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For distribution to relevant parties within your firm

BULLETIN # 2727
May 18, 2000

Discipline

Discipline Penalties Imposed on George Georgiou – Violation of Various Regulations

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on George Georgiou , at the relevant times a Registered Representative with the Kitchener branch of Midland Walwyn Capital Inc., now Merrill Lynch Canada Inc., a Member of the Association, and the Kitchener branch of Levesque Securities Ltd., now National Bank Financial Ltd., a Member of the Association.
By-laws, Regulations, Policies Violated	<p>On May 18, 2000, the District Council considered, reviewed and accepted a Settlement Agreement that had been negotiated by the Association Enforcement Division staff with Mr. Georgiou. Under the Settlement Agreement Mr. Georgiou did not contest the facts that he:</p> <ul style="list-style-type: none">(i) effected discretionary trades in client accounts without the prior knowledge or written authorization of the clients and without such client accounts having been specifically approved and accepted in writing as discretionary accounts by the designated person of the Members, Midland Walwyn Capital Inc. and Levesque Securities Ltd., contrary to Regulation 1300.4(a) and (b);(ii) effected short sales in client accounts without first obtaining signed margin agreements from the clients, contrary to Regulation 200.1(i)(2);(iii) failed to exercise due diligence in respect of client accounts to ensure that trading recommendations made in those client accounts were appropriate for the clients and in keeping with the clients' respective investment objectives, contrary to Regulation 1300.1(c);(iv) failed to obtain a properly executed trading authorization over one client account in favour of a third party, contrary to Regulation 200.1(i)(3); and engaged in business conduct unbecoming or detrimental to the public interest, contrary to IDA By-law 29.1 in that he:

- either borrowed monies from or loaned monies to clients;
- entered into financial arrangements to privately settle complaints in client accounts without the knowledge, consent or authorization of the Member firm;
- effected unauthorized short sales in client accounts while under restrictions from the Member, Midland Walwyn Capital Inc., not to conduct short sales without obtaining prior manager approval; and
- provided a client with false or misleading information regarding the client's account.

Penalty Assessed The discipline penalty assessed against Mr. Georgiou is an Order of a fine of \$50,000 to be paid to the Association within four months of the date of acceptance of this Settlement Agreement by the District Council. Also, Mr. Georgiou is suspended from receiving approval from acting in any registered capacity with any Member of the Association for a period of ten years, commencing January 31, 1995 till January 31, 2005. Then, if Mr. Georgiou ever seeks re-registration for approval with the Association, he must re-write and pass the Conduct and Practices Handbook examination administered by the Canadian Securities Institute within ninety days prior to the submission of an application for such approval. Evidence of successful completion must be provided to the Association within thirty days thereafter. Then, if approved, he would be subject to a condition of strict supervision for a period of three years following, and the employing Member shall be required to complete and submit monthly supervision reports on a timely basis to the Registration Department of the Association. Mr. Georgiou is required to pay \$15,000 toward the Association's costs of investigation of this matter within 90 days of the acceptance of the agreement by the District Council.

**Summary
of Facts**

George Georgiou was a Registered Representative in the securities industry with a Member of the Association from January 6, 1989 to January 27, 1995. He was twenty years old when he joined the Kitchener branch of Midland Walwyn Capital Inc., now Merrill Lynch Canada Inc., and worked there from June 1990 to November 1993. He then moved to the Kitchener branch office of Levesque Securities Ltd., now National Bank Financial Ltd., also a Member of the Association. He worked at Levesque Securities Ltd. from November of 1993 until January 27, 1995.

Mr. Georgiou has admitted that, between January 22, 1993 to November 19, 1993, he committed numerous violations against the Association's By-laws and Regulations. As a result, he was charged with thirty counts of offences against the Association's By-laws and Regulations, which he has settled by agreement with the Association. For a detailed description of the offences, please see the Settlement Agreement of George Georgiou, which was ratified by the District Council on May 18, 2000.

Susanne M. Barrett
Association Secretary