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**BULLETIN # 2789**  
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## Discipline

### Discipline Penalties Imposed on Andris Gravitis - Violation of Regulation 1300.1 and By-law 29.1

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on <b>Andris Gravitis</b> , at the relevant time a Registered Representative with Foster and Associates Financial Services Inc., a Member of the Association.
By-laws, Regulations, Policies Violated	<p>On November 15, 2000, the District Council considered, reviewed and accepted, after making an amendment, a settlement agreement that had been negotiated by the Association Enforcement Division staff with Mr. Gravitis. Under the settlement agreement Mr. Gravitis admitted the following contraventions:</p> <ul style="list-style-type: none"><li>• that he failed to ensure that the recommendations made for the accounts of two separate clients were in keeping with the clients' objectives, contrary to Regulation 1300.1(c);</li><li>• that he failed to learn the essential facts relative to every customer by knowingly supplying false and misleading information on the New Client Account Forms of two clients, contrary to Regulation 1300.1(a);</li><li>• that he engaged in business conduct or practice which is unbecoming or detrimental to the public interest by failing to ensure proper account documentation existed for the account of a client giving her spouse a trading interest in the account, contrary to By-law 29.1(ii); and</li><li>• that he engaged in business conduct or practice unbecoming to the public interest by marking trade tickets "unsolicited" when they were in fact "solicited", contrary to By-law 29.1(ii).</li></ul>
Penalty Assessed	<p>The discipline penalty assessed against Mr. Gravitis is as follows:</p> <p>A total fine of \$16,500, payable to the Association within one month of the acceptance of the Settlement Agreement by the Ontario District Council, and allocated as follows among the contraventions: a fine of five</p>

thousand dollars for making unsuitable recommendations contrary to Regulation 1300.1(c); a fine of three thousand and five hundred dollars for failing to learn the essential facts relative to every customer contrary to Regulation 1300.1(a); a fine of three thousand dollars for failing to ensure proper account documentation was in place contrary to By-law 29.1(ii); a fine of five thousand dollars for marking "solicited" trades as "unsolicited" contrary to By-law 29.1(ii); and

A condition of his re-approval in any capacity with a Member of the Association, that he re-write and pass the examination based on the *Conduct and Practices Handbook for Securities Industry Professionals* administered by the Canadian Securities Institute within six months following the effective date of the Settlement Agreement.

In addition, Mr. Gravitis is to pay the Association's costs in the amount of five thousand dollars.

#### Summary Of Facts

Two of Mr. Gravitis' clients transferred their accounts to Foster and Associates Financial Services Inc. in the fall of 1995 in order to remain with Mr. Gravitis. New Client Account Forms were made out for each of these clients after the transfer. One client's form indicated that the investment objectives were 50% income and 50% long-term capital, and the risk tolerance was 20% low, 50% medium and 30% high. Mr. Gravitis decreased the quality of this client's portfolio such that the original value of the portfolio of \$400,000 in 1984 was reduced to \$140,643.81 by December 31, 1995. Blue chip equities originally in the portfolio were replaced with a number of speculative securities. This client launched a civil law suit in relation to the investment portfolio; the law suit was settled. The New Client Account Form for the other client indicated that the investment objectives were 100% long-term capital appreciation, and the risk tolerance was 100% medium risk. The securities contained in the account were speculative and did not match the client's objectives.

One of Mr. Gravitis' clients gave Mr. Gravitis two New Client Account Forms in the names of the client's mother and daughter. The information contained on the forms regarding the age of the mother and the daughter, their investment knowledge, and their investment experience was incorrect and misleading. Mr. Gravitis knowingly supplied this false and misleading information to his firm. The firm did not open the accounts.

Mr. Gravitis took orders from the spouse of a client with respect to the client's account without ensuring that the proper documentation existed to permit this.

Mr. Gravitis marked a number of trades "unsolicited" when in actuality the trades had been "solicited".

Mr. Gravitis is currently registered with Rampart Securities Inc., but has been on long term disability since approximately July of 1998.

Suzanne M. Barrett  
*Association Secretary*