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*For distribution to relevant parties within your firm*

**BULLETIN # 2678**  
December 23, 1999

## Discipline

### Discipline Penalties Imposed on Joseph James Walsh - Two Violations of Regulation 1300.4 and By-law 29.1

Person Disciplined      The Saskatchewan District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Joseph James Walsh, at the relevant time a Registered Representative of TD Evergreen, a Member of the Association.

By-laws, Regulations, Policies Violated      On December 13, 1999, the Saskatchewan District Council considered, reviewed and accepted a settlement agreement that had been negotiated by the Association Enforcement Division staff with Mr. Walsh. Pursuant to the settlement agreement, Mr. Walsh admitted that he failed to observe high standards of ethics and conduct in the transaction of his business by urging a client to use a false Canadian address to circumvent his firm's internal policies, contrary to By-law 29.1. Mr. Walsh also admitted that he exercised discretionary authority to effect trades in securities for the account of a customer, without having the prior written authorization of the customer and without such account having been specifically approved and accepted in writing as a discretionary account by the designated person of the Member firm, contrary to Regulation 1300.4.

Penalty Assessed      The discipline penalty assessed against Mr. Walsh is a prohibition against approval in any capacity with any Member of the Association for a period of 3 months, a fine in the amount of \$10,000.00; disgorgement of commissions in the amount of \$2,590.50 and Mr. Walsh must re-write and pass the Conduct and Practices Handbook examination. In addition, Mr. Walsh is required to pay \$2,325.00 toward the Association's costs of investigation of this matter.

Summary of Facts      The District Council found that in March of 1997, an American customer was referred to Mr. Walsh as a client. This customer had an account in a branch of the TD Bank in Saskatchewan and came to Mr. Walsh because she was interested in investing her money for a greater return. Mr. Walsh met with the customer on March 20, 1997 and at that meeting Mr. Walsh

suggested that the customer use a local address on her New Client Application Form as a means of circumventing the fact that she was an U.S. resident. Mr. Walsh contravened TD Evergreen's in-house rule forbidding registered representatives from dealing with residents of the United States. The customer followed Mr. Walsh's suggestion and used the address of a relative in Lethbridge, Alberta.

At the meeting of March 20, 1997 Mr. Walsh and the customer spoke of the nature of the investments that she was seeking and the type of return for which she had hoped. The account was not designated as a discretionary account and Mr. Walsh did not have permission to make unauthorized trades in the customer's account. Mr. Walsh conducted four (4) discretionary trades in the customer's account without the benefit of discussion with the customer and without her knowledge and consent.

On December 04, 1997 the customer became alarmed by the losses in her account and faxed Mr. Walsh at his place of business. This fax came to the attention of the Branch Manager who noted that the customer's phone number was that of an U.S. resident. Mr. Walsh was dismissed for violation of Member firm policy on February 06, 1998.

Timothy P. Ryan  
*Association Secretary*