

**IN THE MATTER OF THE *SECURITIES ACT*
R.S.O. 1990, C. S.5, AS AMENDED**

AND

**IN THE MATTER OF
ANDREW STUART NETHERWOOD RANKIN**

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. By Notice of Hearing dated December 20, 2005, the Ontario Securities Commission announced that it proposed to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the “*Act*”), it is in the public interest for the Commission to make orders as specified therein.

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding initiated by the Notice of Hearing against Andrew Rankin (“Rankin”) in accordance with the terms and conditions set out below. Rankin consents to the making of an order against him in the form attached as Schedule “A” on the basis of the facts set out below.

PART III – AGREED FACTS

3. Staff and Rankin agree with the facts in Part III and conclusion in Part IV herein. Rankin agrees with the facts in Part III and conclusion in Part IV herein for the purposes of this settlement agreement only. Rankin expressly denies that the terms of this settlement agreement are intended to be an admission of liability by him in any other context to any person, company, or other entity.
4. Rankin, a resident of Woodland Hills, California, U.S.A., was a Managing Director in the Mergers and Acquisitions Department of RBC Dominion Securities (“RBC DS”) from early 1999 until his suspension from RBC DS in April, 2001. During this period, RBC DS was engaged as a financial advisor by various reporting issuers in Ontario. As a Managing Director of RBC DS, Rankin was privy to and possessed of confidential material information about potential corporate transactions involving RBC DS clients. Rankin was a registrant with the Investment Dealers Association.
5. Pursuant to s.76(5)(b) of the *Act*, Rankin was a person in a special relationship with the reporting issuers involved with the following corporate transactions (the “Corporate Transactions”):
 - i. Acquisition by Abitibi Consolidated Inc. of RBC DS client, Donohue Inc., announced February 1, 2000;
 - ii. Acquisition by Novartis Animal Health Inc. of RBC DS client Cobequid Life Science Inc., announced May 8, 2000;

- iii. Merger of Maverick Tube Corporation and RBC DS client Prudential Steel Ltd., announced June 11, 2000;
 - iv. Acquisition by RBC DS client De Beers Canada Holdings Inc. of Winspear Diamonds Inc., announced June 26, 2000;
 - v. Acquisition by RBC DS client Shaw Communications Inc. of Canadian Satellite Communications Inc., announced July 14, 2000;
 - vi. Acquisition by Telus Communications Corporation of RBC DS client Clearnet Communications Inc., announced August 21, 2000;
 - vii. Acquisition by RBC DS client Shaw Communications Inc. of Moffat Communications Limited, announced December 7, 2000;
 - viii. Restructuring of RBC DS client Canadian Pacific, announced February 13, 2001;
 - ix. Acquisition by LivGroup Investments Inc. of RBC DS client Irwin Toy Limited, announced March 5, 2001; and
 - x. Acquisition of Alliance Forest Products Inc. by Bowater Inc., following the unsuccessful bid by RBC DS client Tembec Inc., announced April 2, 2001.
6. Rankin was aware of the legal requirement not to disclose confidential material information and he owed a duty of confidentiality to RBC DS and to the clients of RBC DS. Rankin was RBC DS' lead client advisor for the acquisitions by Shaw Communications Inc. and was a member of the deal team for the restructuring of Canadian Pacific, described above. As such, Rankin acquired confidential material information about these transactions through his direct client involvement. For the remaining transactions, Rankin acquired confidential material information based on the information available to him as Managing Director and as "staffer", the person responsible for assigning junior M&A staff to deal teams within the M&A Department.

7. Rankin met Dan Duic (“Duic”) in grade 7 at Upper Canada College (“UCC”). They had become close friends by grade 11, spending time together every weekday at school. They graduated from UCC in 1983. They remained friends thereafter.
8. The contact between Rankin and Duic was frequent during the relevant time frame of the deals relating to the above-mentioned Corporate Transactions. In 1999-2001, Rankin and Duic telephoned and/or e-mailed each other daily, and scheduled get-togethers for coffee, breakfast, lunch, dinner, social events, and trips.
9. Rankin had office arrangements at his homes, and used his home computer extensively for RBC DS business purposes, including via the Internet, to accommodate the long hours of Mergers and Acquisitions work. He had physical records of RBC DS business activities at his home offices, including records of staffing duties and project descriptions at his home office to permit after hours staffing for any new potential transactions, and work product pertaining to the deals he worked on directly.
10. Duic had keys to Rankin’s house on Russell Hill Road and may have had keys to Rankin’s Lonsdale apartment. Duic was sometimes alone in Rankin’s homes, with and without Rankin’s knowledge. Over the relevant period, Duic was alone in Rankin’s homes perhaps as many as ten times. On occasion, Duic had access to confidential information pertaining to the RBC DS potential transactions (including the Corporate Transactions), when unsupervised in Rankin’s home, as a result of

Rankin's negligence. Duic engaged Rankin in conversation seeking confidential information or seeking to confirm information he had already acquired.

