

Contact:  
Kenneth J. Kelertas  
Enforcement Counsel  
(416) 943-5781 [kkkeltas@ida.ca](mailto:kkkeltas@ida.ca)

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**BULLETIN #3433**  
June 21, 2005

## Discipline Disciplinary Penalties Imposed on Bruce Graeme Taylor; Violations of By-law 18.14 and By-law 29.1

Person Disciplined	A Hearing Panel of the Investment Dealers Association of Canada (“the Association”) appointed pursuant to IDA By-law 20 has imposed discipline penalties on Bruce Graeme Taylor, a Registered Representative with Assante Capital Management Ltd., a Member of the IDA.
By-laws, Regulations, Policies Violated	<p>On June 7<sup>th</sup> 2005 a Hearing Panel considered reviewed and accepted a Settlement Agreement negotiated between Mr. Taylor and Staff of the Enforcement Department of the Association. Pursuant to the Settlement Agreement, Mr. Taylor admitted that:</p> <ol style="list-style-type: none"><li>Between October 2002 and February 11<sup>th</sup> 2003, while a Registered Representative employed by a Member of the Association, he failed to disclose his involvement in an outside business activity – namely his position as an Officer and Director of Tone Resources Limited – to his employer Member Firm or to the Association, contrary to Association By-laws 18.14 (b) and 18.14 (c);</li><li>In or about September 2002, he advised and facilitated the participation of clients in a private placement of shares, such purchase being contracted off the books and records of, and without knowledge of, his employer Member firm, and thereby engaged in business conduct or practice unbecoming or detrimental to the public interest, contrary to Association By-law 29.1;</li><li>Between February 2003 and May 2003, he breached an undertaking given to his Member firm that he would not trade in nor provide advise upon shares in Tone Resources Limited, and thereby engaged in business conduct or practice unbecoming or detrimental to the public interest, contrary to Association By-law 29.1.</li></ol>

Penalty  
Assessed

The Discipline Penalties assessed against Mr. Taylor were

- a public reprimand; and
- payment of the costs of the Association's investigation and prosecution in the amount of \$7,000.

Summary  
of Facts

In late 2001, while employed as a Registered Representative for Assante Capital Management Ltd. ("Assante"), Mr. Taylor became involved in the formation of a private junior mining company, Tone Resources Limited. On October 10<sup>th</sup>, 2002 he was named a Director and Chief Financial Officer of Tone. Mr. Taylor did not disclose to Assante his involvement with Tone. Assante only learned of Mr. Taylor's outside business activity with Tone when the TSX Venture Exchange made an enquiry in relation to Mr. Taylor's involvement with Tone in February 2003. Mr. Taylor breached Association By-law 18.14 (b) and (c) when he failed to inform Assante that he had accepted a position as Chief Financial Officer and Director of Tone, and then continued in that employment before Assante could approve his outside business activity, and provide a written acknowledgement to the Association that it accepted responsibility for supervising Mr. Taylor.

Subsequent to Assante discovering Mr. Taylor's involvement with Tone Resources , Mr. Taylor filed with the Association a "Uniform Application for Registration/Approval – Appendix to 1-U-2000-Question 20(b)-Other Business Activities" ("the Application"), regarding his outside business activities with Tone. Attached to that application was an Undertaking given by Mr. Taylor to Assante that indicated that:

- (a) Mr. Taylor would not trade in nor provide advice upon Tone shares or any clients, and would not hold any Tone shares in any client accounts at Assante;
- (b) Mr. Taylor would confirm on a quarterly basis with his Regional Compliance Officer that he did not trade in nor advise upon Tone shares and did not have any Tone shares in any client accounts; and
- (c) Mr. Taylor would not advise, promote, or sell any shares of Tone to any client in an initial public offering.

The Association approved Mr. Taylor's Application and Assante accepted his Undertaking.

It was subsequently discovered that Tone had closed a private placement of approximately 3,000,000 shares in September 2002. Mr. Taylor had facilitated off-book purchases in the private placement for a number of his existing Assante clients. At that time, Mr. Taylor did not notify Assante that he had facilitated these purchases. Furthermore, he did not notify Assante that a number of his existing clients had shares in Tone at the time Mr. Taylor signed the February 2003 Undertaking.

Mr. Taylor's failure to disclose the off-book purchases to Assante amounted to business conduct or practice unbecoming or detrimental to public interest, contrary to Association By-law 29.1.

Between February and May 2003, Mr. Taylor spoke with 2 clients at Assante regarding participation in the initial public offering of shares in Tone. At that time, Mr. Taylor advised his clients that he could not facilitate any further transactions in Tones shares through their accounts at Assante. Rather, Mr. Taylor referred the 2 clients to another Member Firm, who were the underwriters of the Tone IPO, and advised them that if they wished to participate in the Tone IPO, they would need to open accounts there.

In July 2003, Mr. Taylor sent a letter to eight clients concerning the mining operations of Tone. In that letter, Mr. Taylor provided information regarding the share price and drilling activities of Tone.

Mr. Taylor admitted that the advice to the two clients regarding the opening of accounts in another Member Firm to purchase shares in Tone, and the July 2003 letter to them and to other clients in respect of Tone, was a breach of the Undertaking given by him to Assante. This conduct amounted to business conduct or practice unbecoming or detrimental to the public interest, contrary to Association By-law 20.1.

In October 2003, Mr. Taylor resigned as a Director and CFO of Tone. The CEO subsequently complained to Assante about Mr. Taylor's conduct. Subsequent to an internal investigation, Assante and Mr. Taylor agreed to internal disciplinary sanctions, including:

- (a) That Mr. Taylor make payment of \$50,000 to Assante to be donated to the charity of Assante's choice;
- (b) That Mr. Taylor be suspended, without remuneration, from December 9<sup>th</sup> 2003 through March 30<sup>th</sup> 2004 inclusive;
- (c) That Mr. Taylor successfully rewrite the Conduct and Practice Handbook examination, offered by the Canadian Securities Institute; and
- (d) That Mr. Taylor agree to submit to heightened supervision until September 30<sup>th</sup> 2004.

Mr. Taylor fulfilled everything that he was required to do pursuant to the internal disciplinary sanctions.

Taking into account the internal discipline imposed upon Mr. Taylor by Assante, the Hearing Panel agreed with the joint submission of Staff of the Association and Mr. Taylor that the appropriate sanction to be imposed in this case by the Association was a public reprimand.

The reprimand was delivered in the public portion of the Hearing held on June 7<sup>th</sup> 2005.

Kenneth A. Nason  
*Association Secretary*