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Discipline

Discipline Penalties Imposed on Jean-Louis Trudeau - Violations of Association Regulations 1300.1 (a) and 1300.1 (b)

Person Disciplined A Hearing Panel appointed pursuant to IDA By-law 20 has imposed discipline penalties on Jean-Louis Trudeau, at the material time, an approved person at the head office of MacDougall, MacDougall & MacTier Inc., in Montréal, an IDA Member firm.

By-laws, Regulations or Policies Violated In a disciplinary decision dated December 12, 2006, the Hearing Panel ruled that Mr. Trudeau failed to use due diligence to ensure that the acceptance of orders for the accounts of four clients was within the bounds of good business practice, contrary to IDA Regulation 1300.1 (b).

Furthermore, the Hearing Panel found Mr. Trudeau guilty of failing to use due diligence to ensure that he learned the essential facts relative to four clients, and to every order or account accepted, contrary to IDA Regulation 1300.1 (a).

Penalties Assessed In its written penalty decision dated June 14, 2007, the Hearing Panel assessed against the Respondent the following penalties :

1. on the first count, a fine of \$100,000;
2. on the second count, a fine of \$30,000;
3. repayment of \$41,342.63 in commissions;
4. payment of the Association's costs in the amount \$30,000;
5. the requirement that he re-write and pass the Conduct and Practices Handbook Exam within one year.

Summary of Facts For the period between February 2003 and May 2004, the Hearing Panel found that Jean-Louis Trudeau made no effort to determine whether insider trading or the use of privileged information was involved in client trading, whereas the evidence showed that he knew or ought to have known that three clients were acting in concert. Furthermore, the panel found that that he knew or ought to have known that one of his clients, an insider in several mining companies, had advised two other clients regarding stock trades in said mining companies.

In finding Mr. Trudeau guilty of the first count, the Hearing Panel recalled the crucial role of the participants in the securities industry, who contribute by their actions to the honesty of the system, by not willingly turning a blind eye to the lapses or to the conduct of their clients, and by questioning the dubious actions of some of them.

The Hearing Panel noted that the facts witnessed by Mr. Trudeau could constitute a sign of illegal or suspicious conduct, but that there was no reason to rule on the legality of the framework within which these facts occurred, nor was it their place to do so, moreover.

Elsewhere, for the period between June 2001 and May 2004, the Hearing Panel found that Mr. Trudeau had neglected to identify the clients in accordance with the guidelines published by the IDA relative to the proceeds of crime (money laundering) legislation, preferring to ignore all of the facts that required him to communicate with his clients to obtain the necessary information regarding their identity, their assets and the ties that connected them.

Kenneth A. Nason
Association Secretary