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For distribution to relevant parties within your firm

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Discipline

Discipline Penalties imposed on Hugh Cairns Bell – Violation of By-Laws 29.1 and 29.7

Person Disciplined	A Hearing Panel, appointed pursuant to IDA By-law 20, has imposed discipline penalties on Hugh Cairns Bell, at all material times a registered representative employed by Edward Jones, a Member of the Investment Dealers Association of Canada (the “Association”).
By-laws, Regulations, Policies Violated	<p>A disciplinary hearing was held on February 28, 2005, in Edmonton, Alberta.</p> <p>Pursuant to an Agreed Statement of Facts, Mr. Bell admitted that during the period May to July 2002, he:</p> <ul style="list-style-type: none">• Distributed sales literature to certain clients or potential clients for which he did not receive approval from his Member Firm, contrary to Association By-law 29.7; and• Engaged in outside business activity, for which he received remuneration, and did not disclose this to his Member Firm, thereby engaging in conduct unbecoming a registrant or detrimental to the public interest, contrary to Association By-law 29.1.

In addition, Mr. Bell acknowledged in the Agreed Statement of Facts that during the period December 2002 and April 2003 he:

- Forged the signature of three clients and thereby engaged in conduct unbecoming a registrant or detrimental to the public interest, contrary to Association By-law 29.1.

The Hearing Panel received submissions from Staff of the Enforcement Department of the Association and Mr. Bell regarding the appropriate sanctions to impose for the acknowledged violations of Association By-laws. On March 21, 2005, the Hearing Panel provided its written reasons for decision.

Penalty
Assessed

The Hearing Panel imposed the following sanctions upon Mr. Bell:

- a) a fine in the amount of \$30,000 to be paid within 24 months of the date of the decision; and
- b) a requirement that he must work under close supervision for a period of 12 months.

Summary
of Facts

In addition, Mr. Bell is required to pay costs of the Association in the sum of \$3,000.

Mr. Bell was employed as a registered representative by Edward Jones, a Member of the Association, from March 29, 2002 until his resignation for cause on May 1, 2003.

Distribution of Unauthorized Sales Material

Mr. Bell prepared and distributed two separate newsletters entitled "Money Matters" dated May 2002 and June 2002. The newsletters did not contain specific investment recommendations but provided a general market comment, current market information as well as details on asset allocation. The newsletters did contain a standard disclaimer that the opinions expressed in the newsletters were those of the author and did not reflect the views of Edward Jones. Mr. Bell distributed the newsletters to approximately 50 to 60 people including existing clients and potential prospects.

Mr. Bell was aware of the requirement to obtain approval from the Branch Manager or the Marketing Department, but chose not to obtain such approval. To the contrary, he had general discussions with personnel at Edward Jones regarding the distribution of newsletters and was advised that approval would not be provided for anything that deviated from the Firm's standard newsletters. Notwithstanding this advice, Mr. Bell distributed the sales material as described above.

Failure to Disclose Outside Business Activity

On or about July 11, 2002, Mr. Bell entered into a Professional Services Agreement with an entity, MSGC pursuant to which he would provide MSGC with independent comprehensive analysis of the management structure of a particular Future Fund for a fixed fee of \$3,000 plus GST. Mr. Bell produced two reports for the MSGC and did receive payment in accordance with the terms of the Agreement with MSGC.

Mr. Bell was aware that he ought to disclose and obtain approval from his Member Firm for the work he was doing for MSGC, but failed to do so.

Forgery of Three (3) Client Signatures

On or about April 16, 2003, Mr. Bell forged the signature of a client DB, (a relative) on an Acknowledgment Letter required for the purchase of certain securities. The securities traded at a price at which Edward Jones required clients to execute an acknowledgment before the transaction could be completed. Mr. Bell forged the signature of DB so that the purchase transaction could be facilitated.

On or about December 20, 2002, Mr. Bell forged the signature of Mr. JR and Mrs. JR (husband and wife) on letters of authorization to transfer funds from a joint account to make a spousal and regular RRSP contribution to Mrs. JR's RRSP account.

Mr. and Mrs. JR spent the winter in Arizona and were not present to sign the letter of authorization. Mr. JR was 69 years of age at the time and the contribution represented the last RRSP contribution he could make. Subsequently, Mr. and Mrs. JR did mail a properly executed letter of authorization to Mr. Bell.

In considering the sanctions to be imposed, the Hearing Panel noted that but for the fact that Mr. Bell's employment with Edward Jones had been terminated, as a result of which he had been out of the securities industry for 18 months, it would likely have considered a 6 month suspension of his registration. In addition, the Hearing Panel noted that Mr. Bell had, of his own volition, written and passed the Conduct and Practices Handbook examination, so it did not consider it appropriate to include a requirement of this nature in its decision.

Mr. Bell is currently employed with TD Waterhouse in Edmonton, Alberta.

Kenneth A. Nason
Association Secretary