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For distribution to relevant parties within your firm

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Discipline

Discipline Penalties Imposed on Pierre Ferland - Violation of Regulation 1300.4 and By-law 29.1

Person Disciplined	The Quebec District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Pierre Ferland at the relevant time, a registered representative employed in the Ste-Foy, Québec, branch office of ScotiaMcLeod Inc., a Member of the Association.
By-laws, Regulations, Policies Violated	Following the disciplinary hearing held <i>ex parte</i> on May 5, 1999, the Quebec District Council found Mr. Ferland guilty of exercising his discretionary authority to effect a material number of trades in securities for the account of two clients, without such accounts having been specifically approved and accepted in writing as discretionary accounts by the designated person of the Member Firm and thereby committing a violation contrary to Regulation 1300.4. Mr. Ferland was also found guilty of misappropriating a security worth \$25,175.23 from a client's account, thereby engaging in a business conduct unbecoming of a registered representative or not in the public interest, and committing a violation contrary to By-Law 29.1
Penalty Assessed	<p>The discipline penalty assessed against Mr. Ferland is a permanent prohibition against his approval in any capacity with any Member of the Association.</p> <p>In addition, Mr. Ferland is required to pay \$2,000.00 towards the Association's cost of investigation of this matter.</p>
Summary of Facts	<p>In September 1992, Mr. Ferland opened a cash account for a client that was approximately age 80 whose investment objectives were income and safety of principal. The client having very limited investment knowledge had asked that all matters involving the account be discussed with his son.</p> <p>In November 1992, while the client's son was out of the country and without consulting him first, Mr. Ferland had the client sign a margin agreement. In December 1993, the client signed a power of attorney</p>

granting his son the power to act on his behalf. Mr. Ferland did not inform the attorney of the existence of the margin agreement.

Mr. Ferland then changed the address on the client's account, without informing the client or his attorney, to a post-office box at which he had arranged to receive mail and then effected the purchase of \$25,175.23 worth of bonds in the account of the client and arranged to have the said bonds delivered to himself at the post-office box to then misappropriate them. Mr. Ferland then sold the bonds through a third party to another firm and misappropriated \$22,920.86.

Furthermore, between December 1993 and May 1994, Mr. Ferland effected approximately 25 discretionary trades in the account of this same client, without informing the client or his attorney. As a result of the unauthorized transactions, losses of approximately \$15,000.00 were sustained and commissions of approximately \$15,000.00 were paid.

In November and December 1993, Mr. Ferland also effected unauthorized transactions to purchase and sell securities in the account of another client without his approval.

Mr. Ferland has not been employed by a Member of the Association since the termination of his employment at ScotiaMcLeod Inc. on May 6, 1994.

Lyn M. Gilchrist
Association Secretary