

PROVINCE OF NEW BRUNSWICK

**IN THE MATTER of the Securities Act,
R.S.N.B. 1973, c.S-6, as amended**

AND

**IN THE MATTER of the Registration of
Scott Cameron Armstrong**

DECISION AND ORDER

Hearing : Thursday, June 19, 1997, 1:30 p.m.;
Wednesday, August 20, 1997, 1:30 p.m.; and
Thursday, September 4, 1997, 9:30 a.m.

Tribunal : Donne W. Smith, Jr., Administrator

Appearances : Edouard O. LeBlanc, Deputy Administrator - for the Office of the
Administrator

Scott Cameron Armstrong, Registrant - on his own behalf

I INTRODUCTION :

This matter comes before me pursuant to a Summons to Appear (the "Summons") issued on June 19, 1997 to Scott Cameron Armstrong ("Armstrong" or the "Respondent"), a registered salesperson under the Securities Act (the "Act"). The Summons requests that I consider:

- a) pursuant to paragraph 12(1)(c)(v) of the Act whether it is in the public interest to suspend or cancel the registration of Armstrong; or
- b) pursuant to paragraph 12(1)(f) of the Act whether Armstrong's registration be subject to such conditions as I deem necessary.

The Summons identifies a series of allegations which, if proven, might lead me to a determination that Armstrong failed to comply with the Act, regulations, policies or conditions attaching to his Certificate of Registration.

The Hearing was conducted over three days commencing on June 19, 1997 at 1:30 p.m. and continuing on August 20 at 1:30 p.m. and September 4 at 9:30 a.m. The Hearing followed an investigation into the Saint John operations of a national mutual fund dealer, Fortune Investment Corporation ("Fortune"), conducted by staff of the Office of the Administrator and the Examinations Branch, Department of Justice as part of a national compliance review. This examination identified serious compliance deficiencies which were reported to me by the Deputy Administrator on June 10. Because Armstrong was the supervisor or manager of the Saint John operations of Fortune, and because of the serious nature of the compliance deficiencies, the Deputy Administrator recommended not only that Armstrong's managerial functions be removed but also that he be suspended from registration until such time as a determination of his suitability for continued registration under the Act could be made by

the Administrator.

Upon review of the Deputy Administrator's report and pursuant to paragraph 12(1)(c)(v) of the Act, I determined that Armstrong's registration should be suspended. A letter dated June 10, 1997 was forwarded to Armstrong and Fortune in which Armstrong's registration as a salesperson was suspended indefinitely. The letter advised Armstrong that this suspension would remain in effect until the investigation of Fortune and Armstrong had been completed and the Deputy Administrator's report finalized, or until such time as by order his suspension had been either lifted and registration reinstated, or his registration canceled. Armstrong was advised of his right to make representations to me before any final decision was made on his registration status. Even though the Deputy Administrator's final report had not been completed, Armstrong requested an immediate Hearing. A date was then set for June 19 and a formal Summons to Appear issued.

Amongst other things, the Summons gave notice that during the administrative process, Armstrong was entitled to the advice of legal counsel. However, despite my reiteration on several occasions of this right, the Respondent declined to be so represented and proceeded to speak on his own behalf throughout the three sessions during which the Hearing was conducted.

II EVIDENCE AND ARGUMENT :

During the Hearing both the Deputy Administrator and the Respondent submitted written evidence and made extensive representations with regard to this matter. Additionally, testimony was given by Kevin Kirby, Senior Examiner of the Examinations Branch, Department of Justice who authored 2 reports included in evidence presented by the Deputy Administrator. At the commencement of the Hearing, the Deputy

Administrator submitted a Statement of Admitted Facts, dated June 19, 1997 (Exhibit 1) signed by the Respondent in which certain allegations identified in the Summons were admitted.

The Summons extensively details the allegations of improper conduct on the part of Armstrong which I am being asked to consider. While later reference will be made to individual allegations, for purposes of this decision I have grouped them as :

- A. misrepresentations and trading offenses under the Act;
- B. violations of standards of conduct while acting as a branch manager; and
- C. violations of standards of conduct while acting as a salesperson.

I propose to highlight each of these three in due course. However, before doing so, a review of the Respondent's industry experience and training as well as his securities registration history is warranted.

