

Contact:  
Jeffrey Kehoe  
Enforcement Counsel  
(416) 943-6996

*For distribution to relevant parties within your firm*

**BULLETIN #3116**  
February 14, 2003

## Discipline

### Discipline Penalties Imposed on Ian Grieve – Violation of Regulation 1300.1(b), 1300.1(c), 1300.4 and By-law 29.1

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Ian Grieve, at the relevant times a Registered Representative with Scotia McLeod Inc., a member of the Association, and with Thomson Kernaghan and Co. Ltd, a former member of the Association.
By-laws, Regulations, Policies Violated	<p>On February 5, 2003 the District Council concluded that Mr. Grieve had violated Regulations 1300.1(b), 1300.1(c), 1300.4 and By-law 29.1. Specifically, the District Council found that the evidence established that Mr. Grieve:</p> <ol style="list-style-type: none"><li>1. on one occasion, executed an order for a security that was not eligible for the RRSP account of his client, such execution being beyond the bounds of good business practice, contrary to IDA Regulation 1300.1(b);</li><li>2. on eight occasions failed to ensure that recommendations made for the accounts of his clients were appropriate for the clients and in keeping with their investment objectives, contrary to IDA Regulation 1300.1(c);</li><li>3. on five occasions, effected discretionary trades in his clients' accounts without prior written authorization, and without the said accounts having been approved and accepted in writing as discretionary accounts, contrary to IDA Regulation 1300.4; and</li><li>4. on two occasions engaged in conduct unbecoming and detrimental to the public interest by (a) accepting a personal loan from a client, and (b) soliciting and effecting the purchase of a security which was unsuitable for another client, contrary to By-Law 29.1.</li></ol>

Penalty  
Assessed

The discipline penalties assessed against Mr. Grieve are a prohibition against approval in any registered capacity for a period of ten years; a fine of \$100,000; a condition of re-approval in any registered capacity that he re-write and pass the examination based on the *Conduct and Practices Handbook Course* administered by the Canadian Securities Institute; and a prohibition against re-approval in any registered capacity until such time as the fine and the Association's costs are paid in full.

The District Council also ordered that Mr. Grieve pay \$50,000 towards the Association's costs of the proceedings before the Council and the investigation into his conduct.

Summary  
of Facts

In the period between 1989 and 1999, Mr. Grieve, then a Registered Representative with Scotia McLeod Inc., engaged in unauthorized discretionary trading in the accounts of four clients. Further, in respect of the same clients, Mr. Grieve between 1994 and 1999 made recommendations for their accounts which were not suitable given their personal circumstances and investment objectives. In general, the unsuitable securities recommended by Mr. Grieve, and often purchased for the clients' accounts without their prior specific knowledge and approval, involved higher risk than was appropriate. The clients suffered significant losses as a result of Mr. Grieve's misconduct. In the case of one of these clients, Mr. Grieve accepted and kept open for several years a large personal loan.

In the case of two other clients, Mr. Grieve, between late 1996 and late 1998 recommended the purchase of securities which were unsuitable for their accounts in view of their circumstances and investment objectives. Again, the unsuitability related to inappropriate risk, and again the clients suffered losses as a result of the unsuitable recommendations.

Finally, in the case of a client with relatively high-value accounts, Mr. Grieve, then a Registered Representative with Thomson Kernaghan & Co. Limited, committed a number of offences between the summer of 1999 and June of 2001. These offences included unauthorized discretionary trading in the client's RRSP and cash accounts and the recommendation of unsuitable securities for those accounts. In one case Mr. Grieve effected the purchase for the client's RRSP account of units in a security which was not eligible for RRSP accounts.

This purchase of this security was also the subject of a "conduct unbecoming" charge, in view of the particular circumstances surrounding the relevant transactions. The client was a 63-year-old widow with relatively conservative investment objectives and low risk tolerance. The security was composed of units in an illiquid high-risk venture capital vehicle in the form of a Limited Partnership that invested in pre-public e-businesses. After realizing that the security was not RRSP-eligible, Mr. Grieve moved the units into the client's cash account, although it was also unsuitable there. The client's \$150,000 investment in this security was lost.

The 1999 to 2001 offences were committed by Mr. Grieve after he was informed by the IDA that he was under investigation in respect of earlier complaints alleging similar offences.

Kenneth A. Nason  
*Association Secretary*