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For distribution to relevant parties within your firm

BULLETIN # 2530
November 10, 1998

Discipline

Discipline Penalties Imposed on Michael Robert Orr - Violation of By-law 1300.1 (c)

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Michael Robert Orr, at the relevant time a Registered Representative of First Marathon Securities Limited, a Member of the Association. Mr. Orr carried on business in the Member's office in Thunder Bay, Ontario.
By-laws, Regulations, Policies Violated	On November 10, 1998, the District Council considered, reviewed and accepted a settlement agreement signed by Mr. Orr. The agreement had been negotiated with him by staff of the Enforcement Division of the Association. Pursuant to the settlement agreement, Mr. Orr admitted that he failed to use due diligence to ensure that recommendations for the account of a client were appropriate for the client, contrary to Regulation 1300.1(c).
Penalty Assessed	The discipline penalty assessed against Mr. Orr is a fine in the amount of \$7,500.00, and disgorgement of commissions in the amount of \$1,271.68. In addition, Mr. Orr is required to pay \$2,500.00 toward the Association's costs of investigation of this matter.
Summary of Facts	The client in question was a retired person, in her late 70's, whose investment objective was to generate income. Between September 1993 and February 1995, Mr. Orr put through the account a number of mutual fund transactions. Some of the trades involved the purchase and sale of emerging market mutual funds - investments that carry higher risk. Many of the funds were not income producing. The sales of some of the funds triggered redemption fees which eroded any gains made on the trades. The gains were further eroded due to interest charges incurred because the account was permitted to carry a significant debit. The trading was not appropriate for the client, and constitutes a violation of Regulation 1300.1(c) of the Association.

Mr. Orr is not currently employed by a Member or the Association.

Mr. Orr's supervisor at the relevant time has also been disciplined by the District Council (see Bulletin No. 2403, September 27, 1997).

Lyn M. Gilchrist
Association Secretary