During the Hearing evidence of Armstrong's extensive professional education and industry experience was submitted and confirmed by the Respondent in the Statement of Admitted Facts. A review of Armstrong's registration file at the Office of the Administrator further supports the documentary evidence. Armstrong has successfully completed a variety of standard industry courses required of those seeking registration under the Act. These include the Investment Funds Institute of Canada mutual funds course (completed April, 1984); the Canadian Securities Institute securities course (completed April, 1985); the Registered Representative Manual Examination administered by the Canadian Securities Institute (passed October, 1989); and the Partners, Directors and Senior Officers Qualifying Examination administered by the Canadian Securities Institute (passed November, 1993). Under current administrative practice, successful completion of these courses would enable a registrant to distribute in New Brunswick a full range of investment products, including

mutual funds, should the salesperson be employed by a full-service dealer or general broker. Successful completion of the Partners, Directors and Senior Officers Qualifying Examination also enables a registrant to act in a senior supervisory capacity such as a dealer's compliance officer.

The Respondent's 14 year career in the securities industry was also detailed at the Hearing. After commencing in 1984 in Ontario with the Principal Group, Armstrong transferred in 1985 to Investors Syndicate where he remained a mutual funds salesperson until 1988. He was then employed by AIC Securities Inc., a full-service securities dealer, until 1992. After a failed business venture resulted in personal bankruptcy, he moved to New Brunswick and sought registration as a mutual fund salesperson. Following a suitability hearing occasioned by his bankruptcy, registration was granted in New Brunswick on September 20, 1993 with Regal Capital Planners Ltd., a mutual fund dealer, as his broker. Armstrong remained with Regal until November 4 when his registration was transferred to Fortune Financial Corporation, a full service dealer and a predecessor affiliate to Fortune Investment Corporation.

From 1994 Armstrong operated from a Fortune work location in Saint John, at first under the direction of a Fredericton manager and subsequent to March, 1996 as branch manager when the Fredericton branch was closed. He remained manager of the full service dealer until August 12, 1996 when the operations of Fortune Financial Corporation were suspended and registered salespersons operating in Saint John transferred to the affiliated mutual fund dealer, Fortune Financial Group Inc. The reason for this transfer and suspension of operations was partly Armstrong's failure to meet the registration requirements of the Montreal Exchange, the self-regulatory organization having audit jurisdiction of the full service dealer. Armstrong, nevertheless, remained manager of the mutual fund dealer through two subsequent name changes, the most recent being Fortune Investment Corporation. He

acknowledges being the branch manager of these operations at all times pertinent to the matter.

Armstrong's educational and industry experience is highlighted in paragraphs 1 through 8 of the Summons. Paragraph 9 alleges specific incidents as being in violation of the Act, regulations, policies and conditions attaching to the Respondent's registration. These allegations I refer to here as misrepresentations and trading offenses under the Act.

A. MISREPRESENTATIONS AND TRADING OFFENSES UNDER THE ACT:

In his submissions the Deputy Administrator identified a series of trades negotiated by individuals under the supervision of Armstrong when those individuals were neither registered nor qualified to process securities transactions. In particular, he alleges that Armstrong directed and processed under his own name and over a period of time, some 33 separate, mostly mutual funds trades, initiated in the following instances: by Earle Smith in 1997 when Smith was not registered under the Act; by Brian Lund in 1997 when Lund was not registered under the Act; and by Edward Springer in 1994 when Springer was not registered under the Act; and by Paul Wilson in 1997 who, while a registrant, was not qualified to distribute labor sponsored investment funds. Additionally, the Deputy Administrator provided evidence that the Respondent deliberately misrepresented in 1997 the cause of termination to this Office of an employee, Michael McCordick, by falsifying the termination notice to indicate that McCordick's termination was in good standing when, to the contrary, he was dismissed for cause.

It is the Deputy Administrator's contention that the Respondent knew or ought to have known that assisting non-registrants in distributing securities is not only a violation of a salesperson's conditions of registration but also fraudulent conduct and an offense under the Securities Act. He argues that in facilitating improper trading activities by processing trades under his own name, the Respondent chose "convenience over compliance". Armstrong knew these individuals were not registered to trade in the securities but Armstrong nevertheless assisted them in effecting trades by falsifying trading records. In the Deputy Administrator's opinion the most blatant example is the labor sponsored investment fund trades initiated by Paul Wilson which Armstrong completed in Wilson's name even after this Office advised him that Wilson was not qualified to sell these securities.

