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Discipline

Discipline Penalties Imposed on John Frederick Pryde; Violations of By-law 29.1 and Regulation 1300

Person Disciplined A Hearing Panel appointed pursuant to IDA By-law 20 has imposed discipline penalties on John Frederick Pryde, at the relevant time a registered representative of Brink, Hudson & Lefever Ltd. (a Member until 1997), and Canaccord Capital Corporation, Members of the Investment Dealers Association of Canada.

By-laws, Regulations, Policies Violated On September 26, 2005, a Hearing Panel considered, reviewed, and accepted a Settlement Agreement negotiated between Staff of the Enforcement Division of the Association, (Association Staff) and John Frederick Pryde (Pryde). Pursuant to the Settlement Agreement, Pryde admitted that:

1. between July 1997 and October 31, 1998, inclusive, while he was a Registered Representative of Brink, Hudson & Lefever Ltd., a Member of the Association, he effected approximately 414 discretionary trades in the accounts of 14 clients without the prior knowledge or written authorization of the clients and without the client accounts being designated as discretionary accounts.
2. between November 1, 1998 and June 26, 2001, inclusive, while he was a Registered Representative of Canaccord Capital Corporation, a Member of the Association, he effected approximately 463 discretionary trades in 211 client accounts without the prior knowledge or written authorization of the clients.
3. between February 15, 2001 and March 30, 2001 inclusive, he caused Canaccord Capital Corporation to convert 5 client cash accounts into margin accounts without receiving contemporaneous consent from the clients to do so, without giving notice, without considering whether the conversion was suitable for the clients, and for the purpose of circumventing the Association's Cash Account Rule.
4. all of the unauthorized trades that he made in client accounts were made without regard to the risks of the investments or the suitability of the investment for the client.

5. due to his state of mental health between July 1997 and June 2001 he posed a significant threat of loss to his clients, Brink, Hudson & Lefever Ltd., Canaccord Capital Corporation, the capital markets, and the public interest. He was aware that due to his state of mental health he posed a significant threat of loss to his clients, Brink, Hudson & Lefever Ltd., Canaccord Capital Corporation, the capital markets, and the public interest.

Penalty
Assessed

The following penalties were assessed against Pryde:

- payment of \$20,000 towards the Association's investigation and prosecution costs in this matter;
- a permanent ban from approval as an approved person by the Association subject to his right to reapply for approval pursuant to the Rules and By-laws of the Association; and
- That he will cooperate in any further investigations and hearings into the matters that gave rise to these proceedings that the Association may conduct.

Summary
of Facts

The Respondent admitted that between July 1997 and October 31, 1998, inclusive, while he was a Registered Representative of Brink, Hudson & Lefever Ltd., he effected approximately 414 discretionary trades in the accounts of 14 clients without the prior knowledge or written authorization of the clients and without the client accounts having been specifically approved and accepted in writing as a discretionary accounts by the designated person of the Member.

The Respondent admitted that between November 1, 1998 and June 26, 2001, inclusive, while he was a Registered Representative of Canaccord Capital Corporation, he effected approximately 463 discretionary trades in 211 client accounts without the prior knowledge or written authorization of the clients and without the client accounts having been specifically approved and accepted in writing as a discretionary accounts by the designated person of the Member.

The Respondent admitted that all of the unauthorized trades that he made in client accounts were made without regard to the risks of the investments or the suitability of the investment for the client.

The Respondent has admitted that between February 15, 2001 and March 30, 2001 inclusive, he caused Canaccord Capital Corporation to convert 5 client cash accounts into margin accounts without receiving contemporaneous consent from the clients to do so, without giving the clients notice that he was doing so, without considering whether the conversion was suitable for the clients, and for the purpose of circumventing the Association's Cash Account Rule.

The Respondent admitted that during the periods in which the breaches of by-laws and policies to which he has admitted were committed, he was suffering from severely deteriorated mental health. Specifically he was suffering from severe manic episodes diagnosed as a bi-polar disorder for which he has been under regular treatment. This disorder necessitating him being hospitalized between July 28, 1998 and September 1, 1998 and between February 23, 2000 and March 2, 2000.

He did not resign from his role as a Registered Representative even though he was aware of the threat he constituted to his clients, Brink, Hudson & Lefever Ltd., Canaccord Capital Corporation, the capital markets, and the public interest.

The Respondent admits that he continued to place orders for trades even while he was a patient admitted to hospital due to his deteriorated mental health. The Respondent is not currently employed in the financial industry. He has obtained minimal employment as an administrative clerk and has been relying on family members for financial contributions.

Kenneth A. Nason
Association Secretary