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For distribution to relevant parties within your firm

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Discipline

Discipline Penalties imposed on Christine Brown – Violations of Regulations 1300.4, 1300.5 and By-Law 29.1

Person
Disciplined

The Ontario District Council of the Investment Dealers Association of Canada (the "Association") has imposed discipline penalties on Christine Brown, at all material times a registered representative employed by Merrill Lynch Canada Inc., a Member of the Association.

By-laws,
Regulations,
Policies Violated

On January 30, 2004 the Ontario District Council considered, reviewed and accepted a Settlement Agreement negotiated between Ms. Brown and Association staff.

Pursuant to the Settlement Agreement, Ms. Brown admitted that she:

- Conducted 8 trades in the joint cash account of Mr. and Mrs. A with discretion as to at least one of the following elements: the quantity of the security traded, its price, or the time of the trade, without the account being designated as a discretionary account or managed account contrary to IDA Regulations 1300.4 and 1300.5;
- Conducted three trades in the joint cash account of Mr. and Mrs. A and sold those shares prior to settlement date without first obtaining payment for the said shares, a practice commonly known as free-riding and in so doing engaged in business conduct which was unbecoming or detrimental to the public interest, contrary to By-law 29.1; and
- Did not observe high standards of ethics and conduct in the transaction of her business when she misrepresented to Mr. and Mrs. A that she was a certified Financial Planner when she was not so designated, contrary to By-Law 29.1.

Penalty
Assessed

The discipline penalty assessed against Ms Brown is:

- a fine in the amount of \$25,000;
- disgorgement of commissions in the amount of \$137.28;
- close supervision for one month; and
- re-write and pass the examination based on the Conduct and Practices Handbook within 6 months.

Ms. Brown is also required to pay \$7,500.00 towards the Association's costs of the investigation of this matter.

Summary
of Facts

Ms. Brown was initially employed by Merrill Lynch Canada Inc. ("Merrill"), as a sales assistant in November 1992 and was initially approved as a registered representative on March 20, 1998.

Mr. and Mrs. A are husband and wife. They opened a joint cash account ("the Account") with Merrill on or about December 9, 1999. At the time of opening the Account, Ms. Brown was a fully licensed registered representative. At all relevant times, Mr. and Mrs. A dealt with Ms. Brown regarding transactions in their account.

There was no discretionary trading agreement executed with respect to the Account, nor was it approved by management of Merrill to be operated as such. Ms. Brown was not registered as a portfolio manager and the Account was not a managed account.

Between February 3 and 24, 2000, Ms. Brown conducted eight (8) trades in the Account with discretion as to at least one of the following elements:

- the quantity of the security traded,
- its price, or
- the time of the trade.

Although general discussions took place concerning the securities in question and Mr. and Mrs. A did provide general instruction, there were no specific instructions given as to timing, price, quantity or a combination of those factors.

Three of the eight transactions referred to above involved the purchase and subsequent sale of securities prior to the settlement date, without payment having been received from Mr. and Mrs. A.

On January 30, 2000, Mr. and Mrs. A sent an e-mail to Ms. Brown detailing investments they held elsewhere and other financial matters. On February 1, 2000, Ms. Brown replied to the e-mail sent by Mr. and Mrs. A and therein stated that she was a Certified Financial Planner when she was not so designated. Ms. Brown improperly misrepresented her credentials to Mr. and Mrs. A.

Ms. Brown is currently employed with CIBC World Markets Inc.

Kenneth A. Nason
Association Secretary