In the Statement of Admitted Facts, the Respondent acknowledges the truth of these allegations. However, while clearly admitting his wrong-doing, the Respondent stated that "personal things" drove his decision to help the unregistered salespersons who he considered as "friends". He admits that with regard to Earle Smith, for example, the "worse thing that I have done in regards to the administration of the branch (was) where I signed applications where he was not registered.." Part of his management difficulty, he argues, was his inability to say "no". Armstrong also argues that at no time during his employment with 5 previous dealers had he not been permitted to sign orders on behalf of applicant salespersons not yet registered. Consequently, he viewed his conduct, as at best standard industry practice, and at worst, a minor, technical infraction of securities regulation.

B. VIOLATIONS OF STANDARDS OF CONDUCT WHILE ACTING AS BRANCH MANAGER:

Paragraphs 10(a) through (e), (g) through (j), and (l) of the Summons generally identify allegations of misconduct on the part of the Respondent while acting as branch manager or supervisor of the Saint John operations of Fortune. Both the Deputy Administrator and the Respondent spent a considerable amount of time discussing these individual allegations. Additionally, the Respondent submitted argument in response to the National Compliance Review Report submitted by Kevin Kirby, Senior Examiner of the Examinations Branch, Department of Justice as part of the national review of Fortune. This report was submitted in evidence by the Deputy Administrator (Exhibit 4 at Tab 5).

The Deputy Administrator alleges that amongst other things - the Respondent permitted a salesperson under his supervision to incorrectly advertise in a yellow page ad the broker's name and coverage under the Canadian Investor Protection Fund when in fact no such coverage existed; he failed to ensure salespersons used business cards which reflected an appropriate branch address; he failed to ensure the branch had appropriate signage identifying the dealer; he failed to follow established dealer policies with regard to handling complaints; he failed to ensure that appropriate client records were maintained in the branch office including evidence of suitability of investment for clients. Additionally, the Summons alleges that the Respondent improperly used his own company, Lead Marketing Company, to solicit investors through marketers, and his own tax and administration service to redeem and switch mutual funds for clients. Finally, the Deputy Administrator refers to the national compliance review report as identifying a series of other branch office deficiencies, some of which directly relate to the Respondent's failure as a manager to implement or follow appropriate practices or procedures.

The Deputy Administrator argues that Armstrong knew that a branch manager or supervisor has an obligation to ensure that registrants comply with the Securities Act and regulations as well as the operational policies and procedures established by the dealer. The Deputy Administrator submitted Fortune's policies and procedures manuals in evidence, contending that they were deliberately ignored. He also identified the codes of conduct set out in the Conduct and Practices Handbook, knowledge of which is tested by an examination of all salespersons registered in the full services industry. These codes are also an essential component of the Partners, Directors and Senior Officers Qualifying Examination which must also be successfully completed by senior officers of full service dealers. Armstrong's registration history and experience indicates his successful completion of these examinations.

The Deputy Administrator pays special attention to the industry codes of ethics and conduct because of their application not only to branch managers but to registrants generally. Of particular application to the issues now before me are the following sections from the Code of Ethics and Conduct set out in the Conduct and Practices Handbook at pages xiv and xv:

- "A. The Registered Representative must display absolute trustworthiness since the client's interest must be the foremost consideration in all business dealings.
- i. ***Know your client.*** A diligent and business-like effort must be made to learn the essential and current financial and personal circumstances and investment objectives of each client. *Relevant documentation should reflect material information about and any material changes to the client's status.*
- C. ii. All methods of soliciting and conducting business must be such as to merit public respect and confidence.

- ii. *All trades (and all solicitations for trades, whether with existing or potential clients) must be effected only by individuals who are registered and approved in accordance with applicable legislation and the rules of the SRO's.*

F. *The Registered Representative shall ensure that his or her conduct be in accordance with the Securities Acts of the province or provinces in which registration is held..*

- i. *The Registered Representative shall not knowingly participate in, nor assist in, any act in violation of any applicable law, rule or regulation of any government, governmental agency or regulatory organization governing his or her professional, financial or business activities, nor any act which would violate any provision of this Code of Ethics and Conduct." (my emphasis throughout)*

The Deputy Administrator also makes reference to the examination study outline for the Partners, Director and Senior Officers Qualifying Examination. Of particular significance are the materials and standards relating to new account approvals and the supervision of account activity, important responsibilities for any branch manager.

