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For distribution to relevant parties within your firm

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Discipline

Discipline Penalties Imposed on Warren MacKenzie – Violations of IDA By-law 29.1(i) and Regulation 1300.4

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Warren MacKenzie, at the relevant time a Registered Representative of Midland Walwyn Capital Inc., now Merrill Lynch Canada Inc., a Member of the Association.
By-laws, Regulations, Policies Violated	<p>On January 27, 2000, the District Council considered, reviewed and accepted a settlement agreement entered into on behalf of Mr. MacKenzie and the Association staff. The Settlement Agreement states that Mr. MacKenzie committed the following violations:</p> <ol style="list-style-type: none">1) failing to observe high standards of ethics and conduct in the transaction of his business, by failing to follow a client's instructions to buy units of the Altamira Bond Fund, contrary to By-law 29.1(i).2) exercising discretionary authority to effect a trade in securities for the account of a client, without having the prior written authorization of the client 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 imposed upon Mr. MacKenzie is a fine in the amount of \$8,000.00. In addition, Mr. MacKenzie is required to pay \$1,550.00 toward the Association's costs of investigation of this matter.
Summary of Facts	When a Government of Canada bond matured on February 20, 1998, Mr. MacKenzie purchased units of the Atlas Money Market Fund in the RRIF account of two of his clients without consulting them. On March 04, 1998, the two clients specifically requested that Mr. MacKenzie take the funds from the matured Government of Canada bond and place \$30,000.00 in units of the Altamira Bond Fund and the remaining \$37,3000 in units of the Scudder Money Market Fund. Mr. MacKenzie did not follow the exact instructions of his clients until May 11, 1998 causing his clients to suffer a

financial loss of \$1,100.00 in their account. Mr. MacKenzie compensated his clients in this amount on August of 1999 and he did not receive any commission fees or pecuniary benefit as the result of his actions.

Timothy P. Ryan
Association Counsel & Secretary