

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

*For distribution to relevant parties within your firm*

**BULLETIN #3247**  
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## Discipline Discipline Penalties Imposed on Jaime Vilas-Boas – Violation of By-law 29.1

**Person Disciplined** The Ontario District Council of the Investment Dealers Association (“the Association”) has imposed discipline penalties on Jaime Vilas-Boas, at the material times a Registered Representative at the Mississauga branch of Merrill Lynch Canada Inc. (“Merrill”), formerly a Member of the Association.

**By-laws, Regulations, Policies Violated** On January 30, 2004, the Ontario District Council considered, reviewed and accepted a Settlement Agreement negotiated between Mr. Vilas-Boas and Association Staff.

Pursuant to the Settlement Agreement, Mr. Vilas-Boas acknowledged that he engaged in conduct unbecoming a registered representative contrary to By-law 29.1 by:

- (i) Providing misleading information to a client that Merrill was acting as financial advisor and process consultant for a corporate finance transaction, without Merrill’s knowledge or consent;
- (ii) Facilitating participation in two off-book distributions without Merrill’s knowledge or consent and with such distributions being in violation of certain provincial securities legislation; and
- (iii) Guaranteeing to a non-client that shares of a company would be listed on the NASDAQ.

**Penalty Assessed** The discipline penalties assessed against Mr. Vilas-Boas are:

- Suspension from approval in any capacity with any Member of the Association for a period of two (2) years, commencing on October 30, 2001;

- A fine in the amount of \$15,000;
- As a condition of re-approval by the Association, successful completion of the examination based on the *Conduct and Practices Handbook for Securities Industry Professionals*, administered by the Canadian Securities Institute; and
- Upon re-approval by the Association, close supervision for a period of twelve (12) months.

In addition, Mr. Vilas-Boas is required to pay \$5,000.00 towards the Association's costs of this matter.

#### Summary of Facts

In April 2000, C.M. met with D.R., owner of a consultancy firm known as D.R. Covenant International, to assist him in preparing a business plan for his company, which was initially called Easycom but later became Myotec Inc. ("Myotec"). D.R. introduced C.M. to various individuals, including Mr. Vilas-Boas, who were to assist C.M. with taking Myotec public.

On or about April 19, 2000, Mr. Vilas-Boas faxed a document titled "Steps to Going Public" to D.R. without Merrill's knowledge or consent. This document was on Merrill's letterhead and outlined the steps to take Myotec public. The document contained misrepresentations that Merrill Lynch was to act as financial advisor and process consultant to DR Covenant International. It also indicated that Merrill would hold all monies and dispense them as required to complete the transaction and that it would hold all Myotec share certificates and monitor their activity.

On the understanding that Merrill would be assisting with taking Myotec public, on May 4, 2000, C.M. entered into a written Consultancy Agreement with D.R. Covenant International. Neither Merrill nor Mr. Vilas-Boas was a party to the written Consultancy Agreement and Merrill had no knowledge of this agreement.

On May 4, 2000, C.M., through D.R., provided Mr. Vilas-Boas with a bank draft payable to Merrill in the amount of \$85,000. These funds were deposited into an investment account in the name of D.R. Covenant International. Mr. Vilas-Boas was the registered representative of record of this account.

Myotec raised funds through a private placement that offered up to two million shares of common stock at a price of \$0.50 per share. While Myotec relied upon various U.S. exemptions to make this offering, it did not file a preliminary or final prospectus with the Ontario Securities Commission or rely upon any exemption that was available in that province. The Myotec distribution was also not authorized by the Administrator in the province of New Brunswick, as required by s. 13(1) of the *Security Frauds Prevention Act*.

Mr. Vilas-Boas did not conduct any due diligence to ensure that the Myotec securities were eligible for distribution in either the Province of Ontario or New Brunswick. He relied upon one of the other individuals, M.W., who was helping C.M. take Myotec public.

Mr. Vilas-Boas facilitated participation in this private placement from six investors for a total investment of approximately \$35,000. Two of the six investors were residents of New Brunswick and the remaining four investors were Ontario residents. Mr. Vilas-Boas guaranteed to one of the investors that Myotec would be trading on the NASDAQ starting sometime in December 2000.

The investments made by these six investors were not recorded on the books and records of Merrill. Merrill only became aware of these investments in December of 2000 when it received a written letter of complaint from C.M.

Urban Resorts International Inc. ("URI") was incorporated on May 9, 2000 pursuant to the laws of the State of Nevada. Sometime during the period of June and July 2000, URI raised funds through a private placement that offered the sale of the company's common stock. No prospectus was filed with the Ontario Securities Commission and no prospectus exemption available under the *Ontario Securities Act* was relied upon by URI.

Mr. Vilas-Boas admitted that he facilitated the participation in this private placement from six individuals, all of whom were Ontario residents. The total amount invested by the six individuals was \$22,000. .

Mr. Vilas-Boas did not conduct any due diligence to ensure that the URI securities were eligible for distribution in the Province of Ontario. Once again, Mr. Vilas-Boas relied upon M.W. and others who were also involved in this distribution.

None of these investments were recorded on Merrill's books and records. Merrill did not have knowledge of Mr. Vilas-Boas' participation in the URI private placement until October 2000.

Mr. Vilas Boas has not been registered in any capacity with the Association since December 14, 2000.

Kenneth A. Nason  
*Association Secretary*