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BULLETIN NO. 2414, OCTOBER 29, 1997

Disciplinary Action

Notice is hereby given that the Nova Scotia District Council has accepted a Settlement Agreement entered into between Mr. Philip Hilton and the staff of the Investment Dealers Association of Canada in respect of his failure to comply with Regulation 1300.1(a), and imposing the following disciplinary penalties:

1. payment of a fine in the amount of \$2,000.00; and
2. a requirement that he successfully re-write the Conduct and Practices Handbook for Securities Industry Professionals Examination.

Mr. Hilton is also required to pay the costs of the investigation of this matter in the amount of \$2,000.00.

The facts of this matter may be summarized as follows:

Mr. Hilton is a registered representative of Midland Walwyn Capital Inc. in the Halifax, Nova Scotia branch office. On May 24, 1993 a client of Mr. Hilton's passed away. Mr. Hilton was provided with a copy of the deceased's Will and had the account name changed to an Estate account. However, he failed to complete an updated New Account Application Form documenting the material changes to the status of the account including who the persons were with a beneficial interest in the Estate account, and what the investment objectives were for the Estate account. In addition, between May 24, 1993 and August 31, 1994, Mr. Hilton accepted trading instructions for the Estate account from, and provided confirmation and monthly statements to, one of the two co-executors of the Estate without written authorization to do so from the other co-executor.

Pursuant to By-law 29.1, Regulation 1300.1(a) requires registered representatives to use due diligence to learn the essential facts relative to every client account and order. The Conduct and Practices Handbook for Securities Industry Professionals, Code of Ethics and Conduct, at page (xiv), states that a diligent business-like effort must be made to learn the essential and current financial and personal circumstances, and investment objectives of each client. Relevant account documentation should reflect material information about any material changes to the client's status.

Mr. Hilton's failure to complete an updated New Account Application Form to reflect material changes in the "know your client" information on file for the Estate account was therefore a

violation of Regulation 1300.1(a). In particular, he failed to update the information concerning who had authority to give trading instructions, who had a beneficial interest, in the account and what were the investment objectives for the account.

Lyn M. Gilchrist
Association Secretary

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