



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

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

- AND -

**IN THE MATTER OF
PAUL IANNICCA**

HEARING HELD PURSUANT TO SECTIONS 127 AND 127.1 OF THE *SECURITIES ACT*

SETTLEMENT HEARING RE: PAUL IANNICCA

HEARING: Wednesday, February 10, 2010

PANEL: David L. Knight, FCA - Chair of the Panel

APPEARANCES: Hugh Craig - for Staff of the Ontario Securities Commission

Michael Magonet - for Paul Iannicca

ORAL RULING AND REASONS

The following text has been prepared for the purpose of publication in the Ontario Securities Commission Bulletin and is based on excerpts of the transcript of the hearing. The excerpts have been edited and supplemented and the text has been approved by the Chair of the Panel for the purpose of providing a public record of the decision.

Chair:

[1] This was a hearing under sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, (the “Act”) for the Ontario Securities Commission (the “Commission”) to consider whether it is in the public interest to approve a proposed Settlement Agreement between Staff of the Commission (“Staff”) and the respondent Paul Iannicca (“Mr. Iannicca”).

[2] I have considered the allegations of Staff regarding Mr. Iannicca, the terms of the Settlement Agreement reached with Staff, the submissions of Staff and Mr. Magonet on behalf of Mr. Iannicca.

[3] I am influenced by the admission by Mr. Iannicca that he engaged in serious misconduct. I am also influenced by the fact that Mr. Iannicca cooperated with Staff to enter into a Settlement Agreement and this eliminated the need for a full-blown hearing with all the related costs.

[4] I note that Mr. Iannicca invested some of his own funds in Gold-Quest, which is an indication that he believed that the investment was a legitimate one. I am also influenced by the fact that as soon as Mr. Iannicca learned that Gold-Quest ended up in receivership, he ceased all activity related to Gold-Quest.

[5] Mr. Iannicca received approximately \$101,000 in commissions from Gold-Quest, and he compensated four investors for their losses in the amount of approximately \$40,000. I note that Mr. Iannicca paid income taxes on the commissions received and those taxes are apparently not recoverable.

[6] One of the terms of the Settlement Agreement is that Mr. Iannicca will disgorge the remainder of his commissions amounting to approximately \$61,000. After disgorging this sum, Mr. Iannicca will also be out of pocket for his loss on his own investment with Gold-Quest, the taxes he paid with respect to commissions of \$101,000 and his legal fees and whatever other costs he incurred in this matter. And, of course, there’s also the loss of income he would have earned, which has gone elsewhere as a result of the damage to his reputation in this matter.

[7] As Mr. Craig has pointed out, the Settlement Agreement was negotiated between the parties and the parties arrived at what they considered to be acceptable terms. It is a well established principle that the role of a Commission Panel considering a settlement agreement is not to substitute its judgment for what is proposed in the settlement agreement, but rather to consider whether the settlement is within the acceptable parameters (*Re Sohan Singh Koonar et al.* (2002), 25 O.S.C.B. 2691). And I have concluded that it is.

[8] Therefore, I approve the Settlement Agreement which contains the following sanctions: (1) Mr. Iannicca is prohibited for ten years from becoming or acting as a registrant; (2) any exemptions contained in Ontario securities law do not apply to Mr. Iannicca for ten years; and (3) Mr. Iannicca is to disgorge to the Commission the amount of \$60,851.84 to be allocated under section 3.4(2)(b) of the Act to or for the benefit of third parties.

Approved by the Chair of the Panel on March 3, 2010.

“*David L. Knight*”

David L. Knight, FCA