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## Discipline

### **Discipline Penalties Imposed on Ronald Keith Furevick; Violations of By-law 29.1**

**Person Disciplined** A Hearing Panel appointed pursuant to IDA By-law 20 has imposed discipline penalties on Ronald Keith Furevick, formerly a Registered Representative of Desjardins Securities Inc., a Member of the IDA.

**By-laws,  
Regulations,  
Policies Violated** Following a disciplinary hearing held on July 20, 2007, in Toronto, Ontario, a Hearing Panel accepted an Agreed Statement of Facts jointly submitted by IDA Enforcement Staff and Mr. Furevick wherein Mr. Furevick admitted that he had contravened By-law 29.1 by: (i) failing to disclose that he was the beneficial owner of an account in the name of Donald Verhash and misrepresenting to his employer's sales compliance staff that transactions in that account were being directed by Donald Verhash; and (ii) conducting unauthorized trading in five accounts belonging to five different clients, as described more fully below.

At the hearing, the Hearing Panel heard submissions and additional evidence to determine what sanctions and costs should be imposed.

**Penalty Assessed** The Hearing Panel assessed the following sanctions:

- (i) 18 months suspension from approval in any capacity commencing on January 1, 2006;
- (ii) 10 year suspension of approval in any supervisory capacity, including Branch Manager, Chief Compliance Officer and Ultimate Designated Person, commencing on January 1, 2006;

- (iii) a fine in the amount of \$ 35,000;
- (iv) a condition that Mr. Furevick re-write and pass the examination based on the Conduct and Practices Handbook before being re-approved in any capacity.
- (v) a one year period of close supervision should Mr. Furevick be re-approved in any capacity.

The Hearing Panel also ordered Mr. Furevick to pay a portion of the IDA's investigation and prosecution costs in the amount of \$25,000.

**Summary of Facts** Mr. Furevick was the Branch Manager and a Registered Representative of the Peterborough, Ontario branch of Desjardins Securities Inc.

In July 2004, Mr. Furevick opened an account in the name of his brother-in-law, Donald Verhash (the Verhash Account). However, this account really belonged to Mr. Furevick who funded and directed all of the trading in the account. The Verhash Account was actively traded. Mr. Furevick did not disclose that he was the owner of this account and, on five occasions, falsely represented to his employer's sales compliance personnel that he was receiving instructions from Mr. Verhash for this account. Mr. Verhash has never complained about the operation of this account in his name.

On October 26, 2005, and November 14, 2005, Mr. Furevick also engaged in unauthorized trading in the accounts of five clients. On these dates, Mr. Furevick purchased units of Peyto Energy Trust (PEY.UN) for clients without their knowledge and consent. The Respondent made these purchases with the intention of making a profit for his clients. During the material time, the energy and trust markets were volatile. The Respondent believed that PEY.UN units were in an oversold position and that it was a good time for some of his clients to buy PEY.UN units or to average down their cost base in order to profit from a price recovery. However, as the day's events evolved, Mr. Furevick concluded that this strategy was less attractive because the price of PEY.UN units was not moving up with the momentum he had expected. Therefore, he made a decision to liquidate the positions he had purchased for his clients. However, as he had not obtained his clients' authorization to purchase the units, he switched the purchases to the Verhash Account which sold the units on the market. The Verhash Account absorbed losses for these trades because the commission charges more than off set the small profits that were realized on the price spreads.

Mr. Furevick was able to "switch" client purchases through a feature in his employer's entry order system that allowed trade order allocations to be switched intraday. This feature was intended to allow for the correction of trading errors.

Because the PEY.UN units purchased in the client accounts were switched to the Verhash Account within the same day, and because the clients were not charged a commission for these purchases, the purchases were not recorded in the clients' monthly account statements and they did not receive trade confirmations for these transactions. Mr. Furevick was aware that by switching the purchases out of the client accounts into the Verhash Account, within the same day, the clients would not receive trade confirmations and would therefore not be aware of the transactions. Mr. Furevick's clients suffered no losses because of these transactions but were unnecessarily exposed to market risk of which they were not aware.

Mr. Furevick cooperated in the investigation carried out by IDA Enforcement Staff and has no prior disciplinary record.

Kenneth A. Nason  
*Association Secretary*