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Discipline

Discipline Penalties Imposed on Brian Stephen Bassett; Violation of By-law 19.5.

Person Disciplined A Hearing Panel of the Investment Dealers Association of Canada (the “Association”) appointed pursuant to Association By-law 20 has imposed discipline penalties on Brian Stephen Bassett. Mr. Bassett is a former Branch Manager, Vice-President–Trading and Regional Sales Manager for Western Canada at Dundee Securities Ltd. (“Dundee”), a member of the Association. Mr. Bassett worked at Dundee’s Vancouver office.

By-laws, Regulations, Policies Violated A Disciplinary Hearing was held on July 5, 2005 in Vancouver, British Columbia. In a written decision released on July 21, 2005, an Association Hearing Panel found Mr. Bassett contravened Association By-law 19.5 by refusing or failing to attend and give information in respect of an investigation being conducted by the Association’s Enforcement Department.

Penalty Assessed The penalties imposed and costs assessed against Mr. Bassett are as follows:

Penalty

- i) Mr. Bassett shall be permanently barred from acting in any registered capacity with any Member firm;
- ii) Mr. Bassett shall pay a fine of \$50,000 (fifty thousand dollars);

Costs

- iii) Mr. Bassett shall pay \$20,000 (twenty thousand dollars) towards the Association’s investigation and prosecution costs in this matter.

Summary
of Facts

From 1973 until his resignation on November 4, 2004, Mr. Bassett was continuously employed in the securities industry. He was Branch Manager, Vice-President – Trading and Retail Sales Manager for Western Canada at Dundee immediately prior to his resignation.

Even though Mr. Bassett retired from the securities industry in November 4, 2004, the Association retains jurisdiction over him for a period of five years from the date of his resignation.

Commencing in November 2004, the Association's investigators sought documents from Mr. Bassett. Mr. Bassett's legal counsel advised these investigators that he was concerned about Mr. Bassett giving a statement to the Association as it may be admissible in other proceedings against Mr. Bassett. Despite this concern, Mr. Bassett delivered the documents requested by the Association's investigators except for certain documents not in Mr. Bassett's possession.

The purpose of the Association's investigation was to follow up on allegations that between May 2000 and October 2004 Mr. Bassett defrauded investors by obtaining funds from investors on the pretense that they were investing in a Syndicated Mortgage Note ("SMN") to be used as bridge financing for construction projects. The SMNs were to pay an annual interest rate of 15%. These allegations suggest that 90 SMNs were sold to 49 investors for a total of \$2,900,000, but that none of the money raised was actually used for the purposes represented. The allegations are that Mr. Bassett was actually running a Ponzi scheme, that some of the money raised was used for Mr. Bassett's personal use, and that of the total monies raised by the sale of SMNs, approximately \$2,010,000 remains owing to 32 investors.

In February 2005, the Association's Manager of Investigations contacted Mr. Bassett's legal counsel seeking to schedule a date for the Association's investigators to interview Mr. Bassett. When Mr. Bassett's legal counsel advised that Mr. Bassett would not attend such an interview, the Association's investigators set March 14, 2005 as the date for the interview. Mr. Bassett and his legal counsel were advised that if Mr. Bassett did not attend the interview, the Association would consider Mr. Bassett to be in violation of Association By-law 19.5. Mr. Bassett did not attend the scheduled interview and the Notice of Hearing was issued.

Subsequently, Mr. Bassett's legal counsel confirmed that Mr. Bassett would not be providing any further information to the Association.

In its decision, the Hearing Panel stated that the reliance upon legal advice consideration is not intended to permit a respondent to fail utterly in the requirement to comply with By-law 19.5 merely because his or her lawyer recommends that total non-compliance is in the respondent's best interest. Rather, this consideration is intended to account for the limited situation where a Respondent has refused to answer a particular question or to produce a particular document based upon competent legal advice.

Kenneth A. Nason
Association Secretary