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**BULLETIN #3647**  
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## Discipline

### **Discipline Penalties Imposed on Bertrand Trudel – Violations of By-law 29.1, Regulation 1300.1(p), 1300.4 and 1300.5 and Regulation 200.1(i)(3)**

**Person Disciplined** A Hearing Panel appointed pursuant to IDA By-law 20 has imposed discipline penalties on Bertrand Trudel, at all material times a Registered Representative with the Joliette branch of Lévesque Beaubien Inc., now National Bank Financial Inc., a Member of the IDA.

**By-laws,  
Regulations,  
Policies Violated**

Following a disciplinary hearing held on 23 March 2007 in Montreal (Quebec), a Hearing Panel found that Bertrand Trudel violated By-law 29.1, Regulation 1300.1(p), 1300.4, 1300.5 and Regulation 200.1(i)(3) in that he effected an unauthorized trade on behalf of his client contrary to IDA By-law 29.1, in that he carried out unauthorized discretionary trading in a client's margin account without the proper written consent of his client, contrary to IDA Regulation 1300.4 and 1300.5, in that he made unsuitable recommendations to two clients in the light of their investment objectives and risk tolerance, contrary to IDA Regulation 1300.1(p) and in that he took instructions from a third party without a proper power of attorney to carry out trading in the account of three clients, contrary to IDA Regulation 200.1(i)(3). The Hearing Panel also dismissed counts V to X as formulated in the Notice of Hearing.

**Penalty Assessed**

In a decision rendered on 28 May 2007 following the penalty hearing held on 9 May 2007, the Hearing Panel ordered the following penalties to be assessed against Mr Trudel:

- a fine in the amount of \$5,000 for having effected an unauthorized trade on behalf of his client;

- a fine in the amount of \$25,000 and payment of the equivalent of the commissions earned, being \$6,359.37, and part of the investigation costs in the amount of \$10,000 for discretionary trades and unsuitable recommendations;
- a fine in the amount of \$5,000 for having taken instructions from a third party without a proper power of attorney to carry out trading in the accounts of three clients;

Furthermore, Mr Trudel shall be subject to a close supervision for a period ending on 1<sup>st</sup> November 2007.

**Summary of Facts**

**Ms C.B.**

1. Ms. C.B. had been a client of the Respondent since on or about 3 December 1996.
2. On or about 13 May 2002, Ms C.B. complained, after receiving a survey, that the Respondent did not communicate with her and that he had executed several trades without her consent.
3. The Respondent acknowledged that a trade had been effected without the consent of his client, Ms C.B.
4. Ms C.B.'s complaint was resolved by way of settlement with National Bank Financial Inc. for an amount equal to \$94,000.

**Ms N.P.**

5. On or about 3 June 1997, Ms N.P. opened a margin account and designated the Respondent as her investment adviser.
6. The monies invested by Ms N.P. stemmed from the sale of the pharmacies which she owned.
7. Ms N.P. made monthly withdrawals from her account.
8. Ms N.P. incurred substantial losses as a result of trades executed in her account and of her withdrawals.
9. On or about 10 February 2003, Ms N.P. filed a complaint with National Bank Financial Inc. accusing the Respondent of having mismanaged her account and having never communicated with her about the trading carried out in her margin account.
10. The Respondent carried out a large part of the trading in Ms N.P.'s margin account on a discretionary basis.
11. Ms N.P. never agreed to let the Respondent execute

discretionary trades and there was no signed document authorizing the Respondent to act in this manner.

12. Ms N.P.'s investment objectives were stated as being 50% income, 25% medium term capital gain and 25% long-term capital gain in the new client application form.
13. The trades executed changed this profile to "Capital gain or growth".
14. Ms N.P.'s portfolio also included speculative investments.
15. The Respondent acknowledged having effected trades to improve the average price for the purchase and sale of certain securities.

**Ms M.G.**

16. Ms M.G. is a retired senior citizen who entrusted her investments to the Respondent on or about 9 December 1993.
17. Ms M.G. had a net worth of between \$100,000 and \$200,000.
18. Ms M.G.'s investment objectives were strictly income.
19. Some of the securities held in Ms M.G.'s account were speculative and not suitable for her investment objectives.
20. The Respondent had executed certain trades aimed at reducing the average cost on certain shares held by his client, Ms M.G.
21. Ms M.G.'s margin account was used to execute such trades.
22. Based on her financial capacity, Ms M.G.'s margin account was overused.
23. Ms M.G.'s son acknowledges having authorized a trade on behalf of his mother.
24. The Respondent says that numerous trades were effected with the approval of Ms M.G.'s son.
25. There was no consent on the part of Ms M.G. nor any signed document authorizing the Respondent to take instructions from a third party.

**Ms H.L.**

26. In or about March 2001, Mr C.L., a client of the Respondent, opened an account for his wife, Ms H.L.
27. The Respondent executed trades in Ms H.L.'s account based

on instructions from Mr C.L. only.

28. There was no written authorization from Ms H.L. allowing the Respondent to take instructions from a third party.
29. The Respondent did not discuss the facts relating to his client's account and her investment objectives with his client, Ms H.L.

**Ms A.C.L.**

30. On or about 13 January 1987, Mr P.L. opened a spousal account for his wife Ms A.C.L.
31. The Respondent took instructions for trades in Ms A.C.L.'s account from her husband.
32. The Respondent thinks he may have received a verbal authorization allowing him to take instructions from Ms A.C.L.'s husband.
33. Ms A.C.L. denies ever having given her husband the authorization to instruct the Respondent.
34. There was no written authorization from Ms A.C.L. allowing the Respondent to take instructions from a third party.

Kenneth A. Nason  
*Association Secretary*