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Contact:
Jeffrey Kehoe
Enforcement Counsel,
Enforcement Division
(416) 943-6996

For distribution to relevant parties within your firm

BULLETIN # 2798
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Discipline

Discipline Penalties Imposed on Midland Walwyn Capital Inc. (now known as Merrill Lynch Canada Inc.) - Regulation 1300.2 and Policy 2

Member Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Midland Walwyn Capital Inc. (now known as Merrill Lynch Canada Inc.), a Member of the Association.
By-laws, Regulations, Policies Violated	On November 27, 2000 the District Council considered, reviewed and accepted a Settlement Agreement that had been negotiated by the Association Enforcement Division staff with Midland Walwyn Capital Inc. ("Midland Walwyn"). Under the Settlement Agreement Midland Walwyn did not contest that it failed to adequately supervise client accounts by failing to monitor and ensure that trading restrictions that it placed on a Registered Representative had been complied with. As well, Midland Walwyn did not contest that it failed to ensure that all required documentation had been obtained from various clients and reviewed by the branch manager prior to opening new margin accounts contrary to Regulation 1300.2 and Policy No. 2.
Penalty Assessed	The discipline penalty assessed against Midland Walwyn is an Order of a fine in the amount of \$25,000 and payment of the Association's costs of this proceeding in the amount of \$5,000.
Summary of Facts	The Kitchener office of Midland Walwyn placed trading restrictions on its Registered Representative, George Georgiou, between May 31, 1993 and November 19, 1993. The Branch Manager was responsible for supervising George Georgiou and ensuring compliance with these restrictions. Midland Walwyn does not contest that it failed to adequately supervise client accounts by failing to monitor and ensure that trading restrictions that it placed on George Georgiou had been complied with. As well,

Midland Walwyn does not contest that it failed to ensure that all required documentation had been obtained from various clients and reviewed by the branch manager prior to opening new margin accounts. During this time, George Georgiou, conducted a number of transactions that he was either restricted or prohibited from effecting on clients' behalf.

Suzanne M. Barrett
Association Secretary