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*For distribution to relevant parties within your firm*

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## Discipline

### Discipline Penalties Imposed on Ronald Allan Hrynyk - Violation of Regulation 1300.1(c)

**Person Disciplined** The Ontario District Council (District Council) of the Investment Dealers Association of Canada (Association) has imposed a discipline penalty on Ronald Hrynyk, at the relevant time a Registered Representative with Watt Carmichael Inc., a Member of the Association.

**By-laws, Regulations, Policies Violated** On October 18, 2000, the District Council considered a Settlement Agreement that had been negotiated by Association Enforcement Division staff with Mr. Hrynyk. The District Council sought to amend the penalty contained in the agreement by adding the requirement that Mr. Hrynyk take and pass the Canadian Securities Course within 24 months of the effective date of the Settlement Agreement. Mr. Hrynyk subsequently consented to the amendment, in accordance with By-law 20.26. On December 22, 2000 the District Council accepted the amended Settlement Agreement. Pursuant to the amended Settlement Agreement, Mr. Hrynyk admitted that during the period from March 4, 1994 to June 30, 1995, he failed to exercise due diligence to ensure that recommendations made for the account of a client were appropriate for the client and in keeping with the stated investment objectives, in that he recommended purchases of speculative securities in the margin account that were outside of the client's investment objectives, contrary to Regulation 1300.1(c).

**Penalty Assessed** The discipline penalty assessed against Mr. Hrynyk is a fine in the amount of \$15,000; taking and passing the examination based on the Conduct and Practices Handbook for securities industry professionals within 6 months and taking and passing the Canadian Securities Course within 24 months and filing with the Association, monthly supervision reports for a period of 24 months, following the effective date of the Settlement Agreement.

In addition Mr. Hrynyk is required to pay \$6,750 toward the

Association's costs of investigation of this matter.

Summary  
of Facts

In or about March of 1994, Mr. Hrynyk was handling the account of a client who was 62 years old, widowed and retired. The client's margin account and RRSP account indicated investment objectives of 50% mutual fund, 25% long-term growth, 15% income and 10% venture. By mid September 1994, approximately 36% of the market value of the margin account was held in speculative securities and 28% of the market value of the combined margin and RRSP account was held in speculative securities. On September 29, 1994, Mr. Hrynyk revised the investment objectives on the account documentation to 30% mutual fund, 30% long-term growth, 10% income and 30% venture, though the changes to the documentation were not discussed with the client. By mid March 1995, the speculative content was 60% and 71% of the margin account and RRSP account respectively. By March 17, 1995, the client's account was fully margined and 62.5% was in speculative securities. At this time, the RRSP account contained 71% speculative securities. In the margin account there was a concentration of 42% in one security. Mr. Hrynyk had received repeated inquiries from compliance in respect of this client's account. Between March 1994 and June 1995, the client suffered a net loss of approximately \$134,000.

The Respondent acknowledged that he earned \$7,365.39 as his share of total commissions. Mr. Hrynyk left Watt Carmichael in January 1996 at which time commissions were withheld in the amount of approximately \$18,000. As a result disgorgement of commissions was not sought in this case. Had there been no such withholding of commissions, disgorgement would have formed part of the penalty.

Mr. Hrynyk currently works as a Registered Representative with Canaccord Capital Corporation.

Suzanne M. Barrett  
*Association Secretary*