

**IN THE MATTER OF THE *SECURITIES ACT*,  
R.S.O. 1990, c. S.5, as amended**

**AND**

**IN THE MATTER OF LUCY MARIE PARIAK-LUKIC**

**AND**

**IN THE MATTER OF A DECISION OF A HEARING PANEL OF  
THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA  
DATED JANUARY 2, 2014 AND MARCH 6, 2014**

**APPLICATION FOR A HEARING AND REVIEW**

The Applicant, the Investment Industry Regulatory Organization of Canada (“IIROC”), applies to the Ontario Securities Commission (the “Commission”) pursuant to section 21.7 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) for a hearing and review of the decision on the merits of the Hearing Panel dated January 2, 2014, *In the Matter of Lucy Marie Pariak-Lukic*, 2014 IIROC 01 (the “Merits Decision”), and the decision on sanctions of the Hearing Panel dated March 6, 2014, *In the Matter of Lucy Marie Pariak-Lukic*, 2014 IIROC 11 (the “Sanction Decision”).

1. **THE APPLICANT REQUESTS** that the Commission make an order:
  - (a) pursuant to section 21.7 and subsection 8(3) of the Act:
    - (i) imposing a two year suspension on the approval of Lucy Marie Pariak-Lukic (the “Respondent”) with IIROC, in addition to the penalties imposed on her by the Hearing Panel in the Sanction Decision; or
    - (ii) alternatively, remitting the question of the appropriate sanctions in this matter to the Hearing Panel for reconsideration in light of the Commission’s decision; and

- (b) granting such further and other relief as counsel may request and the Commission may order.

2. **THE GROUNDS FOR THE APPLICATION** are:

- (a) in the Merits Decision, the Hearing Panel found that the Respondent made recommendations to her clients concerning an off-book investment; that she did not make reasonable inquiries to satisfy herself that the sale of the securities associated with this off-book investment was exempt from the prospectus requirements contained in Ontario securities law; and that this constituted conduct unbecoming a registrant and was not in the public interest, contrary to IIROC Dealer Member Rule 29.1;
- (b) in the Sanction Decision, the Hearing Panel imposed the following sanctions on the Respondent:
  - i. a fine of \$50,000;
  - ii. a requirement that she be subject to close supervision by her firm for a period of 6 months;
  - iii. a requirement that she re-write and pass the Conduct and Practices Handbook Examination and Canadian Securities Course within 1 year; and
  - iv. costs in the amount of \$45,000.
- (c) the Hearing Panel did not impose any suspension of the Respondent's approval with IIROC;
- (d) the Hearing Panel erred in law and proceeded on an incorrect principle by imposing a penalty that was unfit and inappropriate in all of the circumstances and which failed to place sufficient weight on the principle of general deterrence;
- (e) the Hearing Panel erred in law, proceeded on an incorrect principle and overlooked material evidence by adopting an overly restrictive approach to the facts that should be considered in determining the appropriate penalty;

- (f) the Hearing Panel erred in law and proceeded on an incorrect principle in holding that the Respondent derived no personal benefit from the investments;
- (g) the Hearing Panel erred in law, proceeded on an incorrect principle and overlooked material evidence by failing to attribute all of the losses suffered by the Respondent's clients to the Respondent's recommendation to invest;
- (h) the Hearing Panel erred in law and proceeded on an incorrect principle by considering the "trauma" suffered by the Respondent due to her participation in the IIROC hearing as a factor to be weighed in assessing sanctions;
- (i) the Hearing Panel's failure to impose a suspension on the Respondent's registration with IIROC is inconsistent with the public interest in light of the seriousness of her misconduct;
- (j) the Hearing Panel's failure to impose a suspension on the Respondent's registration with IIROC is inconsistent with the approach of other Ontario securities regulatory bodies, including the Commission, to the facilitation of off-book investments and to participation in the illegal distribution of securities;
- (k) the Hearing Panel erred in law and proceeded on an incorrect principle by adopting a restrictive approach to the role of suspensions in determining appropriate disciplinary sanctions. This restrictive approach is inconsistent with the public interest;
- (l) sections 8 and 21.7 of the Act;
- (m) Rules 2.2 and 14 of the *Ontario Securities Commission Rules of Procedure* (the "OSC Rules of Procedure"); and
- (n) such further and other grounds as counsel may advise.

3. **THE DOCUMENTARY EVIDENCE** to be used at the hearing of this application is:

- (a) the record of the proceeding before the Hearing Panel as provided in Rule 14.3 of the OSC Rules of Procedure, including, in particular:
  - (i) the Notice of Hearing dated February 6, 2013;
  - (ii) the documentary evidence presented to the Hearing Panel;
  - (iii) the transcripts of the oral evidence before the Hearing Panel;
  - (iv) the Merits Decision;
  - (v) the Sanction Decision; and
  - (vi) such further and other evidence as counsel may advise and the Commission may permit.

April 9, 2014

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