



# bulletin



Contact:

*For distribution to relevant parties within your firm*

Natalija Popovic  
Enforcement Counsel  
(416) 865-3039  
npopovic@ida.ca

**BULLETIN #3653**

August 7, 2007

## **Discipline**

### **Discipline Penalties Imposed on David Lyle Doering; Violations of By-law 29.1**

**Person Disciplined** A Hearing Panel appointed pursuant to IDA By-law 20 has imposed discipline penalties on David Lyle Doering, at all material times an approved person with the Mississauga Branch of BMO Nesbitt Burns Inc. (BMO), an IDA Member firm. Mr. Doering is not currently employed by an IDA Member Firm.

**By-laws,  
Regulations,  
Policies Violated** A disciplinary hearing was held on July 5, 2007, in Toronto, Ontario. Pursuant to an Agreed Statement of Facts, Mr. Doering admitted that during the period between February and August 2000 he engaged in business conduct which is unbecoming or detrimental to the public interest in that he acted contrary to the provisions of the Ontario Securities Act when he solicited and traded in investments for his clients in two off-book private placements which were not available for distribution in Ontario, without the knowledge or approval of his Member firm employer, and contrary to his firm's internal policies, in violation of Association By-law 29.1.

**Penalty Assessed** The Hearing Panel imposed the following penalties against Mr. Doering:

1. A fine in the amount of \$12,500;
2. Close supervision for six months from the start of new employment;
3. Costs in the amount of \$10,000;

4. Payment of fine and costs to be a condition of re-registration.

#### Summary of Facts

##### **First Private Placement**

In or about February 2000, Bee-Trade Inc. (Bee-Trade) a private company incorporated under the laws of Nevada, sought to raise funds through private placement financings.

According to the Subscription Agreement, the Bee-Trade offering was available for distribution in the United States by virtue of the “accredited investor” exemption pursuant to the *U.S. Securities Act of 1933*.

In Ontario, Bee-Trade did not file a preliminary or final prospectus with the Ontario Securities Commission as required under by the *Ontario Securities Act (OSA)* and did not rely upon any prospectus exemption that was available in Ontario at the time. Accordingly, the Bee-Trade private placement was not available for distribution to Ontario residents.

##### **Second Private Placement**

In or about August 2000, Bee-Trade was offering a second private placement.

As with the first private placement, the second offering was available for distribution in the U.S. However, Bee-Trade did not file a preliminary or final prospectus for the second private placement with the Ontario Securities Commission as required by the OSA, and did not rely upon any prospectus exemption that was available in Ontario at the time. Accordingly, this second private placement was not available for distribution to Ontario residents.

Approximately 16 of the Respondent’s Ontario clients, including his spouse, invested in the two private placements. The Respondent received no financial compensation in the form of commissions or fees in relation to his involvement in these private placements.

None of the Bee-Trade private placement investments were recorded on the books and records of BMO in violation of BMO policies. The Respondent admitted he was not familiar with these policies. After the first but prior to the second private placement the Respondent discussed the private placements with his supervisor who advised that the private placement ought not to have been completed without BMO approval. Though no formal discipline was taken by BMO at this time, a complaint by two of the Respondent’s clients respecting the Bee-Trade private placements did result in internal discipline in 2004. The Respondent’s discipline included; a fine of \$10,000, a requirement to re- write the CPH and internal close supervision for 6 months. In May 2004 the Respondent left BMO as an employee in good standing.

A second charge against the Respondent was dismissed. The charge was that in or about October and November 2000 he engaged in business conduct or practice which is unbecoming or detrimental to the public interest in that he failed to disclose his involvement in an outside business activity; namely that he was a director and CFO of a company to his Member Firm employer or the IDA in violation of by-law 29.1.

The Respondent admitted in the Agreed Statement of Facts that in or about October 2004 he became one of three shareholders, with a 37.5% interest, a director and the CFO of a company called Mosquito Pro-Tech Inc. while employed by Wellington West Capital Inc. (WWC).

In June 2005, the Respondent replied to an inquiry from the WWC compliance manager advising that he did not have any outside business activities to report. Subsequently on or about October 12, 2005 he disclosed his outside business activity.

In dismissing the second charge, the Hearing Panel noted that by-law 29.1 is broad in nature and that not every violation results in culpability under the terms of this By-law. Though the Hearing Panel agreed that it would have been better had the Respondent disclosed his outside business activity at the first possible moment it was not prepared to find his failure amounted to conduct unbecoming. The Hearing Panel noted that it was influenced in this finding by the fact that the company was inactive, that the Respondent was not paid or otherwise remunerated for his efforts and that while it was wrong not to disclose this activity it may be that he didn't realize his error until he wrote the CPH in accordance with the internal discipline at BMO; it was shortly thereafter that he made the disclosure to WWC.

Kenneth A. Nason  
*Association Secretary*