



INVESTMENT DEALERS
ASSOCIATION OF CANADA

bulletin



ASSOCIATION CANADIENNE DES
COURTIERS EN VALEURS MOBILIÈRES

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Discipline

Discipline Penalties Imposed on Janet Beatrice Kim; Violations of Regulation 1300.4 and By-law 29.1.

Person Disciplined A Hearing Panel appointed pursuant to IDA By-law 20 has imposed discipline penalties on Janet Beatrice Kim, at the relevant time an Approved Person employed by CFG Futures Canada Inc. (CFG) and Benson-Quinn GMS Inc., at the time, Members of the Investment Dealers Association of Canada.

By-laws, Regulations, Policies Violated On February 14, 2006, a Hearing Panel considered, reviewed, and accepted a Settlement Agreement negotiated between Staff of the Enforcement Department of the Association (Association Staff) and Janet Beatrice Kim (Ms. Kim). Pursuant to the Settlement Agreement, Ms. Kim admitted that:

- Between December 31, 2001 and June 26, 2002, she effected discretionary trades in a client account without such client account having been specifically approved and accepted in writing as a discretionary account by the designated person of the Member, contrary to Association Regulations 1300.4 (a), and 1300.4 (b).
- On or about April 8th, 2002, and on or about May 17th, 2002, she personally covered and paid margin calls issued against a client without the knowledge, consent or authorization of the Member, and thereby engaged in business conduct or practice unbecoming a Registered Representative or detrimental to the public interest, contrary to Association By-law 29.1.
- On or about May 28th, 2003, the Respondent, promised to personally compensate a former client for losses incurred in his client account at CFG Futures Canada Inc. during the period December 2001 to June 2002 inclusive without the knowledge, consent, or authorization of the Member, and thereby engaged in business conduct or practice unbecoming a registered representative or detrimental to the public interest contrary to Association By-law 29.1.

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Penalty
Assessed

The following penalties were assessed against Ms. Kim:

- for discretionary trading, a fine in the amount of \$15,000;
- For conduct unbecoming a registered representative or detrimental to the public interest, a further fine in the amount of \$15,000;
- A prohibition from receiving registration approval with any Member firm of the Association for a period of six (6) months commencing on February 14, 2006;
- Upon the expiry of her prohibition from registration, and as a condition of her re-approval by the Association in any registered capacity with any Member of the, that she shall successfully re write the examination based on the Conduct and Practices Handbook for Securities Industry professionals;
- Upon the expiry of her prohibition from registration ,and as a condition of her re-approval by the Association in any registered capacity with any member of the Association, that she be subject to strict supervision for a period of 12 months; and
- Payment to the Association of the costs of the investigation and prosecution of this matter in the amount of \$10, 000.00.

Summary
of Facts

These contraventions arise out of Ms. Kim's administration of an account for a client (the Client) that was opened while she was a registered representative at CFG at its Oakville, Ontario branch. Ms. Kim was employed with CFG from August 2001 to April 2003.

The Client's account at CFG was not designated as a discretionary account and the Client was not aware that Ms. Kim was therefore required by Regulation 1300.4 to obtain his instructions as to the securities to be traded, the quantity, the price and the timing of the trades prior to carrying out the various commodity futures trades in his account.

Ms. Kim induced the Client to acquiesce to a series of discretionary trades in commodities futures on the basis that she would be responsible for any losses suffered in the account as a result of the exercise of her discretion.

In summary, Ms. Kim made approximately 22 discretionary trades in the Client's account, contrary to Regulation 1300.4. As a result of these discretionary trades, losses were suffered in the amount of approximately \$5,700.00 USD, not including commissions.

When the account fell into arrears and CFG issued margin calls against the Client, Ms. Kim admitted that she personally covered the margin calls and did so without the knowledge of the Client or CFG. To this end, she made 2 deposits to the Client's account totaling \$2,900.00 CAD. As well, Ms. Kim was made to pay the sum of \$1,714.05 CAD to CFG to cover outstanding arrears on the account at the time that it was closed.

After the Client became aware of the losses, he requested that Ms. Kim compensate him and repay his initial investment of \$5,000.00 USD. After Ms. Kim left CFG and was employed by Benson-Quinn GMS Inc., Ms. Kim eventually set out in writing a promise to pay the Client \$8,000.00 CAD by a certain date. Ms. Kim did not make good on her promise, and the client lodged a complaint.

By personally covering the Client's margin calls and by promising to personally compensate the Client for his losses without the knowledge of her Member firm, Ms. Kim admitted that she engaged in conduct unbecoming a registered representative or detrimental to the public interest, contrary to By-law 29.1.

Ms. Kim is not currently employed by any IDA Member firm.

Kenneth A. Nason
Association Secretary