

Contact:

For distribution to relevant parties within your firm

Diane Bouchard
Enforcement Counsel
514 878-2854
dbouchard@ida.ca

BULLETIN N° 3638

June 20, 2007

Discipline

Permanent Bar from Approval with the Association and \$50,000 Fine Imposed on Marc Beaudoin for Failure to Cooperate in the Association's Investigation – Violation of IDA By-Law 19.5

Person Disciplined A Hearing Panel appointed pursuant to IDA By-law 20 has imposed discipline penalties on Marc Beaudoin, who resigned from the securities industry on January 30, 2006.

By-laws, Regulations or Policies Violated Following a disciplinary hearing held May 8, 2007 in Montréal, province of Québec, a Hearing Panel ruled that Marc Beaudoin had violated IDA By-law 19.5.

Penalties Assessed The Hearing Panel assessed the following penalties against Mr. Beaudoin:

- A permanent prohibition on approval in any capacity with a Member of the Association;
- A fine of \$50,000;
- The Association investigation costs, namely \$6,115.09.

At the outset, the Hearing Panel began by stating its jurisdiction to hear the case, on the basis of By-law 20.7, Marc Beaudoin having resigned on January 30, 2006.

According to the Hearing Panel, the evidence clearly showed that

Marc Beaudoin had knowledge of the subjects regarding which the Association investigator wished to interview him.

In handing down the penalties, the Hearing Panel noted that failure to cooperate in an Association investigation is serious misconduct because it subverts the Association's ability to perform its functions.

The Hearing Panel added that the Association has a duty to uphold the laws and regulations that govern the securities industry and that these laws and regulations are primarily aimed at protecting the investors.

Drawing its inspiration from decisions rendered by the Supreme Court of Canada, the Hearing Panel reiterated that it is essential that all Association members cooperate and not obstruct an investigation.

Summary of Facts The Respondent was active in the securities industry until January 30, 2006, the date of his resignation as a registered representative with the Montréal branch of Research Capital Corporation, where he had worked since July 23, 2001;

Currently, the Respondent no longer works in the securities industry;

In a letter dated June 15, 2006, the Association duly informed the Respondent that the Enforcement Department of the Association had opened an investigation following his resignation, on January 30, 2006, as a registered representative of Research Capital Corporation;

In this letter, the Association also informed the Respondent that it had been notified by Research Capital Corporation that the latter had launched an internal investigation into the Respondent's activities;

Therefore, the Association did duly inform the Respondent that he was the subject of an investigation and that the purpose of the investigation was to examine the Respondent's role in the management of accounts belonging to or controlled by Mr. Martin Tremblay, as well as other aspects of the Respondent's management while a registered representative with Research Capital Corporation, including the supervision of the Respondent's activities by Research Capital Corporation;

In a letter dated November 13, 2006, received by the Respondent on November 15, 2006, the Association summoned the Respondent to appear before the person investigating the matter, in order to provide information regarding this matter, the whole in accordance with Association By-law 19.5;

The Association ordered the Respondent to appear at 1 Place Ville-Marie, Suite 2802, Montréal, Québec, on Tuesday December 5, 2006, at 10 a.m., in order to answer questions and provide the required information with respect to the investigation, failing which, disciplinary proceedings might be instituted without further notice;

In a letter dated December 4, 2006, Mr. Beaudoin's legal counsel informed the Association that he had just been consulted by the Respondent and that he would only be available to represent him as of December 14, 2006;

Mr. Beaudoin's legal counsel also confirmed his availability to appear with the Respondent on December 14, 15, 18, 19, 20 or 21;

On December 4, 2006, the Association's investigator telephoned Mr. Beaudoin's legal counsel to set a date for the Respondent's interview;

Mr. Beaudoin's legal counsel being unavailable, the Association's

investigator left a message in his voicemail box, asking him to return the call;

On December 11, 2006, the Association's investigator left a second message with Mr. Beaudoin's legal counsel, who never returned the calls;

In a letter dated December 13, 2006, the Association informed Mr. Beaudoin's legal counsel that it was willing to postpone the interview scheduled for December 5 until Wednesday, December 20, 2006 at 10 a.m.;

In a letter dated December 18, Mr. Beaudoin's legal counsel informed the Association's investigator that due to the fact that the matter of Martin Tremblay had been closed and that the Respondent had been informed that Research Capital Corporation had just completed its internal investigation, he wanted to know on what subjects the Respondent would be questioned;

On December 19, 2006, the investigator wrote to Mr. Beaudoin's legal counsel in order to specify, among other things, that the subjects that would be discussed were those already announced in the letter of June 15, 2006, and reminded the Respondent of his duty to appear at the interview on the scheduled date, namely December 20, 2006, in accordance with Association By-law 19.5, to answer the Association's questions and provide the required information in regard of this investigation;

Also on December 19, 2006, Mr. Beaudoin's legal counsel notified the Association's investigator that the information provided regarding the purpose of the investigation was not sufficiently precise to allow the protection of the Respondent's rights, and that unless and until the Association provided comprehensible details regarding the purpose of the investigation, he could not advise the Respondent to appear on December 20, 2006;

On December 20, 2006, neither the Respondent nor his legal counsel appeared before the Association;

In correspondence dated December 21, 2006, the Association's investigator again stated the subjects to be covered in the interview, with the reminder that failure to appear could constitute a refusal to cooperate in the investigation and lead to discipline penalties without further notice or delay;

Nevertheless, out of a concern for equity and to allow the Respondent and his legal counsel to assess the impact of refusing to cooperate in the investigation, the Association decided to postpone the interview until early January 2007, and ordered the Respondent to appear on

January 17, 2007, at 10 a.m. or, if the Respondent confirmed that he was unavailable on this date, on January 18, 2007, at 10 a.m.;

At the same time, the Association reiterated that by virtue of the By-laws and Regulations of the Association, the Respondent was required to appear on the scheduled date;

However, neither the Respondent nor his legal counsel appeared on January 17, 2007, nor did they inform the Association that they would be available on January 18;

On January 17, 2007, the Association's investigator left a voicemail message for Mr. Beaudoin's legal counsel, asking him to call him back in order to explain their absence that day;

Mr. Beaudoin's legal counsel never returned the call;

On January 19, 2007, the Association's investigator again ordered the Respondent to appear for questioning on January 25, 2007;

Neither the Respondent nor his legal counsel appeared on January 25, 2007, nor did they ever give any reason for their absence.

They did not appear at the disciplinary hearing either.

Kenneth A. Nason
Association Secretary