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For distribution to relevant parties within your firm

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Discipline

Discipline Penalties Imposed on Stefan Varga - Violation of Regulation 1300.4

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Stefan Varga, at the relevant time a Registered Representative with Nesbitt Burns Inc., ("Nesbitt") a Member of the Association.
By-laws, Regulations, Policies Violated	On January 27, 2000, the District Council considered, reviewed and accepted a settlement agreement that had been negotiated by the Association Enforcement Division staff with Mr. Varga. Under the settlement agreement Mr. Varga admitted that he had exercised his discretion to effect trades in securities on behalf of a client without having prior written authorization of the clients and without the account having been approved for discretionary trading by the Member firm contrary to Regulation 1300.4.
Penalty Assessed	The discipline penalty assessed against Mr. Varga is a fine of \$5,000. In addition, Mr. Varga is required to pay \$1,500 toward the Association's costs of investigation of this matter.
Summary of Facts	<p>A married couple opened a cash account at Nesbitt Thomson in 1993. In 1994, the clients' original investment advisor transferred from the firm and Mr. Varga assumed responsibility for the account.</p> <p>In May 1994, Mr. Varga met with the clients and a new, more aggressive trading strategy was agreed upon. Mr. Varga was to recommend highly liquid, good quality U.S securities with the intention of selling the securities as soon as they appreciated or depreciated by two or three dollars. Mr. Varga acknowledged that this new strategy was not recorded on an updated New Client Account Form and that he ought to have done so.</p> <p>In addition, on June 1, 1995 Mr. Varga purchased 2,000 shares in a U.S. based company and subsequently sold those securities the next day for a</p>

profit of approximately US\$ 2,150. The clients did not authorize either transaction. The account was not approved and accepted by Nesbitt as a discretionary account.

Mr. Varga is currently employed with Nesbitt Burns Inc. in its Toronto office.

Timothy P. Ryan
Association Counsel & Secretary