INVESTMENT DEALERS ASSOCIATION OF CANADA

bulletin

ASSOCIATION CANADIENNE DES COURTIERS EN VALEURS MOBILIÈRES

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Discipline

Permanent bar from approval with the Association and $150,000 fine imposed on Orazio Petriello for misappropriation of funds - Violation of By-law 29.1

Person Disciplined

A Hearing Panel appointed pursuant to IDA By-law 20 has found the Respondent guilty of the allegation and imposed a disciplinary penalty on Orazio Petriello. At the material times, Mr. Petriello was an Approved Person at the Pointe Claire branch of Dundee Securities Corporation, an IDA Member firm.

By-laws, Regulations or Policies Violated

In a disciplinary decision dated June 8, 2007, the Hearing Panel finds the Respondent guilty of having engaged, from October 19, 2000 to August 19, 2002, in business conduct which is unbecoming or detrimental to the public interest by misappropriated funds, totalling $124,000, of one of his clients, thereby contravening Association By-law 29.1.

Penalties Assessed

In its June 8, 2007 written disciplinary decision, the Hearing Panel assessed against the Respondent the following penalty: It

1. Permanently bars the Respondent from approval in any capacity with any member of the Association;

2. Orders the Respondent to pay a fine of $150,000;

3. Orders the Respondent to repay all of the costs and fees incurred by the Association related to these procedures, related proceedings and consequences, up to a maximum of $29,135.18.

Summary of Facts

At the material times, the Respondent was a Registered Representative employed with a Member of the IDA, Dundee

Securities Corporation (the **"dealer"**), at its Branch in Pointe-Claire in the Province of Québec;

Not long before the Respondent left his job with the dealer in fall 2002, a complaint filed with the dealer by the daughter of a client -- a woman of some 80 years who, due to her precarious state of health, had designated her as her attorney -- led to an internal investigation of the dealer, and then, following receipt of a Uniform Termination Notice concerning the Respondent, to an investigation by the Association.

It subsequently appeared that, over a period of close to two years, the Respondent misappropriated sums totalling $124,000 that his client had entrusted to him, by using several accounts that were held by his accomplices with the dealer and that were maintained under his responsibility at the same branch as the client's account.

Once the misappropriated amounts were credited to the accomplices' accounts, – which, with respect to Respondent's father's accounts, were only credited through bank drafts made out to the dealer that the client gave the Respondent – the Respondent invested the amounts to increase the value or withdraw the revenue to his benefit or that of his accomplices.

In all cases where transactions were made through him in his accomplices' accounts, the Respondent continued to collect commissions in the ordinary course of business. He thus made total commission revenue of approximately $12,500 Canadian and $4,400 U.S. during the period concerned.

The Respondent's accomplices' accounts were debited from time to time during this same period and, in particular, in the case of the Respondent's father, through the issuance of a number of cheques totalling $10,600, which were cashed by or on behalf of the latter.

All of these misappropriations and transfers of funds required repeated and orchestrated cash receipt, order, investment, disbursement, cheque issuance and other transactions.

Kenneth A. Nason
Association Secretary