

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: DAVID B. ELLIOTT

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FILE NO: 0600655

CONSENT ORDER OF DISMISSAL

TO THE RESPONDENT: David B. Elliott
(CRd#:2814225)
2466 Westham Island Road
Delta, British Columbia
Canada V4K 3N2

c/o Haywood Securities (USA) Inc.
400 Burrard Street Suite 2000
Vancouver, British Columbia
Canada V6C 3A6

c/o Dana H. Prince
Getz Prince Wells LLP Suite 1810
1111 West Georges Street
Vancouver, British Columbia
Canada V6E 4M3

WHEREAS, Respondent on the 14th day of August, 2008 executed a certain Stipulation to Enter Consent Order of Dismissal (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated April 4, 2007, in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Dismissal "Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. Acknowledges that Dana H. Prince, Esq. has filed his appearance as attorney of record and that he has consulted with him regarding this matter.
2. Acknowledges service upon him of the Notice of Hearing issued by the Secretary of State, Securities Department dated April 4, 2007 (the "Notice").
3. Admits to the jurisdiction of the Secretary of State over him and over the subject matter of this proceeding.
4. Waives compliance with the provisions of the Administrative Procedure Act [5 ILCS 100/10-5 et Seq.] regarding contested cases pursuant to Section 25 thereof.
5. Waives any and all rights to hearing and post-hearing procedures otherwise available pursuant to the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
6. Waives any right he may have to judicial review by any court by way of suit appeal or extraordinary remedy resulting from the entry of the Consent Order.
7. Acknowledges, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:
 - a. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.
 - b. That on November 22, 2006 NASD entered a Letter Of Acceptance, Waiver And Consent (AWC) submitted by the Respondent regarding File No. E3B2004021901 which sanctioned the Respondent as follows:
 - i. suspended from associating with any member of NASD in any capacity for a period of 10 business days; and

- ii fined \$15,000, jointly and severally with another entity.
- c. That the AWC found:

Background

NASD Conduct Rule 3050 governs accounts opened or maintained by associated persons of member firms with member firms other than their employer member firms. When a member firm (the "executing member") knows that a person associated with another member firm (the "employer member") has or will have a financial interest in, or discretionary authority over, any existing or proposed account, Rule 3050(b) requires that the executing member:

- (1) notify the employer member in writing, prior to the execution of a transaction for such account, of the executing member's intention to open or maintain such account;
- (2) upon written request by the employer member, transmit duplicate copies of confirmations, statements or other information with respect to such account; and
- (3) notify the associated person of its intention to provide such notice and information to the employer member.

Violations

- i On or about January 4, 2004, SCP, a registered representative of another NASD member firm, opened an account with Haywood USA in the name of DCI, a corporation wholly owned by SCP and his wife.
- ii The Client Account Application Form ("Application") for the DCI account at Haywood USA was accompanied by a Trading Resolution and Certificate, which identified SCP as the President of DCI. But the Application and accompanying documents did not disclose that SCP was an associated person of another member firm. On a New Account Signature Card, executed in connection with the opening of the DCI account, SCP falsely stated that no NASD restricted person had an interest in the account.

- iii The Respondent and another individual were the registered representatives responsible for the DCI account at Haywood USA.
 - iv When the DCI account was opened at Haywood USA, the Respondent and others, knew that SCP was an associated person of another member firm, knew that he had a financial interest in the DCI account, and knew that he would exercise discretionary authority over that account.
 - v The Respondent discussed the opening of the DCI account with SCP.
 - vi The Respondent did not inform the management or Chief Compliance Officer of Haywood USA that an associated person of another member firm had a financial interest in the DCI account or that such a person would exercise discretionary authority over that account.
 - vii Prior to executing transactions for the DCI account, Haywood USA, acting through the Respondent, did not notify SCP's employer member firm, in writing or otherwise, of its intention to open the DCI account. Nor did it notify SCP of its intention to provide such notice to his employer member firm.
 - viii Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 3050(b) by the Respondent. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 by the Respondent.
- d. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.

- e. That NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
8. Acknowledges without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

The Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act.
9. Acknowledges and agrees that he desires to resolve this matter absent further administrative action.
10. Acknowledges and agrees that he shall be levied costs incurred during the investigation of this matter in the amount of Seven Hundred Fifty (United States) dollars (\$750.00). Said costs shall be paid by certified or cashier's check, made payable to the Secretary of State, Securities Audit and Enforcement Fund.
11. Acknowledges and agrees that he has submitted with this Stipulation a certified or cashier's check in the amount of Seven Hundred Fifty (United States) dollars (\$750.00) to cover the costs incurred during the investigation of this matter. Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.
12. Acknowledges and agrees that he has executed a certain Affidavit which contains undertakings that he will adhere to upon entry of the Consent Order. Said Affidavit is incorporated herein and made a part hereof.
13. Acknowledges and agrees that this Stipulation is entered into freely and voluntarily and that no employee or representative of the Secretary of State has made any promise to induce its execution, including without limitation, any promises or representations with regard to:
 - a. civil or criminal liability arising from the facts underlying this matter,
 - b. immunity from any such civil or criminal liability; or
 - c. immunity from further action by the Securities Department with violations not connected with the facts underlying this matter.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

The Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall be levied costs incurred during the investigation of this matter in the amount of Seven Hundred Fifty (United States) dollars (\$750.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he has submitted with the Stipulation a certified or cashier's check in the amount of Seven Hundred Fifty (United States) dollars (\$750.00) to cover costs incurred during the investigation of this matter. Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he has executed a certain Affidavit which contains undertakings that he will adhere to upon entry of this Consent Order. Said Affidavit is incorporated herein and made a part hereof.


WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Notice of Hearing dated April 4, 2007 is dismissed.
2. The Respondent is levied costs of investigation in this matter in the amount of Seven Hundred Fifty (United States) dollars (\$750.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on August 12, 2008 has submitted Seven Hundred Fifty (United States) dollars (\$750.00) in payment thereof.
3. The Respondent shall comply with all of the terms and conditions contained in his accompanying Affidavit which has been made a part of this Order.

4. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED This 18th day of August 2008.


Secretary of State of Illinois
JESSE WHITE

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