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BULLETIN NO. 2435, DECEMBER 11, 1997

Disciplinary Action

On August 5 and November 20, 1997, the Ontario District Council of the Association conducted a hearing into allegations against Max-Hugh Settelen, formerly a registered representative employed by Burns Fry Limited (now Nesbitt Burns Inc.) in its Ottawa, Ontario branch office.

As a result of the hearing, the Council imposed upon Mr. Settelen the following penalties :

- (i) a fine in the amount of \$5,000.00;
- (ii) a condition of his approval with any Member of the Association that he successfully re-write the Conduct and Practices Handbook examination administered by the Canadian Securities Institute; and
- (iii) payment toward the Association's costs of investigation in the amount of \$ 1,000.00.

As a result of the Association's investigation it was alleged that Mr. Settelen failed to properly complete new account forms for a client, contrary to Association Regulation 1300.1(a). It was also alleged that Mr. Settelen, between January and June of 1994, failed to use due diligence to ensure that recommendations made by him for the purchase of securities for a client's account were appropriate for the client and in keeping with her investment objectives, contrary to Association Regulation 1300. 1(c).

Mr. Settelen completed the new account application form for a client without discussing or verifying the information with her. The client had advised Mr. Settelen that she had \$30,000 which she had received by way of inheritance and had asked his advice as to whether she should invest the inheritance in shares of Newbridge Networks. Mr. Settelen advised her to do so. The investment was not appropriate because all of the client's investment capital was used to purchase one security. Also, Newbridge Network shares had been described in research materials produced by Burns Fry Limited in September 92 and February 1994 as "volatile".

Mr. Settelen was dismissed from Nesbitt Burns in or around May 1994 and he has not been employed with any Member since that time.

Lyn M. Gilchrist
Association Secretary

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