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For distribution to relevant parties within your firm

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Discipline

Discipline Penalties Imposed on Joseph John Genovese – Violation of Regulations 1300.1(a), 1300.1(c) and By-law 29.1

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Joseph John Genovese, at the relevant times a Registered Representative with Nesbitt Burns, Inc., a member of the Association.
By-laws, Regulations, Policies Violated	<p>On April 8th, 2002 the District Council reviewed and accepted a settlement agreement negotiated with the Association’s Enforcement Department Staff. In the settlement agreement, Mr. Genovese acknowledged that he:</p> <p style="padding-left: 40px;">failed to ensure that the personal circumstances and investment objectives of a client were accurately reflected in the new account documentation prepared when her investment account was opened at Nesbitt Burns Inc.;</p> <p style="padding-left: 40px;">made recommendations and carried out transactions for the account of that client that were unsuitable given the client’s personal circumstances and investment objectives; and</p> <p style="padding-left: 40px;">advised that client to change the investment objectives specified on her account documentation such that the newly-stated objectives did not reflect her personal circumstances and actual objectives.</p>
Penalty Assessed	The discipline penalties assessed against Mr. Genovese are a fine of \$17,000.00; a requirement that, as a condition of continued approval in any capacity with a Member of the Association, he file monthly supervision reports for two years; and potential suspension without notice if he fails to comply in any way with the penalties awarded. Finally, he has been ordered to pay the Association’s costs in an amount of \$8,000.00.

Summary
of Facts

At all relevant times, Mr. Genovese was employed as a Registered Representative with Nesbitt Burns, Inc.

The sanctions levied against Mr. Genovese arose from his conduct towards an unsophisticated client, a retired widow with conservative investment objectives. When she transferred her account, then showing correctly her conservative objectives, to his new employer Nesbitt Burns Inc., he had her sign documentation showing different, far more aggressive objectives although her real objectives had not changed. He then recommended and carried out unsuitable purchases for her, such that the proportion of speculative securities in her account exceeded even the new incorrectly stated objectives. Finally, he improperly persuaded her to again change her recorded objectives to reflect, after the fact, the actual composition of her account.

As a result of the unsuitable purchases for her account, the client suffered a loss of approximately \$275,000.00. The complainant settled with the firm and as part of this settlement, Mr. Genovese contributed \$40,000.

Kenneth A. Nason
Association Secretary