11. Duic is an established computer expert. At U.C.C. he developed a computer program employed at the school for scheduling parents night. Duic followed financial markets intensely, was knowledgeable about the public companies within major Canadian business segments, and had research tools at his office consistent with many trading desks.
12. The contacts and communications between Rankin and Duic, referred to above, occurred during the time when the Corporate Transactions were being considered.
13. Through Rankin's conduct as described above, Rankin informed Duic of confidential material facts with respect to each reporting issuer that had not been generally disclosed. The confidential material facts related to the potential Corporate Transactions, on which RBC DS was advising. Rankin did not know and did not advert to Duic's use of confidential material information.
14. Over a 14-month period, on the basis of confidential material information, Duic earned profits of approximately \$4.5 million by illegal insider trading, contrary to s. 76(1) of the *Act*.

PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

15. By engaging in the conduct described above, Rankin has breached Ontario securities law by acting contrary to s.76(2) of *Act*.

PART V – TERMS OF SETTLEMENT

16. Rankin agrees to the terms of settlement listed below.

17. The Commission will make an order:
 - a. approving the Settlement Agreement;
 - b. permanently restricting Rankin from registration under Ontario securities law;
 - c. permanently prohibiting Rankin from becoming a director or officer of any registrant;
 - d. permanently prohibiting Rankin from becoming a director or officer of any reporting issuer;
 - e. that Rankin shall resign all positions that he holds as director or officer of a reporting issuer;
 - f. that Rankin cease trading in any securities and that Rankin be prohibited from acquiring any securities for a period of 10 years from the date of the approval of the within settlement agreement, except that Rankin is permitted to trade only in mutual funds and exchange traded funds through a registered dealer in one locked-in retirement account held in his name only, the particulars of which are to be provided forthwith to staff of the Ontario Securities Commission, and in one registered education savings plan held at E-Trade Canada; and
 - g. that Rankin pay costs of the investigation in the amount of \$250,000 immediately.

PART VI – STAFF COMMITMENT

18. If this agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in relation to the facts set out in Part III of this agreement, subject to the provisions of paragraph 19 below.
19. If this settlement agreement is approved by the Commission and at any subsequent time Rankin fails to honour the terms of the settlement set out in Part V and paragraph 23 herein, Staff reserve the right to bring proceedings under Ontario securities law against Rankin based on, but not limited to, the facts set out in Part III of this settlement agreement, as well as the breach of the settlement agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

20. Approval of this settlement will be sought at a public hearing before the Commission scheduled for Thursday, February 21, 2008, or such other date as may be agreed to by Staff and Rankin, in accordance with the procedures set out in this settlement agreement and the Commission's Rules of Practice.
21. Staff and Rankin agree that this settlement agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding Rankin's conduct in this matter, unless the parties agree that further facts should be submitted at the Settlement Hearing.

22. If this settlement agreement is approved by the Commission, Rankin agrees to waive his rights to a full hearing, judicial review, or appeal of this matter under the *Act*.
23. If this settlement agreement is approved by the Commission, neither party will make any public statement that is inconsistent with this settlement agreement.
24. Whether or not this settlement agreement is approved by the Commission, Rankin agrees that he will not, in any proceeding, refer to or rely upon this agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF AGREEMENT

25. If, for any reason whatsoever, this settlement agreement is not approved by the Commission, or an order in the form attached as Schedule "A" to this settlement agreement is not made by the Commission:
 - i. this settlement agreement and its terms, including all discussions and negotiations between Staff and Rankin leading up to their presentation at the settlement hearing, shall be without prejudice to Staff and Rankin; and
 - ii. each of Staff and Rankin will be entitled to all available proceedings, remedies and challenges, including proceeding to a

hearing of the allegations contained in the Statement of Allegations, unaffected by this agreement or the settlement discussions/negotiations.

26. The terms of this settlement agreement will be treated as confidential by both parties until approved by the Commission. The terms of this settlement agreement will be treated as confidential forever if this settlement agreement is not approved for any reason whatsoever by the Commission, except with the written consent of both Rankin and Staff or as may be required by law.
27. Any obligations of confidentiality will terminate upon approval of this settlement agreement by the Commission.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

28. This agreement may be signed in one or more counterparts which together will constitute a binding agreement.
29. A facsimile copy of any signature will be as effective as an original signature.

Dated this 19th day of February 2008.

STAFF OF THE ONTARIO SECURITIES COMMISSION

“Michael Watson”

Michael Watson
Director, Enforcement Branch

ANDREW STUART NETHERWOOD RANKIN

“Andrew Rankin”

Andrew Stuart Netherwood Rankin

“David Humphrey”

Witness