



INVESTMENT DEALERS
ASSOCIATION OF CANADA

bulletin



ASSOCIATION CANADIENNE DES
COURTIERS EN VALEURS MOBILIÈRES

Contact:

Sharon Lane
Enforcement Counsel
(416) 865-3039

For distribution to relevant parties within your firm

BULLETIN #3090

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Discipline

Discipline Penalties Imposed on Dominique Monardo – Conduct Unbecoming

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada (“the Association”) has imposed discipline penalties on Dominique Monardo (“Mr. Monardo”) at the relevant times, a Non-Industry Director of Rampart Securities Inc. (“Rampart”).
By-laws, Regulations, Policies Violated	On December 12, 2002, the Ontario District Council considered, reviewed and accepted a settlement agreement negotiated between Mr. Monardo and Association Staff. Pursuant to the Settlement Agreement, Mr. Monardo admitted that he engaged in conduct unbecoming by failing to carry out his duties and responsibilities to ensure Rampart was in compliance with Association By-laws, Regulations and Policies from 1997 – 2001. (<i>see Rampart Securities Inc., Association Bulletin # 2954</i>)
Penalty Assessed	Mr. Monardo has agreed to not seek approval as a director of a Member of the Association or for employment by a Member of the Association for any position with regulatory compliance or regulatory supervisory responsibilities for a period of five years; such period to begin retroactive to August 14, 2001.
Summary of Facts	Mr. Monardo served as a Non-Industry director of Rampart from approximately January 2, 1997 through August 30, 2001. As the Chairman of Rampart Mercantile Inc. (the owner of Rampart), Mr. Monardo occupied an office in the physical premises of Rampart. He was never employed by Rampart. On October 8, 1997 and October 26, 1999, at Rampart Board of Directors (“Board”) meetings, Mr. Monardo was named as a member of the Executive Committee. The Executive Committee was given a mandate to deal with matters concerning Recruiting and Compensation and Rampart’s Policies and Procedures and regulatory compliance. The Executive Committee was to meet on a formal basis and Minutes of the meetings were to be distributed to the Board for review. The Executive Committee never met.

In 1998, 1999 and 2000 the Association conducted Sales Compliance reviews of Rampart. In each of these reviews, the Association found repeated failures in Rampart's compliance systems. These failures included, *inter alia*, failure to fully conduct the daily and monthly supervisory reviews, high levels of suitability issues and documentation problems.

In 1998, 1999, 2000 and 2001, the Association conducted Financial Compliance reviews of Rampart. The Association determined that Rampart and its senior officers had failed to design, establish, oversee and implement an effective financial compliance program. The Association expressed serious concern over Rampart's internal controls over the accounting and regulatory reporting functions, in particular the credit control and reconciliation functions. Rampart had experienced capital deficiencies in January 1997, January 1999, September, October and November 1999, February and August 2000 and March to May 2001.

Despite representations from Rampart's senior officers in 1998, 1999 and 2000 that the deficiencies would be rectified, many of the deficiencies continued each year and additional deficiencies were identified in 1998, 1999, 2000 and 2001.

After each review, the Association reported the sales and financial compliance deficiencies identified in paragraphs 13 and 14 above to Rampart and its senior officers. The Association also provided a written report to Rampart and its senior officers after each review outlining these repeated and additional regulatory deficiencies and expressed its serious concerns in writing. These reports were not presented to the Board by Rampart's senior officers.

Mr. Monardo had a responsibility along with other senior officers and directors of Rampart, to establish policies that met the minimum regulatory requirements of the Association and to monitor Rampart's business activities.

Mr. Monardo was or ought to have been aware of the regulatory compliance problems from 1997 – 2001. He failed to exercise the necessary due diligence to ensure that the Executive Committee fulfilled its mandate to meet regularly and report to the Board on matters relating to Rampart's regulatory compliance. He relied solely on the senior officers of Rampart to fulfill the regulatory requirements of the Association. Mr. Monardo did not report to the Board that the Executive Committee was not meeting and he failed to exercise the necessary due diligence to ensure, absent such meetings, that the senior officers of Rampart were reporting to the Board on matters relating to regulatory compliance.

Kenneth A. Nason
Association Secretary