

Contact:

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**BULLETIN # 3513**  
February 6, 2006

## Discipline

### Discipline Penalties Imposed on Robert Ernest Leo Hart; Violations of By-laws 29.1 and 19.5

Person Disciplined	A Hearing Panel appointed pursuant to IDA By-law 20 has imposed discipline penalties on Robert Ernest Leo Hart, at all material times a Registered Representative employed by the Toronto office of CIBC World Markets Inc. (located at 200 King Street West), a Member of the IDA.
By-laws, Regulations, Policies Violated	Following a disciplinary hearing held on January 10, 2006 in Toronto, Ontario, a Hearing Panel, proceeding pursuant to Rules 7.2 and 13.5, found that during the period April 2002 and November 2004, Robert Ernest Leo Hart had engaged in conduct unbecoming, contrary to Association By-law 29.1 by fraudulently misappropriating over \$800,000.00 from two client investment accounts. The Hearing Panel further found that on or about July 20, 2005, Robert Ernest Leo Hart refused and/or failed to attend and give information in respect of an investigation being conducted by the Association's Enforcement Department, contrary to Association By-law 19.5.
Penalty Assessed	<p>The discipline penalties assessed against Mr. Hart are:</p> <ul style="list-style-type: none"><li>• A fine in the amount of \$1.3 million</li><li>• Permanent prohibition from approval to act in any registered capacity with a Member of the Association;</li></ul> <p>Mr. Hart is also required to pay \$40,797.00 towards the Association's costs of the investigation and the prosecution.</p>
Summary of Facts	<p><b>Registration and Employment History:</b></p> <p>Mr. Hart had been at all material times employed by either CIBC World Markets Inc. ("CIBC") a Member of the Association or its predecessor since 1973. At the time of his termination on February 15, 2005, Mr. Hart was registered with CIBC as a Salesperson (Securities) and a Registered Representative Options (Retail).</p>

The investigation was initiated as a result of a COMSET report, dated December 17, 2004, indicating that CIBC had initiated an internal investigation into Mr. Hart's conduct. The Association subsequently received a Termination of Employment (ToE) filed by CIBC advising that Mr. Hart had been terminated for failing to cooperate with an internal CIBC investigation related to the misappropriation of funds from client accounts.

**Misappropriation of Funds from the Investment Accounts of Two Clients:**

Both clients were elderly women who dealt directly with Mr. Hart following the deaths of their husbands. Neither client was sophisticated in securities trading and relied upon Mr. Hart's expertise and experience with their accounts to best represent their interests. In one case, the client even relied upon Mr. Hart to handle the preparation of her personal income tax returns.

Between April 2002 and November 2004, Mr. Hart fraudulently requisitioned cheques in varying amounts to be drawn on both clients' investment accounts. Mr. Hart then forged the clients' signatures on the cheques and receipts following which he deposited the cheques into his own personal bank accounts.

The amount of funds misappropriated in this manner from the two client investment accounts was \$567,683.78 and \$321,268.00 CDN.

CIBC World Markets Inc. has reimbursed both clients for their losses. Mr. Hart has made no efforts to reimburse either the CIBC or the clients.

The Association is advised by Toronto Police Services, 52 Division Fraud Unit, that Mr. Hart was arrested on October 22, 2005 and is appearing before the Ontario Court of Justice on criminal charges of fraud over \$5,000 and uttering a forged document in relation to the same conduct.

**Failure to Cooperate with Association Investigation: Failure to attend an interview:**

Mr. Hart was advised on April 6, 2005 that an investigation had been commenced into his conduct while employed as a Registered Representative at CIBC. Mr. Hart consistently failed to make contact with the Association in response to repeated efforts by the Investigator, Wayne Welch, to arrange a meeting.

Between April 13 and July 19, 2005, Mr. Welch attempted to make contact with Mr. Hart by telephone, in person and by registered and regular mail. Mr. Hart did not respond to the Association's efforts to secure his cooperation pursuant to By-law 19.5.

On July 20, 2005, Mr. Hart failed to attend an interview scheduled by the Association and for which he received proper notice. Mr. Hart did not respond to a request for an explanation for his failure to attend the interview.

**Other:**

Mr. Hart has no previous disciplinary history.

Mr. Hart has not been registered with the Association since February 15, 2005.

Kenneth A. Nason  
*Association Secretary*