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BULLETIN #3300
June 28, 2004

Discipline

Discipline Penalties Imposed on Alex Gurion – Violation of Association By-law 29.1

Person Disciplined The Ontario District Council of the Investment Dealers Association (“the Association”) has imposed discipline penalties on Alex Gurion, a former Registered Representative with CIBC World Markets Inc. (“CIBC”), a Member of the Association.

By-laws, Regulations, Policies Violated By written decision dated June 16th, 2004, the Ontario District Council found Mr. Gurion to have misappropriated funds from a client and thereby engaged in business conduct or practice unbecoming a registered representative or detrimental to the public interest, contrary to Association By-law 29.1.

Penalty Assessed The discipline penalties assessed against Mr. Gurion were:

- A fine in the amount of \$150,000.
- Disgorgement of the misappropriated funds in the amount of \$353,587.
- A permanent prohibition on approval in any capacity with a Member of the Association; and
- Costs of the Association’s investigation and prosecution of this matter in the amount of \$17,000.

Summary of Facts Mr. Gurion was first registered with the Association as a registered representative on September 22nd, 1998. In July 2000, the client opened an account with Mr. Gurion while he was employed with Merrill Lynch Canada (“Merrill”). In April 2001, Mr. Gurion left Merrill and took a position with CIBC World Markets (“CIBC”). The client transferred her account to CIBC at that time. The client was a conservative investor with a low to medium risk tolerance. At the material time, she was 90 years old.

On October 4th, 2001, Mr. Gurion called the client and requested that she prepare a letter of authorization to allow him to transfer funds from her account, ostensibly to be invested by Gurion on her behalf. He dictated the content of the letter of authorization to the client, which she wrote out by hand. The letter of authorization authorized Mr. Gurion to transfer \$225,000 US from the client's account at CIBC. The handwritten authorization was then sent by fax to Gurion's assistant at CIBC. Attached to the fax of the handwritten instruction was a typewritten page that set out the details of the transfer which involved the wiring of the client's funds through a bank in New York to a corporate account at a bank in Nicosia, Cyprus.

Mr. Gurion orchestrated the liquidation of units of various mutual funds in the client's account. On October 5th, 2001, these funds were converted to \$225,000 US and transferred to the bank in Cyprus.

On November 29th, 2001, Mr. Gurion resigned from CIBC. In December 2001, he left the country. The client first became aware that her funds were missing from her account in or about March 2002 when her lawyer reviewed her account on her behalf.

The Ontario District Council found that the client did not give Mr. Gurion any instructions to transfer the funds. She was never shown the typewritten instructions for the transfer. She had no knowledge or connection to the corporate account in Cyprus. In fact, the client had no appreciation of the significance of the letter of authorization or the specific instructions for the use of the liquidated funds. Rather, she trusted Mr. Gurion completely and did not suspect that he would try to steal from her. Consequently, in the absence of evidence to the contrary, it was determined that Mr. Gurion misappropriated the client's funds.

CIBC conducted its own investigation into the circumstances surrounding the matter, and in May 2002, made full restitution to the client.

Upon being served with the Notice of Hearing and Particulars, Mr. Gurion did not provide a Reply pursuant to Association By-laws. Furthermore, Mr. Gurion did not appear at the disciplinary hearing held before the Ontario District Council on June 1st, 2004. Upon receiving both oral and written submissions from Enforcement Counsel for the Association, the Ontario District Council accepted the facts and conclusions as set out in the Notice of Hearing and Particulars as proven pursuant to Association By-law 20.16, and imposed the penalties as set out above.

Mr. Gurion has not been registered in any capacity with a Member firm since November 29th, 2001.

Kenneth A. Nason
Association Secretary