



*Contact:*

Andrew P. Werbowski  
Enforcement Counsel  
(416) 943-5789

*For distribution to relevant parties within your firm*

**BULLETIN #3032**

August 14, 2002

## Discipline

### Discipline Penalties Imposed on Woody Wood-Keung Wu – Violation of By-law 29.1

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Woody Wood-Keung Wu, at the relevant times a registered representative with TD Evergreen Securities Inc., a Member of the Association.
By-laws, Regulations, Policies Violated	Following a hearing on May 2, 2002, the Ontario District Council found Mr. Wu to have violated Association By-law 29.1 by engaging in conduct unbecoming a registered representative in that he had participated in a series of off-book transactions in the distribution of certain shares and re-purchased certain shares from numerous dissatisfied customers.
Penalty Assessed	<p>The discipline penalties assessed against Mr. Wu are as follows:</p> <ul style="list-style-type: none"> <li>• A fine in the sum of \$35,000;</li> <li>• An obligation to rewrite the CPH should he return to the industry;</li> <li>• A requirement that Mr. Wu be subject to strict supervision for a period of one year upon his return to the industry;</li> <li>• Payment of Association costs in the sum of \$7,500.</li> </ul>
Summary of Facts	<p>Mr. Wu joined TD Evergreen in November 1994 and became registered with its Scarborough Branch shortly thereafter. He is the brother-in-law of the then Vice-President and Branch Manager, Simon Tam. On February 17, 1999, Mr. Wu was dismissed for cause and a Uniform Termination Notice dated March 5, 1999 was completed and forwarded to the Association. In addition, the Association received complaints from various former clients.</p>

The UTN and complaints relate to off-book transactions in the distribution of shares of EPA Enterprises Inc. (“EPA”) and Ecology Pure Air International, Inc. (“EPAI”). EPA was a public company which traded on the former VSE. It last traded on the VSE on March 3, 1995 at which time trading was halted at the request of the company. EPA

was suspended from the VSE on July 5, 1995 and delisted on March 5, 1996. It was also subject to a cease trade order by the British Columbia Securities Commission from July 26, 1995 through August 18, 1995 and from August 11, 1997 onward.

From approximately March 1995 to November 1998 Mr. Wu sold EPA shares to approximately 57 individuals, the majority of whom held accounts at TDE. The shares were made available by the President and CEO of EPA and EPAI and the transactions were made "off-book".

The proceeds of the transactions were payable to several third-party entities which were apparently controlled by the President and CEO of EPA and EPAI. No payment was made to, or recorded on the books and records of, TD Evergreen Securities Inc.

Mr. Wu was responsible for the distribution of approximately 170,000 shares of EPA to various individuals. He did not deliver trade confirmations with respect to any of these transactions.

Mr. Wu facilitated the purchase and sale of EPA and EPAI shares between clients, journalling the shares from one client account to the other. EPA and EPAI shares were journalled from one client account to another on approximately 12 occasions during the period December 1996 through November 1998. In each case of shares being journalled between accounts, payment for the shares took place completely off-book, usually between the clients themselves.

During the period when the shares were being journalled off-book, the shares were subject to a cease trade order and were not trading on any exchange.

In addition, Mr. Wu repurchased the shares of two dissatisfied clients at their original cost in off-book transactions.

At no time did Mr. Wu advise TD Evergreen Securities Inc. of these dealings or transactions, nor did he advise of the client complaints.

The District Council specifically noted that the violations are of the utmost gravity, and accordingly, the penalty reflects the serious nature of Mr. Wu's conduct.

Mr. Wu is currently not employed in the securities industry.

Kenneth A. Nason  
*Association Secretary*