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## Discipline

### Discipline Penalties Imposed on Yusuf Osman; Violation of By-law 29.1

**Person Disciplined** A Hearing Panel appointed pursuant to By-law 20 of the Investment Dealers Association of Canada (the “Association”) has imposed discipline penalties on Yusuf Osman, at the material time a Registered Representative employed in the Ottawa branch office of Argosy Securities Inc. (“Argosy”), a Member of the Association.

**By-laws, Regulations, Policies Violated** On December 19, 2006, the Hearing Panel considered, reviewed, and accepted a Settlement Agreement negotiated between staff of the Enforcement Department of the Association (“Staff”) and Mr. Osman.

Pursuant to the Settlement Agreement, Mr. Osman admitted that from January 2005 to April 2006, inclusive, he conducted his business consistent with the registration of a Portfolio Manager without being registered as such, thereby engaging in conduct unbecoming contrary to Association By-law 29.1.

**Penalty Assessed** The discipline penalties assessed against Mr. Osman are:

- a fine in the amount of \$40,000;
- suspension from approval with the Association for one month;
- strict supervision for 9 months upon any subsequent re-employment with a Member firm; and
- Successful completion of the Conduct and Practices Handbook examination within 6 months from any subsequent re-employment with a Member firm.

The one month suspension from approval will commence on March 12, 2007.

Mr. Osman is also required to pay costs of \$1,000 towards the Association's costs of the investigation and prosecution.

**Summary of Facts** During the years 2004, 2005 and early 2006, Mr. Osman executed a significant number of trades in the same security at approximately the same time and price for a number of clients.

The method by which these trades took place was either:

- (a) the execution of one trade of sufficient volume in one type of security for a group of his clients, whereby each client received a portion of the trade order on an average price basis; or
- (b) the successive execution of individual trade orders for each client for one particular security, whereby each client received the same or similar price.

(collectively, these trades will be referred to as "batch trades")

By way of example, during the period from March to August 2005, inclusive, Mr. Osman executed approximately 33 instances of batch trades for client groups ranging in size from 20 to 106 clients.

On some occasions, Mr. Osman did not obtain any prior authorization from the clients for whom these trades were executed. However, he did contact these clients for periodic account reviews. For those clients he did speak to prior to the trades, they were contacted days or even weeks in advance of the trades taking place.

None of the clients' accounts wherein these batch trades took place were designated as discretionary or managed accounts.

By engaging in this general trading strategy, Mr. Osman effectively conducted himself as a Portfolio Manager for many of his clients without being duly registered as such with the Association.

As a mitigating factor, the securities that were the subject of these batch trades were not speculative nor deemed unsuitable for the clients involved. None of the clients made any complaints to Staff regarding the handling of their accounts.

For further details, please see the Settlement Agreement posted on the Association's website at [www.ida.ca](http://www.ida.ca). The Hearing Panel's reasons will be posted on the Association's web site when they

become available.

Kenneth A. Nason  
*Association Secretary*