
BULLETIN NO. 2416, NOVEMBER 7, 1997

Disciplinary Action

By way of a Settlement Agreement accepted by the Quebec District Council of the Association, **Ms. Margaret Ringel**, formerly a Vice-President (Non-trading) employed by Wood Gundy Inc. (now CIBC Wood Gundy Securities Inc.) in its branch office in Montreal, Quebec, has agreed to the imposition of a permanent prohibition against her approval in any capacity with any Member of the Association. In addition, Ms. Ringel is required to pay the Association's costs of the investigation in the amount of \$1,500.00.

As a result of the Association's investigation it was alleged that Ms. Ringel:

1. misappropriated funds and securities from accounts of her employer, and thereby engaged in business conduct or practice unbecoming a Vice-President (Non-trading), contrary to By-law 7.5(c) [now By-law 20.10(a)(3)];
2. effected transfers to and from the account of a client without the knowledge or authorization of the client, and thereby engaged in business conduct or practice unbecoming a Vice-President (Non-trading), contrary to By-law 7.5(c) [now By-law 20.10(a)(3)];
3. deposited client funds into an employee activity account for short periods in order to generate income, and thereby engaged in business conduct or practice unbecoming a Vice-President (Non-trading), contrary to By-law 7.5(c) [now By-law 20.10(a)(3)];
4. participated in a scheme to illegally participate in share purchase plans, and thereby engaged in business conduct or practice unbecoming a Vice-President (Non-trading), contrary to By-law 7.5(c) [now By-law 20.10(a)(3)];
5. opened and operated accounts for family members without designating the accounts as "PRO" accounts, and thereby engaged in business conduct or practice unbecoming a Vice-President (Non-trading), contrary to By-law 7.5(c) [now By-law 20.10(a)(3)];
6. opened and operated accounts for clients while not registered to deal with the public, and thereby engaged in business conduct or practice unbecoming a Vice-President (Non-trading), contrary to By-law 7.5(c) [now By-law 20.10(a)(3)].

While a cage manager in the Member's Montreal branch office, Ms. Ringel opened an internal account (the "MTC account") for the purpose of collecting funds for staff Christmas parties and picnics. From this original idea developed an account that was used for multiple purposes, and within which occurred numerous irregular activities under the direction of Ms. Ringel.

On or about November 8, 1989, \$2500.00 Turbo Res 8% bonds were transferred from an estate

account to a control account for which Ms. Ringel was responsible. On December 12, 1989 Ms. Ringel caused the bonds to be booked to the MTC account. Subsequently, between January 8, 1990 and January 24, 1992, Ms. Ringel processed several journal entries causing the bonds and interest paid on the bonds to be transferred to and between accounts belonging to her daughter and husband. Ms. Ringel was not authorized to make any of the aforementioned transfers.

On or about September 4, 1991, a long and short securities position was removed from a client's account into a control account for which Ms. Ringel was responsible. The position was subsequently flattened through market action, realizing a profit of US\$200.00. On or about October 3, 1991, Ms. Ringel, without having any authorization to do so, caused the profit to be journaled to the MTC account, and thereafter, to the account of her husband.

On or about October 7, 1991, Ms. Ringel misappropriated funds in the amount of \$3,184.20 from a Wood Gundy Inc. control account, by causing the said funds to be journaled to the account of her husband.

On or about August 20, 1992, \$9,162.29 were deposited to a control account for which Ms. Ringel was responsible. Ms. Ringel processed journal entries causing the funds to be transferred to the MTC account and, subsequently, to the account of her grandson where they were invested in Canada Savings Bonds. On or about February 11, 1993 Ms. Ringel caused the funds plus interest to be re-deposited to a firm account. At no time did Ms. Ringel have any authorization to make use of the funds in the manner described.

From time to time prior to November 1, 1992, credit interest of approximately \$500.00 was generated into the MTC account by way of Ms. Ringel depositing customer funds for short periods.

Between January, 1990 and January, 1993 Ms. Ringel participated in a scheme whereby she and other employees under her supervision participated on behalf of others (employees, and non-employees) in the share purchase plans offered by several Quebec-based corporations. The plans permit the acquisition of shares by subscription, directly from the issuer, with no commission charges. Subscriptions were only undertaken by Ms. Ringel when the shares could immediately be sold at a price higher than the subscription price. Ms. Ringel collected signed stock powers of attorney from participants with whom the profits from these activities were subsequently split. The share purchase plan activity engaged in by Ms. Ringel involved violations including (a) solicitation of client orders without registration; (b) failure to establish minimum client records; (c) failure to issue trade confirmations and monthly statements; (d) violation of subscription rules which required that only bona fide shareholders could participate in the purchase plans; (e) transfer of subscribers' assets to accounts belonging to Ms. Ringel's family, without the required written authorization; and (f) unauthorized use of the Member's capital without compensation of interest cost.

On or between January 16, 1986 and November 8, 1990, Ms. Ringel opened and operated accounts for several clients while not registered to deal with the public. Although three of these accounts belonged to family members, Ms. Ringel did not designate the accounts as "PRO" accounts.

Ms. Ringel, on or about March 4, 1993, was dismissed for cause by Wood Gundy Inc., and she has not been employed by any Member since that time.

Lyn M. Gilchrist
Association Secretary

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