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For distribution to relevant parties within your firm

BULLETIN #3299
June 18, 2004

Discipline Discipline Penalties Imposed on Eleferois (Larry) Aligizakis – Violations of By-law 29.1 and Regulation 1300.4

Person Disciplined The Pacific District Council of the Investment Dealers Association of Canada (the “Association”) has imposed discipline penalties on Eleferois (Larry) Aligizakis, at all material times a Registered Representative with Canaccord Capital Corporation, a member of the Association.

By-laws, Regulations, Policies Violated On June 15, 2004, the Pacific District Council considered, reviewed and accepted a Settlement Agreement negotiated between Mr. Aligizakis and Association Staff. Pursuant to the Settlement Agreement, Mr. Aligizakis admitted that:

He acted contrary to Association By-law 29.1 in that:

- (i) he advised his client, RAS that a sale of 20,000 shares of Goldbrook Ventures Inc. had occurred in RAS’ account when he knew that, in fact, the trade had not been entered;
- (ii) he knowingly recorded inaccurate information on the NCAF of his client MK so that transactions in MK’s account, which might have appeared unsuitable for MK had the information on the NCAF been accurately recorded, would not be questioned by supervisory and compliance personnel at the Member firm.

He acted contrary to Association Regulation 1300.4 in that:

- (iii) he effected 7 discretionary transactions in the account of DL, without the prior written authorization of DL, and without the account being specifically approved and accepted as a discretionary account by the Member firm.
- (iv) he effected 9 discretionary purchases and 9 discretionary sales in the account of MK, without the prior written authorization of MK, and without the account being specifically approved and accepted as a discretionary account by the Member firm.

Penalty
Assessed

The penalties assessed against Mr. Aligizakis are:

- (a) a fine in the amount of \$25,000.00;
- (b) a 9-month suspension of approval to act in a registered capacity with any Member of the Association, which said suspension is deemed to have been served given that the Respondent has not been registered with the Association since May 28, 2003;
- (c) twelve months of close supervision as a condition of re-approval in any registered capacity;
- (d) as a condition of re-approval in any registered capacity by the Association, the requirement that the Respondent must successfully re-write and pass the examination based on the *Conduct & Practices Handbook Course* administered by the Canadian Securities Institute; and
- (e) a prohibition against re-approval in any capacity until such time as the fine and costs herein are paid in full.

Mr. Aligizakis is also required to pay \$7,000.00 towards the Association's costs of this matter.

Summary
of Facts

The DL Account

DL opened a cash account (the DL Account) in September 1994. The Respondent was assigned the DL Account in August 2000 after the RR for the DL Account left the Member firm.

There was no discretionary trading agreement or other documentation executed that established the DL Account as a discretionary trading account, nor had the Member firm accepted the DL Account as a discretionary trading account.

From April 2001 through February 2003 the Respondent made 7 discretionary purchases in the DL Account. (the "Discretionary Purchases") While the Respondent had some general discussions with DL regarding some of the companies whose shares were purchased, DL only became aware of each of the Discretionary Purchases after they were made. In each case DL advised the Respondent that he did not approve of the purchases and asked for them to be reversed. After being contacted by DL, the Respondent either sold the shares in the DL Account or cancelled the trades.

Misrepresentation to RAS

RAS opened a cash account in March 2003 (the "RAS Account"). The Respondent was the RR who signed the NCAF for the RAS Account and was the RR in charge of the RAS Account at all relevant times.

On or about April 9, 2003 the Respondent processed an authorized order from RAS for the purchase of 40,000 shares of Goldbrook Ventures Inc. ("Goldbrook") in the RAS Account at .47 per share for a total acquisition cost of \$19,191.00.

Sometime between April 9, 2003 and May 22, 2003 the Respondent recommended to RAS that he sell 20,000 shares of Goldbrook at .50 per share when there was a bid of .50 showing for the stock. RAS authorized the trade. The Respondent did not immediately enter the trade, however, because he was required to have all trades approved because he was under strict supervision as a result of a complaint from DL relating to the

Respondent's actions outlined above. By the time the Respondent began to enter the trade, shares of Goldbrook were no longer bid at .50. He therefore did not enter the trade. In a subsequent telephone conversation when RAS asked if the sale of 20,000 shares of Goldbrook at .50 per share had been completed, the Respondent confirmed the shares were sold when he knew the fact was that he had not even entered the trade.

The MK Account

MK opened a cash account in August 2001 (the "MK Account"). The Respondent was the RR who signed the NCAF for the MK Account and was the RR in charge of the MK Account at all relevant times.

The NCAF for the MK Account dated August 9, 2001 recorded that MK was born in 1943 and that the Investment Objectives for the MK Account were 50% Short Term Trading and 50% Venture Situations. The Respondent further indicated that MK's Investment Experience with New Issues, Options, Commodities/Futures, and Venture Situations was "Moderate" as opposed to "None" or "Extensive." In the section reserved for RR Comments (Investment Knowledge, Special Products) the Respondent wrote, "Client has many years experience & is aware of risks."

The Respondent knew, or ought to have known, MK was not as sophisticated or as risk tolerant as the completed NCAF made her appear. The Respondent completed the NCAF for MK Account in the manner specified, so that certain high risk transactions in the MK Account would not be questioned by his firm's supervisory and compliance personnel.

There was no discretionary trading agreement or other documentation executed that established the MK Account as a discretionary trading account, nor had the Member firm accepted the MK Account as a discretionary trading account.

On or about May 15, 2002 the Respondent met with MK and discussed a strategy for the MK Account. The Respondent advised MK that he would try to realize some gains for her because her portfolio was down in value. The Respondent proposed a strategy to MK and stated that he would try to find "stocks that we can buy and trade relatively quickly." As part of the strategy, the Respondent proposed that he would decide which security would be purchased or sold as well as the quantity, price and time of the transaction.

From May 29, 2002 through January 27, 2003, (the "Post May 15 Period") the Respondent executed the strategy he proposed to MK at the May 15, 2002 meeting. During the Post May 15 Period the respondent made 9 separate discretionary purchases and 9 separate discretionary sales in the MK Account and did not advise MK of the transactions until after they had occurred.

Kenneth A. Nason
Association Secretary