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For distribution to relevant parties within your firm

BULLETIN # 3458

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Discipline

Discipline Penalties Imposed on Gus Anastasio Dimas; Violations of By-law 29.1

Person Disciplined	A Hearing Panel appointed pursuant to IDA By-law 20 has imposed discipline penalties on Gus Anastasio Dimas, at all material times a Registered Representative with Merrill Lynch Canada Inc., a Member of the IDA.
By-laws, Regulations,	On, June 15, 2005, a Hearing Panel considered, reviewed and accepted a Settlement Agreement negotiated between the Respondent and Staff of the IDA.
Policies Violated	Pursuant to the Settlement Agreement, the Respondent admitted that he: <ul style="list-style-type: none">(i) during the period October 1999 to March 2000 failed to act in accordance with the provisions of the <i>Alberta Securities Act</i> (R.S.A. 1996, c. 28, 2000, c. 17, and 2000, c. S-4), in that he participated in the distribution of securities of a U.S. private company, ThinWEB Technologies Inc. (“ThinWEB”), when ThinWEB was not a reporting issuer in Alberta and the ThinWEB securities were not otherwise qualified for distribution to Alberta residents, in contravention of Association By-law 29.1.(ii) during the period October 1999 to March 2000 failed to act in accordance with the internal policies of his member firm, Merrill Lynch Canada Inc. (“Merrill”), and the standards for conduct prescribed in the Conduct and Practices Handbook (“CPH”), in that he failed to advise and obtain prior approval from Merrill in respect of his outside business activities with ThinWEB, and failed to have the transactions involving ThinWEB recorded in the normal way on the books and records of Merrill, all in contravention of By-law 29.1.

Penalty
Assessed

- (i) Fine in the amount of \$10,000.00;
- (ii) As a condition of re-registration in any capacity with the Association, to re-write the examination based on the Conduct and Practices Handbook;
- (iii) Upon re-registration in any capacity with the Association, to be subject to a four (4) month period of close supervision; and
- (iv) Association costs in the amount of \$1,500.00.

Summary
of Facts

FACTS

Breach of Alberta Securities Act

At all material times, the Respondent was an employee of Merrill Lynch Canada Inc. (“Merrill”) and a resident of the City of Calgary, in the Province of Alberta.

The Respondent purchased 10,000 shares of a U.S. private company, ThinWEB Corp., from the Registered Representative, K.L., also an employee of Merrill. The Respondent raised the \$107,000 purchase price for the ThinWEB shares by his personal investment and the investment of eight (8) other individuals. None of the eight (8) other investors were clients of Merrill.

The Association received letters of complaint from two (2) of the eight other investors. These individuals alleged that the Respondent solicited their investment in ThinWEB on the basis that ThinWEB would be launching an Initial Public Offering (“IPO”), and the shares of the company would be worth many times the price offered to them by the Respondent of U.S. \$7.00 per share. .

The ThinWEB securities were not registered for distribution to Alberta residents and an exemption from prospectus requirements was not obtained, in accordance with the provisions of the Alberta Securities Act (supra).

The Respondent did not profit from the sale of the ThinWEB shares to the eight (8) other investors.

The Respondent admitted to facilitating and participating in the distribution of ThinWEB securities, with knowledge that nine (9) investors were taking part in the purchase of the 10,000 ThinWEB shares and an exemption from prospectus requirements had not been obtained, contrary to the provisions of the Alberta Securities Act.

Breach of Merrill Policy and Standards of Conduct

Merrill was not aware of the trades/distribution in the shares of ThinWEB, as between the Respondent and the eight (8) other investors.

At all material times, Merrill maintained a written policy with respect to the outside business activities of its registered representatives, which policy mandated that all outside business activities were to be reported and reviewed by the Office of General Counsel of Merrill.

Further, at all material times, Merrill maintained a policy whereby each of its registered representative employees was required to complete an “Employee Activity Review System (“EAR”)” on a yearly basis, disclosing the employee’s outside business activities.

The Respondent admitted that he did not disclose and/or obtain written, or any approval from Merrill, in particular, the Office of General Counsel of Merrill to purchase the ThinWEB shares or to trade/distribute ThinWEB shares to members of the public, specifically Alberta residents, outside of the normal course of such business activities and off the books of Merrill, contrary to Merrill’s policy and the standards of conduct prescribed by the Conduct and Practices Handbook.

*See the documents, Agreement and Decision, for a complete summary of facts, contraventions, penalty and reasons for decision.

Kenneth A. Nason
Association Secretary