The Respondent sought to explain rather than excuse his lapses as a manager. At no time did he disagree with the Deputy Administrator's statements or the documentation submitted with reference to appropriate industry standards or the Respondent's own professional training and experience. He argues that he never sought to be a manager but in order to keep the Saint John branch office of Fortune open after March, 1996 he was required by Fortune senior management to assume a supervisory role. However, he was given no support from head office. Indeed, he states that the compliance manuals to which the Deputy Administrator refers, for example, were only published in July, 1996. At no time did head office advise him that his conduct as branch manager was

improper or that incomplete documentation was being submitted. To the contrary, he states that even when he requested direction from head office, it was never forthcoming.

In this context Armstrong responded to the individual allegations itemized in the Summons. For example, he argues that while no formal "Know Your Client" forms were used, the documentation on file when taken together, clearly demonstrates client suitability rules were followed. Fortune's policy and procedures manuals were not used because, in his opinion, they did not apply to the type of business his office conducted-namely, leveraging or "borrowing to invest". For that reason also marketing manuals were not followed. Business cards and signage were not current because of recent changes in the dealer's name and ongoing renovations to the branch premises. With regard to the activities of related companies, he argues that there is no evidence of improper activities such as engaging in mutual fund redemptions or switches.

The Respondent emphasized repeatedly that what should be in issue is not his conduct with clients, but rather his weaknesses as a branch manager. He clearly acknowledges that he should have done more to ensure diligence was undertaken by all the salespersons under his supervision. When client interests were paramount, he says he promptly and decisively acted. For example, upon receipt of complaints from clients about improper leveraging advice from Michael McCordick, he immediately responded to rectify the trades, and dismiss McCordick. He acknowledges, however, that he misrepresented the nature of McCordick's termination to this Office, viewing him as a "friend" and not wishing to tarnish his reputation.

C. VIOLATIONS OF STANDARDS OF CONDUCT WHILE ACTING AS A SALESPERSON :

The third and final set of allegations relate to violations of standards of conduct as a salesperson. More particularly, the Summons alleges at paragraph 10(f) that the Respondent failed in his duty as a salesperson to fully disclose the nature of investment risks when he applied the leveraging or “borrowing to invest” investment philosophy. With this failure, he violated the standard conditions of registration under the Securities Act .

The Deputy Administrator submits that leveraging might pose significant risks to investors. It is incumbent on any salesperson employing the concept, under the “Know Your Client” and suitability principles to fully inform potential clients about these risks. Securities regulators encourage, though not mandate, that dealers provide investors with a disclosure statement prior to undertaking a leveraging strategy. While there is evidence that a previous Fortune manager required such a document, Armstrong admits that one was not provided to his clients.

The Deputy Administrator also presented in evidence a memo from Kevin Kirby which questions the accuracy of presentation material used in a seminar by the Respondent. In his testimony and in a direct response to my question, Kirby declined to give an opinion that the presentation was materially false, only that it “erred on the side of making the financial restructuring in mutual fund purchases appear more attractive.”

Armstrong spent a significant amount of time explaining the leveraging concept and arguing that his activities did not offend the principles of the Act. He admits that substantially all his sales activity, as well as that of the salespersons

for whom he was responsible, resulted from leveraging. Borrowing to invest, he argues, is not illegal or improper and if done prudently poses no risks additional to those applicable to all investors. Armstrong contends that talking to investors five or ten times is not "badgering" or pressuring clients, as the Deputy Administrator argues, but is educating them about the concept. Leveraging is "a process not a product" and "risk is a function of knowledge". The more knowledge a client obtains about investing and leveraging, the less risk may be associated with that client. Leveraging requires a long term strategy of never selling at a loss or at the wrong time.

In response to the Deputy Administrator's submission that Armstrong discouraged regular investments if clients did not agree to the leveraging concept, the Respondent argues that he matched the client to the process, not the product. This explains why only a small proportion of individuals who attended his seminars or contacted Fortune's office became clients. Armstrong estimates that the Saint John branch had approximately 225 clients in June, 1997. He further argues that Fortune head office was fully aware of the extent of leveraging and at no time was any concern expressed to Armstrong.

