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Discipline

Discipline Penalties Imposed on David J. Oulton - Violations of Regulation 1300.4 and By-law 29.1

Person Disciplined	The Nova Scotia District Council of the Investment Dealers Association of Canada has imposed discipline penalties on David James Oulton , at the relevant time a Registered Representative ("RR") at Beacon Securities Limited, a Member of the Association. Mr. Oulton is not currently employed by a Member of the Association.
By-laws, Regulations, Policies Violated	By written decision dated October 29, 1999, the District Council has concluded a discipline proceeding concerning allegations made by Enforcement staff that Mr. Oulton violated Association rules. The District Council found that Mr. Oulton contravened Association rules as follows: <ol style="list-style-type: none">1. On two occasions, he exercised his discretion in executing trades in a client account that was not a "discretionary account", contrary to Regulation 1300.4 of the Association; and2. He then engaged in conduct unbecoming a RR or detrimental to the public interest by accepting responsibility for trading losses incurred in the client account, without the approval of the Member, contrary to By-law 29.1 of the Association.
Penalty Assessed	The discipline penalties assessed against Mr. Oulton are a fine of \$10,000.00, and disgorgement of \$100, the approximate commission income earned on the discretionary trades. In addition, Mr. Oulton must pay \$2,000.00 toward the Association's costs in the matter. The District Council also prohibited his future approval unless he re-writes the exam based on the <i>Conduct and Practices Handbook</i> , and pays in full the above fine, disgorgement and costs. If, in the future, Mr. Oulton is re-approved by the Association for employment with a Member, the District Council has ordered that he must be subject to strict supervision for a period of six (6) months.

Summary
of Facts

On two occasions, the RR exercised his discretion as to the price and timing of purchases of shares in a client account that was not a "discretionary account". The purchases violated Regulation 1300.4 of the Association. The share price soon dropped drastically. The client then presented to the RR an unsigned letter, drafted so as to be from the RR to the client. The letter stated that the RR had made the above-noted discretionary trades, that the RR accepted responsibility for the losses, and that the RR would re-pay to the client the monies lost. At the client's request, the RR signed the letter. The Member was not aware of the client complaint, nor that the RR had signed the letter. The RR's signing of the letter constituted conduct unbecoming a RR, contrary to By-law 29.1, because it was an unauthorized acknowledgement of responsibility for trading losses, and an improper promise to repay such losses.

Lyn M. Gilchrist
Association Secretary