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BULLETIN # 3402
March 9, 2005

Discipline Suspension and Penalties Imposed on Marlow Group Securities Inc.; Violations of By-law 20.42(1) (g)

Person Disciplined	A Hearing Panel appointed pursuant to IDA By-law 20 has imposed an immediate and permanent suspension together with associated penalties on Marlow Group Securities Inc. (MGSI), at all material times a Member of the IDA.
By-laws, Regulations, Policies Violated	Following an expedited hearing, normally held without notice but in this case on consent of MGSI, on March 9, 2005 in Toronto, Ontario, a Hearing Panel found that MGSI violated By-law 20.42(1) (g).
Penalty Assessed	The penalties imposed on MGSI by the Hearing Panel are as follows: <ul style="list-style-type: none">(i) MGSI's membership in the Association is immediately and permanently suspended;(ii) MGSI shall comply with Association Regulation 600 throughout the period of suspension;(iii) MGSI shall comply with Association By-Law 8.2 and cause an audit opinion to be delivered to the Association stating, <i>inter alia</i>, that all client accounts have been transferred out of the Respondent and listing all outstanding law suits and their amounts; and(iv) MGSI shall pay all outstanding Association and CIPF fees.

Summary
of Facts

In July 2004 a Hearing Panel approved a settlement agreement entered into between the IDA and MGSI, as a result of a capital deficiency on the part of MGSI. The penalties imposed pursuant to the Settlement Agreement included an undertaking by MGSI to maintain a positive Risk Adjusted Capital (RAC) in the amount of \$100,000 for a period of 12 months.

Pursuant to a series of orders made by the Ontario Securities Commission, dated December 17 and 22, 2004 and January 4, 2005, MGSI's registration was suspended and it was ordered to cease trading. On February 9, 2005 the Chief Financial Officer of MGSI advised the IDA that the RAC estimate for MGSI for January 31, 2005 would be \$35,000 and that it would not be possible to bring the RAC back to \$100,000 for the foreseeable future. On February 28, 2005 MGSI filed its January 2005 Monthly Financial Report which indicated a RAC of \$39,000 and that MGSI had triggered Early Warning Level 1. By letter dated February 28, 2005 MGSI advised the IDA of its intention to resign its membership in the IDA (See IDA Bulletin #3400). MGSI consented to the imposition of the suspension and associated penalties herein.

Kenneth A. Nason
Association Secretary