

# IIROC NOTICE

## **Enforcement Notice Decision**

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**10-0337**  
**December 17, 2010**

## **IN THE MATTER OF Alain Béland – Settlement**

### **SUMMARY**

On November 18, 2010, a Hearing Panel of the Investment Industry Regulatory Organization of Canada (IIROC) accepted a Settlement Agreement between IIROC Staff and Alain Béland.

Mr. Béland admitted having effected trades directly with insiders of public companies, on his own behalf, as well as on behalf of clients, failed to ensure that investment recommendations were suitable in regard to clients' objectives, personally compensated clients without the knowledge of the firm, and failed in his duty to protect the public in connection with a client's trades that were or could be an indication of market manipulation, all of which, contrary to the rules of the Investment Dealers Association of Canada (IDA, now part of IIROC).

Under the terms of the Settlement Agreement, Mr. Béland accepted a permanent ban on approval in any capacity with an IIROC-regulated firm. He also agreed to pay costs of \$15,000.



In the agreement, Mr. Béland admits to the following misconduct:

(a) For the period from May to November 2004, Mr. Béland engaged in conduct unbecoming and detrimental to the public interest and failed to observe high standards of ethics and conduct, particularly with respect to Standard C of the Conduct and Practices Handbook, relating to professionalism, and failed in his duty to protect the public, contrary to IDA By-Law 29.1 (now IIROC Rule 29.1), when he facilitated the off-book purchase of shares in public company A by client B, who in fact was his spouse, directly from insiders, without prior disclosure of the proposed trade to the firm;

(b) From 2004 to 2006, Mr. Béland engaged in conduct unbecoming and detrimental to the public interest and failed to observe high standards of ethics and conduct, particularly under Standard A of the Conduct and Practices Handbook, relating to the Duty of Care (know-your-client rule, reasonable diligence), when he failed to ensure that investment recommendations regarding three of his clients, D, E and F, were consistent with their investment goals and their risk tolerance, contrary to IDA By-law 29.1 (now IIROC Rule 29.1) and to Regulation 1300.1(a) and 1300.1(p) (now IIROC Rules 1300.1(a) and 1300.1(p));

(c) From 2004 to 2006, Mr. Béland engaged in conduct unbecoming and detrimental to the public interest and failed to observe high standards of ethics and conduct, contrary to IDA By-law 29.1 (now IIROC Rule 29.1), in connection with the suitability and relevance of investment recommendations regarding the securities of A and G, considering that Mr. Béland, his spouse, and the representatives on the team, H and I, held these securities in personal accounts, had purchased the same through Mr. Béland, who had a privileged connection with the insiders of these companies who were also clients of the team, and that, at December 31, 2005, 248 of the team's accounts held approximately 18.5% of the outstanding shares in A and 128 accounts held approximately 1.5% of the outstanding shares in G;

(d) In April 2005, Mr. Béland engaged in conduct unbecoming and detrimental to the public interest and failed to observe high standards of ethics and conduct, particularly under Standard C of the Conduct and Practices Handbook, relating to professionalism, contrary to IDA By-law 29.1 (now IIROC Rule 29.1), when he took part in a private placement in public company J for his own account, without prior disclosure of the projected trade to the firm;

(e) In April 2005, the Respondent engaged in conduct unbecoming and detrimental to the public interest and failed in his duty to protect the public, contrary to IDA By-Law 29.1 (now IIROC Rule 29.1), when he arranged for the participation of I in an over-the-counter investment in the stock of J, without prior disclosure of the proposed trade to the firm.

(f) In April 2005, Mr. Béland engaged in conduct unbecoming and detrimental to the public interest and failed in his duty to protect the public, when he falsely represented that the assignment of shares in J in favour of I had been completed free of charge, when in fact it



was effected for a consideration in the amount of \$6,000, contrary to IDA By-law 29.1 (now IIROC Rule 29.1);

(g) For the period from November 2005 to January 2006, Mr. Béland engaged in conduct unbecoming and detrimental to the public interest and failed in his duty to protect the public, contrary to IDA By-law 29.1 (now IIROC Rule 29.1), when he allowed client E to make an over-the-counter investment in the security of A through its president, K, by way of an exchange in her RRSP account, without prior disclosure of the proposed trade to the firm;

(h) For the period from January to March 2006, Mr. Béland engaged in conduct unbecoming and detrimental to the public interest, contrary to IDA By-Law 29.1 (now IIROC Rule 29.1), when he failed in his duty to protect the public in connection with numerous trades in the securities of M and N by client C, who happened to be a consultant for these companies, when he knew or should have known that the trades were or could be an indication of market manipulation;

(i) In April 2006, Mr. Béland engaged in conduct unbecoming and detrimental to the public interest and failed to observe high standards of ethics and conduct, particularly under Standards B and C of the Conduct and Practices Handbook, relating to professionalism and under the rules set forth in the Handbook relative to the examination of complaints from the three clients O, contrary to IDA By-Law 29.1 (now IIROC Rule 29.1), when with H, another representative on his team, he arranged for the settlement of the complaints of these three clients by compensating them, all of which without the knowledge of the firm;

(j) On or about April 10, 2006, Mr. Béland engaged in conduct unbecoming and detrimental to the public interest and failed to observe high standards of ethics and conduct, particularly under Standard C of the Conduct and Practices Handbook, relating to professionalism, contrary to IDA By-Law 29.1 (now IIROC Rule 29.1), when he purchased securities of public company G directly from a client, being a management company owned by P, an insider of public company G, without prior disclosure of the proposed trade to the firm;

(k) In July 2006, Mr. Béland engaged in conduct unbecoming and detrimental to the public interest and failed to observe high standards of ethics and conduct, particularly with respect to Standard C of the Conduct and Practices Handbook, relating to professionalism, contrary to IDA By-Law 29.1 (now IIROC Rule 29.1), when he took part in a private placement in public company Q for his own account, without prior disclosure of the projected trade to the firm.

The IDA formally initiated the investigation into Mr. Béland's conduct on November 10, 2006. The violations have occurred while Mr. Béland was a Registered Representative with the



Brossard Branch of Desjardins Securities Inc. Mr. Béland is no longer a registrant with an IIROC-regulated firm.

IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. Created in 2008 through the consolidation of the Investment Dealers Association of Canada (IDA) and Market Regulation Services Inc. (RS), IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while maintaining efficient and competitive capital markets.

IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of dealer firms and their registered employees and through setting and enforcing market integrity rules regarding trading activity on Canadian equity marketplaces.

The order of the Hearing Panel will be made available to the public at [www.iiroc.ca](http://www.iiroc.ca).

The Decision and Reasons of the hearing panel, and the Settlement Agreement accepted by the Hearing Panel is available at

<http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=02B0A8F7B91C4A3B946E3F6A964EEFB&Language=en>