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For distribution to relevant parties within your firm

**BULLETIN #3160**  
June 11, 2003

## Discipline

### Discipline Penalties Imposed on Ramon Albert Porcellato – Violations of By-law 29.1

Person Disciplined	The Pacific District Council of the Investment Dealers Association of Canada (the “Association”) has imposed discipline penalties on Ramon Albert Porcellato, at all material times a registered representative with Union Securities Ltd. (“Union”), a member of the Association.
By-laws, Regulations, Policies Violated	<p>On June 5, 2003, the Pacific District Council considered, reviewed and accepted a Settlement Agreement negotiated between Mr. Porcellato and Association staff.</p> <p>Pursuant to the Settlement Agreement, Mr. Porcellato admitted that:</p> <ul style="list-style-type: none"><li>• Between November 2000 and January 2001 inclusive, he effected trades for himself in the account of a client with the knowledge and consent of the client, but without the knowledge and consent of Union, contrary to Association By-law 29.1;</li><li>• In or about January 2001, he misled Union regarding the nature of debits in the account of a client, contrary to Association By-law 29.1;</li><li>• Between November 2000 and January 2001, inclusive, he entered false or misleading foreign exchange rates on the trade tickets for the trades he effected for himself in the account of a client, contrary to Association By-law 29.1.</li></ul>
Penalty Assessed	The penalties assessed against Mr. Porcellato include: a total fine in the sum of \$45,000, (broken down as \$10,000 for each of the first two violations and \$25,000 for the third violation), a prohibition against re-approval in any registered capacity for three years, 12 months of strict supervision as a condition of re-approval in any registered capacity, a condition of re-approval in any registered capacity that Mr. Porcellato successfully re-write and pass the examination based on the <i>Conduct &amp; Practices Handbook Course</i> administered by the Canadian Securities Institute, and a prohibition against re-approval in any registered capacity until such time as the fine and the costs herein are paid in full. In addition, Mr. Porcellato is required to pay \$5,000.00 towards the Association’s costs of the investigation of this matter.

Summary  
of Facts

In or about November 2000, Mr. Porcellato conducted day-trading activities for himself and in so doing, sustained a large loss. He was concerned that, if this loss appeared in his own account at Union, Union would terminate his employment.

Accordingly, Mr. Porcellato asked a high net worth client, who was also a friend of Mr. Porcellato's, if he could "park" his trades in that client's Canadian dollar account, to which the client agreed. Commencing on or about November 22, 2000 to January 10, 2001, Mr. Porcellato effected 530 trades of his own stocks in the client's account without the knowledge or consent of Union. The stocks consisted mainly of technology stocks listed on the NASDAQ Exchange. During this period, the balance in the account varied from a debit of \$535,874.96 to a credit of \$52,607.32. The total effect of all Mr. Porcellato's trades in this client's account, including commission, but excluding the exchange rate, was a loss of US \$162,890.06.

In January, February or March of 2001, Union asked Mr. Porcellato about the debits in this client's account. Rather than tell Union that the trades were in fact his own trades, Mr. Porcellato advised Union that he would assume responsibility for the debits in his reserve account under the pretext that he should not have accepted the orders.

Mr. Porcellato's personal trading of US securities in the client's Canadian dollar account resulted in that account being subject to foreign exchange rate charges. Mr. Porcellato entered false or misleading exchange rates on the trade tickets in order to make up for his trading losses in the client's Canadian dollar account. As a result of his use of false or misleading exchange rates, Mr. Porcellato's trading profit, after converting each day trade to Canadian funds, was CDN \$ 16,839.27, rather than a loss of US \$ 162,890.06.

Union cancelled all the above-referenced trades to the client's US dollar account and credited the US dollar account with US \$152,048.00.

Union confronted Mr. Porcellato about these events after which he admitted to the foregoing facts. On or about June 29, 2001, Union completed a Uniform Termination Notice which states that Mr. Porcellato voluntarily terminated his employment. Mr. Porcellato also signed a promissory note to Union in the amount of \$259,468.05.

Mr. Porcellato has not been employed by a Member Firm since January 21, 2003.

Kenneth A. Nason  
*Association Secretary*