



Contact:  
Elsa Renzella  
Enforcement Counsel  
(416) 943-5877

*For distribution to relevant parties within your firm*

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## Discipline

### Discipline Penalties Imposed on Peter Konidis – Violation of Regulation 1300.1(c)

Person Disciplined      The Ontario District Council of the Investment Dealers Association of Canada (“the Association”) has imposed discipline penalties on Peter Konidis at the material time, a Registered Representative at ScotiaMcLeod Inc. (“Scotia”)

By-laws, Regulations, Policies Violated      On December 18, 2002, the Ontario District Council considered, reviewed and accepted a settlement agreement negotiated between Mr. Konidis and Association Staff.

Pursuant to the Settlement Agreement, Mr. Konidis admitted that in April 1998, on two occasions, he made recommendations to two clients relating to AlphaNet Telecom Inc. (“AlphaNet”) that were not appropriate given their personal circumstances and not in keeping with their investment objectives, contrary to Regulation 1300.1(c).

Penalty Assessed      The discipline penalties assessed against Mr. Konidis are a fine in the amount of \$10,000, and disgorgement of commissions in the amount of \$129.52. In addition, Mr. Konidis is required to pay \$870.48 towards the Association’s costs of this matter.

Summary of Facts      In February 1994, NK and GK, husband and wife, each opened a RRSP account with Mr. Konidis. For both these accounts, the New Account Application Form indicated that their investment objectives were 100% long-term capital appreciation. On April 3, 1998, on Mr. Konidis’ recommendation, both NK and GK purchased shares of AlphaNet at a total cost of \$25,448.80. GK purchased a further 100 shares on an unsolicited basis at a total cost of \$905.00.

Since AlphaNet was not a security which was covered by Scotia, Mr. Konidis conducted his own research before recommending AlphaNet to these two clients. It was Mr. Konidis’ honest belief that AlphaNet fell within Scotia’s definition of a long term capital growth stock and recommended the security on this basis. While he provided research material and regular updates to these clients regarding AlphaNet, he did not present the security as a high risk speculative investment. Instead, he presented

the security as a growth stock with great long term capital appreciation potential. It was on this basis that NK and GK agreed to purchase AlphaNet. The branch manager knew and consented to the Mr. Konidis' characterization of AlphaNet to these clients as well as to the material and updates that were sent by Mr. Konidis to these clients.

Despite Mr. Konidis' honest belief, information available at the relevant time indicated that AlphaNet was a speculative security that was not suitable for NK and GK given their personal circumstances.

On February 8, 1999, approximately 10 months after the recommendations were made, AlphaNet declared bankruptcy. As a result, NK and GK lost their entire investment in AlphaNet.

Mr. Konidis is currently employed as a Registered Representative Options at TD Waterhouse Canada Inc.

Kenneth A. Nason  
*Association Secretary*