



INVESTMENT DEALERS
ASSOCIATION OF CANADA

bulletin



ASSOCIATION CANADIENNE DES
COURTIERS EN VALEURS MOBILIÈRES

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For distribution to relevant parties within your firm

BULLETIN # 3450

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Discipline

Discipline Penalties Imposed on Christopher Wesley Stewart; Pursuant to By-law 20.43(1)(a)

Person Disciplined	A Hearing Panel (the “Hearing Panel”) of the Investment Dealers Association of Canada (the “Association”) appointed pursuant to IDA By-law 20 has imposed a discipline penalty on Christopher Wesley Stewart, at all material times a registered representative employed at the Calgary, Alberta branch of Wolverton Securities Inc. (“Wolverton”), a Member of the Association.
By-laws, Regulations, Policies Violated	Following an expedited hearing held on July 12, 2005, in Calgary, Alberta, with written reasons released July 28, 2005, the Hearing Panel found that Christopher Wesley Stewart’s registration was suspended by the Association on January 28, 2002, upon his termination from Wolverton. This fact was relied upon by the Hearing Panel to find that they had jurisdiction pursuant to By-law 20.43(1)(a) to impose any of the penalties set out in By-law 20.45 upon Mr. Stewart.
Penalty Assessed	The Hearing Panel ordered that Mr. Stewart be expelled from the Association.
Summary of Facts	<p>The Hearing Panel made the following findings of fact:</p> <p>Mr. Stewart was disciplined by the Alberta Stock Exchange pursuant to a Settlement Agreement dated July 8, 1999. Mr. Stewart was disciplined by the Association pursuant to a Settlement Agreement accepted by the Alberta District Council on April 4, 2002.</p> <p>On June 7, 2005, the Alberta Securities Commission (“Commission”) ordered that Mr. Stewart cease trading in securities and be denied all the exemptions contained in Alberta securities laws for a period of 10 years. That order permitted certain limited trading exceptions—Mr. Stewart can trade, through a registrant, in certain registered plans on his own or his family’s account. The Commission also ordered that Mr. Stewart pay an administrative penalty of \$10,000.</p>

The recent decision of the Commission was based on an earlier finding that Mr. Stewart engaged in discretionary trading when he was not registered to do so, contrary to subparagraph 75(1)(b)(i) of the *Alberta Securities Act*. The Commission said “...what we consider to be very serious, is that by engaging in prohibited discretionary trading Stewart failed in his role as a gatekeeper, a role that is meant to protect the integrity of the capital market more generally.”

The Commission noted that Mr. Stewart had already been the subject of the earlier sanctioning proceedings described above and that the 1999 Settlement Agreement with the Alberta Stock Exchange involved prohibited discretionary trading. The Commission said:

- “We are concerned that Stewart does not understand or take seriously the responsibilities that accompany the privileges of registrant status.”
- “We conclude from Stewart’s behaviour during the Relevant Period and during these proceedings that he simply does not attach high importance to securities laws and to compliance with his legal obligations under the Act.”
- “We believe that Stewart is at a high risk of again contravening the terms of his registration, and failing in his obligations to serve as a gatekeeper to the capital market, if we do not issue significant and effective orders. We believe that Stewart is unwilling or unable to fulfil his obligations and responsibilities. We do not believe that Stewart can reasonably be relied upon to protect either his clients or the integrity of the capital market generally.”

The Hearing Panel concluded its decision by stating:

“The Hearing Panel agrees with the conclusions stated in the recent decision of the Alberta Securities Commission. Mr. Stewart has consistently failed to meet the responsibilities that accompany the privileges of registrant status. Mr. Stewart is evidently unwilling or incapable of fulfilling those responsibilities, now or in the future.”

In light of the above, on Tuesday, August 2, 2005 the Hearing Panel granted an adjournment, upon the application of IDA counsel, in the discipline hearing against Mr. Stewart, originally scheduled for August 8th and 9th 2005 in Calgary, Alberta. The adjournment is to no fixed date.

Under the circumstances it is the Association’s view that the public interest is not furthered by proceeding with the prosecution of Mr. Stewart on August 8th & 9th, 2005.

(See the Reasons for Decision, also posted on the IDA website, for further details).

Kenneth A. Nason
Association Secretary