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*For distribution to relevant parties within your firm*

**BULLETIN # 2600**  
June 29, 1999

## Discipline

### Discipline Penalties Imposed on Douglas Phimister – Violation of IDA By-laws 29.1 and 29.7.

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on <b>Douglas Phimister</b> , at the relevant time a Registered Representative of RBC Dominion Securities Inc., a Member of the Association.
By-laws, Regulations, Policies Violated	<p>On June 29, 1999, the District Council considered, reviewed and accepted a settlement agreement that had been negotiated with the Association Enforcement Division staff. Pursuant to the settlement agreement, Mr. Phimister admitted that he:</p> <ol style="list-style-type: none"><li>1) failed to obtain the approval of a delegated partner, director, officer or branch manager prior to issuing sales literature or advertisements to his clients, contrary to By-law 29.7;</li><li>2) engaged in business conduct unbecoming and detrimental to the public interest when he made written representation to a client that a security would be listed on a stock exchange contrary to By-law 29.1;</li><li>3) engaged in business conduct unbecoming and detrimental to the public interest by advising and soliciting proxy votes from his clients regarding a security of which he himself was a shareholder contrary to By-law 29.1.</li></ol>
Penalty Assessed	The discipline penalty assessed against Mr. Phimister is a fine in the amount of \$10,000.00 and he must re-write and pass the Conduct and Practices Handbook examination. In addition, Mr. Phimister is required to pay \$2,900.00 toward the Association's costs of investigation of this matter.
Summary of Facts	On August 25, 1992 Phimister sent a letter to a client on RBC Dominion letterhead in which he attempted to explain a dip in the price of a stock

that Mr. Phimister had recommended to the client. In this letter Mr. Phimister noted that the company's

prospectus was pending and would be released along with the listing of the shares on the Toronto Stock Exchange. The letter also mentioned that the next plan was to have the company listed on the NASDAQ stock exchange. The August 25<sup>th</sup>, 1995 letter also contained two corporate news releases dated July 27, 1992 and August 20, 1992 along with a newspaper clipping related to the issuer. None of this material had been approved by Mr. Phimister's Branch Manager prior to his sending it to the client. Mr. Phimister also sent the client a research report completed by an independent research company on the issuer dated March 1995. This research report projects revenue, net income and earnings for shareholders well into 1998. This research report was not approved by Mr. Phimister's Branch Manager.

On April 26, 1995 Phimister sent a form letter on RBC Dominion letterhead addressed to his clients who held shares of the issuer. The purpose of this letter was to instruct shareholders who were also Mr. Phimister's clients to exercise their proxy votes at the upcoming shareholders meeting. Mr. Phimister, also being a shareholder of the issuer, believed that a dissident group was trying to take over the company and wanted his clients to vote in a certain fashion in order to support the current management. This letter was not approved by Mr. Phimister's Branch Manager.

Lyn M. Gilchrist  
*Association Secretary*