

IIROC NOTICE

Enforcement Notice Decision

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Legal and Compliance

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10-0104
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IN THE MATTER OF Robert Mortimer Phillips – Discipline

SUMMARY

Following a disciplinary hearing held on February 15, 2010 in Montréal (Québec), a Hearing Panel of the Investment Industry Regulatory Organization of Canada (IIROC) found that Robert Mortimer Phillips (the Respondent):

- (i) In January and February 2001, made four (4) unauthorized transactions in the account of client A, which resulted in a gross loss of \$39,000, contrary to By-law 29.1 of the Association;
- (ii) Between January 2000 and December 2006, personally covered losses caused by discretionary trades which he effected in the account of client B, contrary to By-law 29.1;
- (iii) Between January 2000 and December 2006, effected fifty (50) discretionary trades in the account of client B, without such client account having been approved and accepted as a discretionary account and without the prior written authorization of the client, contrary to Regulation 1300.4 and to By-Law 29.1 of the Association;
- (iv) Between January 2001 and April 2006, effected discretionary trades in the accounts of client C, without the necessary registration or without the prior written authorization of



the client, and without the client accounts having been approved and accepted in writing as discretionary accounts, contrary to Regulation 1300.4 and to By-Law 29.1 of the Association;

- (v) Between January 2001 and April 2006, failed to observe high standards of ethics and conduct and engaged in conduct unbecoming and detrimental to the public interest, contrary to By-law 29.1, by:
- leading client C to believe that she was still receiving income from a \$100,000 bond, when he knew that the bond had been sold;
 - using the \$100,000 bond to cover certain discretionary trades effected in the client's account, without her knowledge or consent;
 - injecting personal funds into the client account to cover the losses caused by his discretionary trading;
- (vi) On or around November 19, 2000, falsified the signature of client D, as was admitted during the investigation, on an account guarantee agreement in favour of the account of C, contrary to By-Law 29.1;
- (vii) Over the course of 2004, failed to observe high standards of ethics and conduct and engaged in conduct unbecoming and detrimental to the public interest, contrary to By-law 29.1, by giving client E his personal guarantee concerning the results of trades in a position, and by reimbursing the client with personal cheques to cover the losses that resulted from the trades.

The Hearing Panel imposed the following penalties on the Respondent:

- (a) the following fines:
- | | |
|-----------------|----------|
| • on count i) | \$15,000 |
| • on count ii) | \$10,000 |
| • on count iii) | \$15,000 |
| • on count iv) | \$10,000 |
| • on count v) | \$15,000 |
| • on count vi) | \$25,000 |
| • on count vii) | \$10,000 |
- (b) A permanent prohibition on approval in any capacity with an IIROC-regulated firm, as an additional penalty on counts v) and vi).



The Hearing Panel also ordered the Respondent to pay costs in the amount of \$25,000.

IIROC formally initiated the investigation into the Respondent's conduct on November 26, 2006. The violations occurred while the Respondent was a Registered Representative at the Montréal branch of CIBC World Markets Inc. The Respondent is no longer a registrant with an IIROC regulated firm.

The Hearing Panel issued its Decision and Reasons on March 26, 2010. These are available at <http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=1B2C9BFD683542B2847B2D4C8BA37C32&Language=en>.