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| THE SECURITIES ACT |) | Order No. 6528 |
| |) | |
| Section 148.1(1) |) | May 16, 2012 |

OLAV KENNETH GILLESHAMMER

WHEREAS:

(A) On May 11, 2012, The Manitoba Securities Commission ("Commission") issued a Notice of Hearing ("NOH") giving notice of its intention to hold a hearing ("Proceedings") to consider whether it was in the public interest to grant orders under *The Securities Act* ("Act") with respect to Olav Kenneth Gilleshammer ("GILLESHAMMER");

(B) Staff of the Commission and the respondent entered into a Settlement Agreement (a copy of which is attached as Schedule "A") dated May 11, 2012 ("Settlement Agreement"), which proposed settlement of the Proceedings, subject to the approval of the Commission;

(C) The respondent has consented to the issuance of this Order and has waived his rights to a full hearing;

(D) On May 16, 2012, the Commission held a hearing ("Settlement Hearing") to consider whether or not to approve the Settlement Agreement;

(E) The Commission is of the opinion that it is in the public interest to make this order.

IT IS ORDERED:

1. **THAT** the Settlement Agreement, Schedule "A", be and the same is hereby approved.

2. **THAT** pursuant to subsection 148.1(1) of the Act, GILLESHAMMER pay an administrative penalty of \$4,000.00 to be paid in three instalments as follows:

- (a) first instalment of \$2,000.00 to be paid within 2 days of the date of this Order;
- (b) second instalment of \$1,000.00 to be paid no later than July 31, 2012, and;

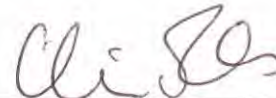
(c) third instalment of \$1,000.00 to be paid no later than September 30, 2012.

3. **THAT** GILLESHAMMER undertakes to the Commission that he will not place any trades on any accounts with any firm within thirty (30) minutes of the close of any trading day, nor will he cause anyone on his behalf to do so.

4. **THAT** GILLESHAMMER undertakes to the Commission that within two days of approval of the Settlement Agreement by the Commission he will provide a copy of the Settlement Agreement to the authorized official of record for his employing mortgage broker under The Mortgage Brokers Act.

5. **THAT** GILLESHAMMER pay to the Commission costs in the amount of \$500.00 to be paid forthwith.

BY ORDER OF THE COMMISSION



Deputy Director

SCHEDULE "A"

Settlement Agreement

Olav Kenneth Gilleshammer

and

Staff of The Manitoba Securities Commission

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5

Ex No.: 2
Ex. of: GILLESHAMMER
Date: 16 MAY 12

SETTLEMENT AGREEMENT

A. Introduction

- A1. By way of a Notice of Hearing to be issued ("NOH"), The Manitoba Securities Commission ("Commission") will give notice of its intention to hold a hearing to consider whether pursuant to The Securities Act ("Act") it is in the public interest for the Commission to make an order approving the settlement agreement contained herein entered into between staff of the Commission ("Staff") and the respondent Olav Kenneth Gilleshammer ("Settlement Agreement").
- A2. Discussions have been held between the respondent and Staff in an effort to settle all issues in connection with an enforcement matter in respect of conduct or alleged conduct of the respondent in relation to the facts set out in Part B. of this Settlement Agreement ("Enforcement Matter"). A settlement of the Enforcement Matter has been reached based on the terms and conditions set forth in this Settlement Agreement.
- A3. Pursuant to the settlement, Staff agree to recommend to the Commission that the Enforcement Matter against the respondent be resolved and disposed of in accordance with the terms and conditions of this Settlement Agreement as set forth below. The respondent consents to the settlement and to the making of the consent order referred to in Part D. below, on the terms and conditions set forth in this Settlement Agreement.

B. Statement of Facts

Background -

- B1. Olav Kenneth Gilleshammer ("GILLESHAMMER") is an individual residing at all material times in Manitoba.
- B2. GILLESHAMMER was first registered under the Act as a salesperson (Mutual Funds) on September 26, 1996 and continued to be so registered until November 24, 2003. GILLESHAMMER had been employed as a bank manager for over 30 years.
- B3. Since November 24, 2003, GILLESHAMMER has not been registered under the Act.
- B4. On June 11, 2011, GILLESHAMMER became registered under The Mortgage Brokers Act as a salesperson and he remains so at this time.
- B5. R Split III Corp. is a mutual fund corporation which invests in common shares of the Royal Bank of Canada. The Capital Shares of R Split III Corp. are traded on the Toronto Stock Exchange under the trading symbol "RBS" ("RBS").
- B6. RBS stocks are thinly traded. During the period of December 2008 – February 2009, the average number of trades per day was 11.

Trading Activity -

- B7. During the period of December 2008 – February 2009, GILLESHAMMER had trading authority on three accounts, with the same brokerage (“Brokerage”). The three accounts consisted of a group RSP account for each of himself and his wife and a regular account in his name in which purchasing securities on margin could be done (“Margin Account”).
- B8. In December of 2008, GILLESHAMMER held 10,700 shares of RBS in the Margin Account. The RBS shares represented over 83% of the market value of all of the securities in the Margin Account.
- B9. By December of 2008, GILLESHAMMER had borrowed from the Margin Account over \$51,400.00 including interest.
- B10. For the purposes of calculating the available margin on client accounts, RBS stocks were valued at their last bid price from the previous day.
- B11. In general, when the price of a stock falls below the margin value, the client will get a margin call, requiring an injection of cash, to be used in payment towards the amount borrowed, failing which securities in the account will be sold to generate the cash.
- B12. For the Margin Account, the Brokerage’s margin requirements for RBS were:
 Stocks/units valued at or under \$2.99 could not be margined;
 Stocks/units valued between \$3.00 and \$5.00 could be margined to 50%.
- B13. Starting in December 2008 through to late February 2009 (“Period of High Closing”), GILLESHAMMER placed the following buy orders electronically, using the two non-margin accounts:

