

IIROC NOTICE

Enforcement Notice Decision

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Legal and Compliance

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11-0060
February 9, 2011

IN THE MATTER OF Patrick Cooney and Jory Capital Inc. – Penalty

Following a disciplinary hearing held November 2-4, 2010, in Winnipeg, Manitoba, a Hearing Panel of the Investment Industry Regulatory Organization of Canada (IIROC) found that Patrick Cooney (Cooney) and Jory Capital Inc. (Jory) committed violations of IIROC Rules and of the Universal Market Integrity Rules (UMIR).

Specifically, the Hearing Panel found that Cooney committed the following violations:

- (a) Cooney, the Chief Executive Officer, President, and sole director of Jory, failed to ensure that Jory design, establish, oversee, and implement an effective financial compliance program to ensure proper compliance with regulatory requirements regarding maintenance of adequate risk adjusted capital (RAC), monitoring of regulatory capital, and reliability of financial reporting, contrary to Rules 29 and 2600.
- (b) Cooney failed to ensure that Jory establish, maintain, and enforce a supervisory system contrary to Rule 38.
- (c) Cooney failed to ensure that Jory develop and implement a trade supervision policy as required by Universal Market Integrity Rules (UMIR) 7.1.



- (d) Cooney engaged in conduct unbecoming by failing to ensure that Jory fulfill representations provided to IIROC, contrary to Rule 29.1.

The Hearing Panel found that Jory committed the following violations:

- (a) On January 24, 2008, Jory failed to maintain its RAC greater than zero, contrary to Rule 17.1.
- (b) On October 9, 2009, IIROC required Jory to retro-actively recalculate its RAC resulting in Jory failing to maintain its RAC greater than zero, during the months of June to October 2009, contrary to Rule 17.1.
- (c) On April 14, 2010, Jory failed to maintain its RAC greater than zero, contrary to Rule 17.1.

The Decision and Reasons on Liability dated November 12, 2010 can be found at <http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=6EE9541419B342A98DF6D6ECDB69C11E&Language=en>

Following a penalty hearing held on January 18, 2011, the Hearing Panel imposed the following penalty on Cooney:

- (a) A fine of \$100,000; and
- (b) A permanent ban from registration in all capacities with the exception of registered representative, investment representative or trader.

Cooney must pay \$40,000 in Costs.

The following penalty was imposed on Jory:

- (a) A fine of \$40,000 per RAC deficiency, for a total of \$120,000;
 - (b) Jory must retain a compliance consultant for at least one year.
- Jory must also pay \$10,000 in Costs.

The Decision and Reasons on Penalty dated January 28, 2011 can be found at <http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=1D36D46105334E908543BAFC1929F446&Language=en>

Jory and Cooney have indicated that they intend to appeal the Penalty Decision to the Manitoba Securities commission.

IIROC formally initiated the investigation into Cooney and Jory's conduct on September 28, 2009. The violations occurred when Cooney was an Approved Person at Jory's office in



Winnipeg. Cooney continues to be an Approved Person at the same office. Jory is an IIROC-regulated firm.

The Notice of Hearing is available at

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=015281646AFD44029F89B12BD7B4BB0A&Language=en>.

IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. Created in 2008 through the consolidation of the Investment Dealers Association of Canada (IDA) and Market Regulation Services Inc. (RS), IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while maintaining efficient and competitive capital markets.

IIROC carries out its regulatory responsibility through setting and enforcing rules regarding the proficiency, business and financial conduct of dealer firms and their registered employees and through setting and enforcing market integrity rules regarding trading activity on Canadian equity marketplaces.