

Contact:
Sylvie Poirier
Enforcement Counsel
(514) 878-2854, spoirier@ida.ca

For distribution to relevant parties within your firm

BULLETIN # 3360
December 15, 2004

Discipline

Disciplinary penalties imposed on Laurier Villeneuve; Violations of By-Law 29.1 and of By-Law 19.5

Person subject of the disciplinary penalties A hearing panel established under By-Law 20 of the Investment Dealers Association of Canada (the "Association") has imposed disciplinary penalties on Laurier Villeneuve, who, at the relevant time, was a registered representative of Assante Capital Management ("Assante"), an Association member firm, at its Chicoutimi sub-branch.

By-Laws, Regulations, Policies violated In its decision rendered on July 7, 2004, following a disciplinary hearing held on May 3, 2004 in Montreal, Quebec, the hearing panel found Laurier Villeneuve guilty of ten (10) of the twelve (12) offences he was charged with, i.e.:

- He engaged in conduct contrary to the Association's *By-Law 29.1* by taking the following actions without informing Assante or obtaining its authorization to accept cash and by ignoring Assante's policy statement regarding cash transactions and money laundering, drafted and adopted as recommended by the Association:
 - On April 11, 2002, he accepted and received \$1,000 in cash from his client P.C. for the purchase of securities and, on the same day, wrote Assante a cheque for \$1,000 out of his own personal bank account and deposited such cheque in P.C.'s Assante account (counts 1 and 2)
 - On April 11, 2002, he accepted and received \$6,000 in cash from his client D.R. for the purchase of securities and, on April 12, 2002, wrote Assante a cheque for \$6,000 out of his own personal bank account and deposited such cheque in D.R.'s Assante account (counts 3 and 4)
 - On April 18, 2002, he accepted and received \$15,000 in cash from D.R. for the purchase of securities and, on April 19, 2002, wrote Assante four cheques out of his own personal bank accounts for \$5,000, \$4,000, \$4,000 and \$2,000, totalling \$15,000, and deposited such cheques in D.R.'s Assante account (counts 5 and 6)
 - On April 22, 2002, he accepted and received \$20,000 in cash from D.R. for the purchase of securities and, on April 25, 2002, wrote Assante two cheques out of two of his own personal bank accounts for \$10,300 and \$9,700, totalling

\$20,000, and deposited such cheques in D.R.'s Assante account (counts 9 and 10).

- He engaged in conduct contrary to the Association's *By-Law 29.1* by taking the following actions without Assante's knowledge and without its consent or authorization and in violation of Standard C of the *Code of Ethics and Standards of Professional Conduct*:
 - He wrote Assante a cheque for \$1,629 out of his own personal bank account and deposited such cheque in the Assante account of his client J.S in compensation for losses sustained in such account (count 11).
- He acted in violation of By-Law 19.5 by taking the following actions:
 - He failed to state the truth when he told Association staff that he had accepted and received \$1,629 in cash from J.S. for the purchase of securities when, in fact, he had written Assante a cheque for \$1,629 out of his own personal bank account and deposited such cheque in the J.S.'s Assante account in compensation for losses sustained in such account (count 12).

Mr. Villeneuve was acquitted of charge 7 and charge 8 was withdrawn.

Penalties
assessed

In its decision rendered on October 20, 2004, following a penalty hearing held on September 2, 2004, the hearing panel assessed the following penalties on Laurier Villeneuve:

- A fine in the amount of \$25,000;
- The suspension of his registration approval for a period of 12 months;
- A prohibition from acting as Representative in the securities industry without having successfully re-write again the Conduct and Practices Handbook Course in the six-month period before returning to the industry;
- The obligation to be under strict supervision for a period of six (6) months if he is again authorized to act as a Representative.

Moreover, Mr. Villeneuve was ordered to pay investigation costs of \$5,000.

Summary of facts *Undeclared and prohibited cash transactions*

On or about April 11, 2002, Mr. Villeneuve accepted and received \$1,000 in cash from P.C. for the purchase of securities and signed a receipt for such amount. On the same day, he wrote Assante a cheque out of his own personal joint bank account at the National Bank of Canada for \$1,000 to be deposited in P.C.'s Assante account.

Mr. Villeneuve did not inform Assante that he had accepted and received cash from P.C. nor obtain its prior authorization.

On the same day, an account was opened by Mr. Villeneuve for D.R. at Assante; the New account application form indicated that D.R. had an annual income of \$25,000 and assets with a net value of approximately \$20,000. In the following days, Mr. Villeneuve accepted the receipt of more than \$41,000 in cash from D.R. and a cheque for \$5,000 for the purchase of securities.

Mr. Villeneuve did not inform Assante or obtain its authorization prior to accepting the \$41,000 in cash.

Mr. Villeneuve wrote Assante cheques out of his own various personal bank accounts for amounts totalling \$41,000, which he deposited in D.R.'s Assante account. He explained that he had divided the larger cash amounts that he had received in order to avoid having to complete the documents required for deposits exceeding \$10,000.

In accordance with Assante's *Compliance Manual*, Representatives are not authorized to receive cash from clients without the prior approval of the Compliance Department, which is given only in exceptional circumstances. Moreover, the *Compliance Manual* states that, according to the *Proceeds of Crime (Money Laundering) Act*, Representatives must submit a report of material cash transactions for cash amounts exceeding \$10,000, as well as a statement of funds deposit. The *Compliance Manual* also prohibits Representatives from accepting cash from clients without prior approval and depositing the cash in personal bank accounts in order to facilitate transactions.

J.S. Account

On April 3, 2002, Mr. Villeneuve wrote Assante a cheque for \$1,629 out of his own personal joint account for deposit to J.S.'s Assante account. He signed a receipt for the amount of \$1,629 received in cash from J.S. for the purchase of securities.

On May 17, 2002, Mr. Villeneuve wrote in an e-mail to his supervisor at Assante that J.S. had given him \$1,629 in cash at a meeting in his office and explained that his client had stated that he had withdrawn the money from his Caisse Populaire account and did not have a cheque on him.

In a statement made to Association staff inquiring into these events, Mr. Villeneuve provided false information regarding the \$1,629 deposit into J.S.'s Assante account.

Following receipt of a different version of the events from J.S., Association staff questioned Mr. Villeneuve, who admitted that J.S. had not given him any cash and that he had deposited his own money into J.S.'s Assante account to compensate him for losses sustained. He explained that he had signed a receipt for \$1,629 in cash because he did not wish to involve Assante in the mistake.

Mr. Villeneuve provided his client with such compensation without the knowledge or consent of Assante.

Mr. Villeneuve was dismissed by Assante following these events. He has since then been registered as a representative of the Chicoutimi sub-branch of Valeurs Mobilières iForum inc., an Association member firm, and has been under close supervision since April 10, 2003.

Kenneth A. Nason
Association Secretary