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BULLETIN #3002
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Discipline

Discipline Penalties Imposed on Joseph Zenon Lafleur – Violation of By-law 29.1

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Joseph Zenon Lafleur ("Lafleur"), at the relevant time a Branch Manager and Registered Representative, Options with TD Securities Inc.

By-laws, Regulations, Policies Violated

On May 2, 2002, the District Council reviewed and accepted a Settlement Agreement negotiated with the Association's Enforcement Department Staff..

The District Council emphasized that the integrity of supervisors is critical to the securities industry system. Supervisors must be held to an appropriate standard of care and supervision required in the performance of their duties. The District Council takes a very serious view of failure by a supervisor in his/her basic duty to report errors.
The District Council found that the concealment of the trading error by Lafleur for a period of five months amounted to very serious misconduct.

The approval by the District Council of the Settlement Agreement and the corresponding discipline penalties imposed therein took into account all of the facts and circumstances of this particular case. The approval of the Settlement Agreement should in no way be seen as an indication that supervisors and registered representatives are subject to the same levels of duties and penalties. In fact, the District Council expressed concern that the proposed penalties would not serve to send the message of deterrence to supervisors and the investment community warranted in circumstances involving a supervisor. The standard of care and supervision required of a supervisor is greater than that of a registered representative and the level of penalties imposed in disciplinary will reflect this.

In approving the Settlement Agreement, the District Council recognized that: (i) Lafleur had no previous disciplinary record with the IDA; (ii) he had not been in the securities industry for a period of two years; (iii) and had cooperated fully with the IDA investigation and made a full admission of his conduct to TD Securities Inc. and the IDA.

In the Settlement Agreement, Lafleur acknowledged that he:

(i) engaged in a business conduct or practice that is unbecoming or detrimental to the public interest, contrary to By-law 29.1 and Standard B of the Conduct and Practices Handbook Course by failing to report a trading error and related client complaint to TD Securities Inc. for a period of five months;

(ii) engaged in a business conduct or practice that is unbecoming or detrimental to the public interest, contrary to By-law 29.1 and Standard C of the Conduct and Practices Handbook Course by soliciting financial assistance from a client.

Penalty Assessed

The discipline penalties assessed against Lafleur, in the Settlement Agreement, are:

(i) suspension from receiving approval from acting in a supervisory capacity with any Member of the Association for a period of seven years commencing August 8, 2000.

(ii) as a condition of re-approval in any capacity with a Member of the Association, close supervision for a period of twelve (12) months following re-approval and the filing of monthly close supervision reports for a period of twelve (12) months; and

(iii) as a condition of re-approval in any capacity with a Member of the Association, re-writing and passing the Conduct and Practices Handbook Course for Securities Industry Professionals, administered by the Canadian Securities Institute; and

(iv) a fine in the amount of $15,000, payable to the Association within one (1) year of the effective date of this Settlement Agreement; and

(v) costs in the amount of $3,000, payable to the Association within one (1) year of the effective date of this Settlement Agreement.

Summary of Facts

At all relevant times, Joseph Zenon Lafleur, was employed as a Branch Manager and Registered Representative for Options with TD Securities Inc.

The sanctions levied against Lafleur arose from his conduct in:
(i) failing to report and correct a trading error on a timely basis;
(ii) failing to report a client complaint related to the trading error on a timely basis; and
(iii) soliciting financial assistance from an unrelated client to facilitate correction of the trading error without disclosure to the firm.

In March 2000, a client placed a sell order for 5,000 shares, a purchase order was entered by Lafleur in lieu of a sell order. Lafleur promised the client personal repayment of the losses suffered. Lafleur solicited financial assistance from another client to conceal the trading error from the Member Firm. In August 2000, five months after the trading error occurred, the client advised the Member Firm of the unresolved trading error. The client was compensated for the trading loss by the Member Firm.

Kenneth A. Nason
Association Secretary