
BULLETIN NO. 2483, JUNE 30, 1998

Disciplinary Action

Mr. Jacques Felton, who was at all relevant times a registered representative employed in the Montreal office of Alpha Capital Inc., a Member firm of the Investment Dealers Association of Canada, has been disciplined by the Association for failing to comply with the By-laws of the Association. Pursuant to a settlement agreement between Mr. Felton and the Association staff, the Quebec District Council has imposed the following disciplinary penalties:

- i) a fine in the amount of \$10,000.00;
- ii) a prohibition against his approval as a partner, director or officer of any Member of the Association for a term of one (1) year from the date of acceptance of the Settlement Agreement by the Quebec District Council;
- iii) a condition of re-approval by the Association as a registered representative of a member of the Association that he is required to re-write and pass the Conduct and Practices Handbook examination administered by the Canadian Securities Institute; and
- iv) a condition of his re-approval by the Association as a partner, director or officer of a Member of the Association he is required to re-write and pass the Partners, Directors and Officers Qualifying examination administered by the Canadian Securities Institute.

In addition, Mr. Felton is required to pay \$1,500.00 toward the Association's costs of investigation.

Pursuant to the settlement agreement, Mr. Felton has admitted that:

1. between August 24, 1993 and October 15, 1993 he prepared and entered trade tickets to document trades in securities, which trades did not actually occur, and thereby engaged in conduct unbecoming a registered representative, contrary to By-law 20.10(a)(3);
2. between August 24, 1993 and October 15, 1993 he prepared and entered trade tickets to document trades in securities, which trades did not actually occur, in an effort to avoid the payment of income taxes, and thereby engaged in conduct unbecoming a registered representative, contrary to By-law 20.10(a)(3); and
3. between August 24, 1993 and October 15, 1993 he opened and operated client accounts in which he had a beneficial interest, without disclosing such interest to the Member firm, and thereby engaged in conduct unbecoming a registered representative, contrary to By-law 20.10(a)(3).

Mr. Felton was employed in the fixed income department on the bond desk at Alpha Capital Inc. as the supervisor of Daniel Vaugeois, a registered representative, and Yves Pichette, an unregistered employee of the Member. Between August 24, 1993 to October 15, 1993, Mr. Felton, Mr. Vaugeois and Mr. Pichette participated in a scheme to prepare and enter order

tickets to document trades in securities, which did not in fact occur, in an effort to avoid the payment of income taxes. In each case, the accounts in which the trades were fabricated did not have the funds necessary to settle the transactions. In addition, the trades done for certain accounts were done without specific instructions from the named account holder.

Mr. Felton voluntarily terminated his employment with the Member on November 3, 1993.

Please see Bulletin Nos. 2484 and 2482 in regard to related disciplinary action against Daniel Vaugeois and Alpha Capital Inc., respectively.

Lyn M. Gilchrist
Association Secretary

PLEASE DISTRIBUTE TO INTERESTED PARTIES IN YOUR FIRM