| | Date (Buy Order) | Time (Buy order) | # of shares (Buy order) | Bid Price (Buy Order) | Quote Prior to Order – Highest Bid | Quote Prior to Order – Lowest Ask Price | Closing Bid? (Buy Order) | Increase In Marginable Price |
|---|---------------------|---------------------|----------------------------|--------------------------|------------------------------------|---|--------------------------|------------------------------|
| 1 | Dec. 11, 2008 | 15:56:44 | 100 | \$4.45 | \$4.03 | \$4.55 | Yes | \$.42 |
| 2 | Jan. 16, 2009 | 15:58:11 | 100 | \$5.05 | \$4.50 | \$5.25 | Yes | \$.55 |
| 3 | Jan. 20, 2009 | 15:59:35 | 100 | \$4.49 | \$4.06 | \$4.74 | Yes | \$.43 |
| 4 | Jan. 22, 2009 | 15:57:53 | 100 | \$5.01 | \$4.81 | \$5.49 | Yes | \$.20 |
| 5 | Jan. 26, 2009 | 15:57:53 | 100 | \$4.30 | \$4.04 | \$4.40 | Yes | \$.26 |
| 6 | Feb. 20, 2009 | 15:47:02 | 1500 | \$3.01 | \$2.57 | \$3.21 | Yes* | \$.44 |

* Received partial fill of 100 shares; Unfilled portion established high closing bid.

- B14. All of the above GILLESHAMMER bids were day orders, expiring by default at the end of the trading day.
- B15. The Toronto Stock Exchange closes daily at 16:00 (Eastern Time).
- B16. All of the above GILLESHAMMER bids were made in the last 13 minutes of the trading day. Five such bids were made in the last three minutes.
- B17. Five of the six GILLESHAMMER bids were for 100 shares each.
- B18. 100 shares was one board lot, or the minimum standard trading unit.
- B19. Each of the six buy orders shown above established the closing bid price for the day.
- B20. Each of the six buy orders shown above resulted in an increase in the marginable value for RBS.

C. Acknowledgements

C1. GILLESHAMMER acknowledges that during the Period of High Closing he engaged in trading activity by which he intended to and did raise the price of RBS for the purpose of avoiding a margin call in the Margin Account, that such conduct is a form of market manipulation, and that therefore the terms of settlement are in the public interest.

C2. Staff acknowledge the cooperation of GILLESHAMMER during the investigation.

D. Terms of Settlement

D1. In order to effect a resolution of the issues raised by the Proceedings, Staff and the respondent have entered into this Settlement Agreement. Upon this basis, Staff seek an order ("Consent Order") from the Commission pursuant to the Act that:

- (a) the Settlement Agreement be approved;
- (b) pursuant to subsection 148.1(1) of the Act, GILLESHAMMER pay an administrative penalty of \$4,000.00 to be paid in three instalments as follows:
 - (i) first instalment of \$2,000.00 to be paid within 2 days of the date of the Order,
 - (ii) second instalment of \$1,000.00 to be paid no later than July 31, 2012, and
 - (iii) third instalment of \$1,000.00 to be paid no later than September 30, 2012;

- (c) GILLESHAMMER undertakes to the Commission that he will not place any trades on any accounts with any firm within thirty (30) minutes of the close of any trading day, nor will he cause anyone on his behalf to do so;
- (d) GILLESHAMMER undertakes to the Commission that within two days of approval of the Settlement Agreement by the Commission he will provide a copy of the Settlement Agreement to the authorized official of record for his employing mortgage broker under The Mortgage Brokers Act;
- (e) GILLESHAMMER pay to the Commission costs in the amount of \$500.00 to be paid forthwith upon approval of the Settlement Agreement.

E. Procedure for Approval of Settlement

- E1. The approval of this Settlement Agreement and the making of the Consent Order set out in this Settlement Agreement shall be sought at a public hearing pursuant to the NOH to be issued.
- E2. Staff and the respondent agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted to the Commission in connection with the Enforcement Matter and the respondent hereby waives his right to a full hearing and appeal of this matter.
- E3. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the Consent Order referred to in Part D. above is not made by the Commission, Staff will be entitled to proceed with whatever steps it is entitled by law to take, including but not restricted to the commencement of a hearing before the Commission, unaffected by this Settlement Agreement or the settlement discussions. In the event that such steps are taken, the respondent shall have all the usual rights of an individual subject to such proceedings. If this Settlement Agreement is not approved or the Consent Order set out in Part D. above is not made by the Commission, the terms of this Settlement Agreement shall remain confidential and will not be raised in this or any other proceeding and any admissions contained in this Settlement Agreement shall be considered as without prejudice communications and in furtherance of settlement discussions, which will not be binding upon the parties and which will be inadmissible in any proceeding whatsoever.
- E4. Staff and the respondent agree that if this Settlement Agreement is approved by the Commission and the Consent Order made upon the terms set out in this Settlement Agreement, this Settlement Agreement will be a public document.

- E5. The respondent agrees that he will not raise in any proceeding this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as a basis for an attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other challenge that may be available.

- E6. If this Settlement Agreement is approved by the Commission and the Consent Order is made upon the terms set out in this Settlement Agreement, neither Staff nor the respondent will make any statement inconsistent with this Settlement Agreement.

DATED at Winnipeg, Manitoba, this 7th day of MAY, 2012.

[Signature]
Witness

[Signature]
Olav Kenneth Gilleshammer

DATED at Winnipeg, Manitoba, this 11th day of MAY, 2012.

Staff of the Manitoba Securities Commission
per: [Signature]
Director, Legal and Enforcement