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Discipline

Discipline Penalties Imposed on Clive Thomas – Violations of By-law 29.1

Person Disciplined The Alberta District Council of the Investment Dealers Association of Canada (the “Association”) has imposed discipline penalties on Clive Thomas (the “Respondent”), at all material times an employee of the Edmonton office of Union Securities Ltd. (“Union”), a Member of the Association.

By-laws, Regulations, Policies Violated On July 12, 2004, after hearing the submissions of Counsel from the Association, the Alberta District Council found:

Count 1

- (1) The Respondent misrepresented to his employer and member firm, Union, material facts regarding the personal and financial information recorded on a New Client Application Form, altered a photocopy of personal identification and forged a signature to a New Client Application Form, in order to create a fictitious client account, and thereby failed in his duty to observe high standards of ethics and conduct in the transaction of business and engaged in business conduct unbecoming or detrimental to the public interest, contrary to Association By-Law 29.1.

Count 2

- (2) The Respondent conducted trades in a fictitious client account, and thereby failed in his duty to observe high standards of ethics and conduct in the transaction of business and engaged in business conduct unbecoming or detrimental to the public interest, contrary to Association By-Law 29.1.

Penalty Assessed

The discipline penalties assessed against the Respondent are:

- (1) A fine in the amount of \$40,000.00 for count one;
- (2) A fine in the amount of \$10,000.00 for count two;
- (3) A permanent prohibition on approval in any capacity; and
- (4) Costs toward the Association’s investigation in the matter, in the amount of \$12,000.00.

Summary
of Facts

In and around April 2001, the Respondent altered and used his daughter's, A, personal identification documents, and another daughter's, B, personal and business information, and fabricated asset and liability information, to create a fictitious client profile for the purpose of opening an investment account in the name of A. (the "A Account").

The Respondent signed A's name to the fictitious New Client Application Form ("NCAF"). The NCAF was dated April 26, 2001, and the A Account was opened in May 2001. The first trade in the A Account was on May 4, 2001.

A's birth date is May 24, 1986. The Respondent altered a photocopy of A's passport to indicate A's birth date as May 24, 1980. The Respondent used this photocopy, of A's passport, as support documentation for the creation of the A Account. The Respondent undertook the acts, without the knowledge and consent of either A or B.

Poplar Resources Ltd. Series A (new issue) trade

In July 2002, the Respondent, in his employment with Union, agreed to draw down an allotment of one million shares of a new issue of Poplar Resources ("Poplar New Issue") for private placement with some of his clients. The Respondent was committed to place the one million allotment of Poplar New Issue. The Respondent was unable to place all of the allotment of the Poplar New Issue with his clients. The Poplar New Issue surplus was placed in the A Account on July 30, 2002. There was no payment for the Poplar New Issue shares at that time. A hold period was imposed on the sale of the Poplar New Issue shares, effective to July 23, 2004.

The Respondent had previously used the A Account for trading, including the purchase of 3,500 free-trading Poplar shares on July 11, 2001, and 100,000 free-trading Poplar shares on July 11, 2002. Union sold out the free-trading Poplar shares (103,500 shares) from the A Account on November 5, 2002, at a loss of approximately \$4,000.00. This was done to cover the purchase price of the Poplar New Issue shares.

Investigation of the Respondent's activities

In March 2003, Union conducted a bad debt review, which confirmed that the A Account held a deficit position of \$4,255.35. In March 2003, or soon thereafter, Union began active steps to recover the A Account debt and, during that process, Union discovered that the A Account was fictitious.

The Respondent has no previous disciplinary history with the Association.

Kenneth A. Nason
Association Secretary