' objectives for the account which was to ensure that a certain sum invested was available approximately four months later for the down payment on their new home. The Respondent thereby acted contrary to IIROC Dealer Member Rules 29.1 and / or 1300.1 (p) and (q);
6. On August 26, 2008, recommended that her clients CK and AK continue with previously purchased investments in their joint account when that portfolio was not suitable for her clients and inconsistent with their investment objectives. The Respondent thereby acted contrary to IIROC Dealer Member Rules 29.1 and / or 1300.1 (q); and
7. On November 28, 2008, made a false statement in response to an inquiry from her firm's Chief Compliance Officer and Chief Regulatory Counsel, who had requested information from her after receiving a written client complaint from her clients CK and AK. The Respondent stated in an email that "Margin and leverage were brought up by (CK)" when in fact the Respondent knew that was not true. The Respondent thereby acted contrary to IIROC Dealer Member Rule 29.1.



IIROC formally initiated the investigation into the Respondent's conduct on December 18, 2008. The alleged violations occurred when the Respondent was a Registered Representative with the 240-730 View Street, Victoria, British Columbia branch of Wellington West Capital Inc. The Respondent is currently a Registered Representative with the 340A-730 View Street, Victoria, British Columbia sub-branch of Queensbury Securities Inc., an IIROC-regulated firm.

The Notice of Hearing is available at:

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=F2E67A74982E49A1B946692041CA9C01&Language=en>

The hearing is open to the public, unless the Hearing Panel orders otherwise. The Hearing Panel's decision and reasons will be made available to the public.