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For distribution to relevant parties within your firm

BULLETIN # 2577
April 9, 1999

Discipline

Discipline Penalties Imposed on Robert J. Mazzuca - Violation of Regulation 1300.1 (a)

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Robert J. Mazzuca , at the relevant time a Registered Representative with the Sudbury branch of Midland Walwyn Capital Inc., now Merrill Lynch Canada Inc., a Member of the Association.
By-laws, Regulations, Policies Violated	On April 8, 1999, the District Council considered, reviewed and accepted a settlement agreement that had been negotiated by the Association Enforcement Division staff with Mr. Mazzuca. Under the settlement agreement Mr. Mazzuca admitted that he failed to use due diligence to learn the essential facts relative to every order accepted contrary to Association Regulation 13 00.1 (a).
Penalty Assessed	The discipline penalty assessed against Mr. Mazzuca is an order that the commissions he earned as a result of the violation in the amount of \$1,000 be disgorged and a fine in the amount of \$5,000 be paid, both within 90 days of the acceptance of the agreement by the Ontario District Council. In addition, Mr. Mazzuca is required to pay \$3,700 toward the Association's costs of investigation of this matter within 90 days of the acceptance of the agreement by the District Council.
Summary of Facts	The client opened an account with Mr. Mazzuca in March 1989. The client was retired with a net worth of approximately \$225,000 and an annual income of \$35,000. His investment objectives were 50% income and 50% long term growth. Mr. Mazzuca admitted that in July 1992, he accepted an order from the client to sell two holdings of preferred bank shares to buy \$61,000 of PWA convertible debentures. Mr. Mazzuca did not caution the client that the purchase was speculative and was of the mistaken view that the debentures were recommended as a "buy" by Midland Research. The debentures were to have produced annual interest payments of 7.875%. However, in November 1992, due to financial difficulties, PWA

suspended all interest payments and dividends. Although the client lost substantial sums of money as a result, he failed to limit his own losses by selling the debentures, or the equivalent number of shares upon conversion, when advised by Mr. Mazzuca to do so.

Mr. Mazzuca is currently employed with Merrill Lynch in its Sudbury Branch office.

Lyn M. Gilchrist
Association Secretary