INVESTMENT DEALERS ASSOCIATION OF CANADA

bulletin

ASSOCIATION CANADIENNE DES COURTIERS EN VALEURS MOBILIÈRES

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For distribution to relevant parties within your firm

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Discipline

Discipline Penalties Imposed on Stephen Parke - Violation of Regulation 1300.4

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on **Stephen Parke**, at the relevant time a Registered Representative with Midland Walwyn Capital Inc. (now Merrill Lynch Canada Inc.), a Member of the Association.
By-laws, Regulations, Policies Violated	On August 10, 2000, the Ontario District Council considered, reviewed and accepted a settlement agreement that had been negotiated between Mr. Parke and staff of the Enforcement Division of the Association. Pursuant to the settlement agreement, Mr. Parke admitted that during the period January 13, 1997 to, and including, March 3, 1997, while a Registered Representative with a Member of the Association, he exercised discretionary authority to effect a trade in securities for the account of a client, namely Lars Carlson, 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 penalties assessed against Mr. Parke are a fine in the amount of $10,000 payable within 4 months of the effective date of the settlement agreement. Mr. Parke is required, as a condition of any future re-approval by the Association, to successfully rewrite and pass the examination based on the *Conduct and Practices Handbook for Securities Industry Professionals*, as administered by the Canadian Securities Institute within 6 months following the effective date of the settlement agreement. Mr. Parke is also required to pay $900 towards the Association's costs of investigation of this matter.
Summary of Facts	In January 1994, Mr. Parke met with his client Lars Carlson to discuss investing $50,000. On August 23, 1996, prior to a departure from the

country, the client instructed Mr. Parke to sell some speculative holdings at specific target prices. Mr. Parke did not enter open sell orders and also failed to obtain a discretionary account agreement.

Mr. Parke admitted to executing trades on the account for which the customer had given no prior written authorization and the account had not been specifically approved and accepted in writing as a discretionary account by a designated person of the Member firm. Mr. Parke exercised price and time discretion on four sales of securities and conceded that he had not received specific orders as to price, quantity or timing in respect of nine purchases from January to March 1997.

Mr. Parke's conduct had a substantial negative impact on the client's account in that it increased the client's margin loan amount; increased the speculative component of the account; resulted in a decline in the overall portfolio that precipitated a margin call; and resulted in a decline in the total value of the investments purchased from January to March 1997.

Susanne M. Barrett
Association Secretary