The Deputy Administrator identifies 14 individuals, either former or current clients who had difficulty with services provided by Armstrong or Fortune salespersons. All of these clients were involved in leveraging. None complained directly to this Office but were contacted during the investigation to determine why securities were redeemed shortly after purchase. The Deputy Administrator agrees with the Respondent that these clients were uncomfortable with the leveraging concept or could not afford the investments. Four individuals were the victims of inappropriate investment advice by a salesperson under Armstrong's supervision. When this information came to Armstrong's attention,

and to his credit, he immediately acted to redeem the securities or adjust the investment portfolios and to dismiss the salesperson.

The Deputy Administrator acknowledges that in many instances clients were made aware of the risks of leveraging. However, there is always a danger that the benefits of leveraging might be exaggerated and he points to Kevin Kirby's evidence in support of this argument. The Respondent argues to the contrary that there is no such evidence and cites the 22 letters in support of his investment advisory services (Exhibit 5).

III FINDINGS AND CONCLUSIONS :

After reviewing the evidence and submissions in this matter there can be no doubt that the Respondent violated the Securities Act , its regulations and the conditions of registration attaching to Certificates of Registration issued pursuant to the Act. The Statement of Admitted Facts as well as oral admissions made by the Respondent during the Hearing support this conclusion. Nevertheless, I have an obligation to consider carefully all evidence presented to me particularly when I am being asked to apply administrative sanctions involving the livelihood of registrants.

On several occasions during the Hearing the Respondent questioned whether his wrong-doing resulted from his activities as a branch manager or his actions as a registered salesperson. While the advice of counsel might have assisted him in clarifying the issues, Armstrong strongly believes that his branch manager responsibilities were "administrative stuff", clearly distinguishable from his salesperson's responsibilities to his clients. Armstrong repeatedly sought to differentiate the two and provide clear reasons why they should be distinguished.

It is true that neither the Securities Act nor its regulations, specify standards of conduct or codes of ethics for either salespersons or branch managers, unlike securities regulation in other provinces. However, I do not believe that such standards need be codified in legislation so long as they are known to members of the securities industry and generally and consistently applied by regulators. In my view the Administrator has the authority pursuant to paragraph 12(1)(f) of the Act to consider and apply such standards.

The conditions of registration attached as Schedule "A" to salespersons' Certificates of Registration require compliance with these codes. For example, Clause 3 states that "The Registrant is required to conform to standard business conduct guidelines common to the industry". Furthermore, there should be no question about the nature of the codes of ethics or standards of conduct adopted by the industry. Evidence was lead as to their nature and their inclusion in course materials from which basic professional qualifications derive. Also fundamental to these standards is the prohibition against knowingly participating or assisting in any violation of the Securities Act. Clause 1 of the standard conditions of registration incorporates this prohibition.

Regardless of the capacity in which he acted, whether as branch manager or salesperson, one can readily conclude that the Respondent permitted, indeed encouraged, the violation of the registration provisions of the Act. Section 5 requires that those who trade in securities be registered. Registration implies both a qualification and a personal suitability to provide securities advice. These registration requirements afford the investing public with some assurance that participants in the industry are qualified. The integrity of capital markets is enhanced with the knowledge that registrants are appropriately supervised. Consequently, unregistered trading is viewed seriously and legislation declares it to be a fraudulent act. Advising or encouraging others to commit a fraudulent

act is also a fraud, as is any intentional misrepresentation of a material fact such as of the termination of employment of a salesperson. The penalty for such violations, pursuant to section 41, is a fine, imprisonment or both.

There is no doubt, indeed the Respondent admits, that he was involved in a course of action over some time in violation of the Act. In my view these were not isolated incidents. While the Respondent sees them as minor, associating them as he does with branch manager responsibilities, this distinction is not tenable. Whether acting as a branch manager or a registered salesperson, the fundamental standards are the same. Because of his 14 years of experience in both the full-service and mutual fund segments of the industry, his professional education as well as his knowledge of the compliance and supervisory functions of senior officers operating within the industry, it could be argued that Armstrong be judged against a higher standard of conduct than should a new registrant. Regardless, for the purpose of this decision I need only find, and I do, that the Respondent breached very significant and fundamental conditions of registration and standards applicable to any salesperson registered under the Act as a consequence of his aiding and abetting others to instigate unregistered trading activities.

I accept the Respondent's arguments that there is no conclusive evidence that his salesperson's duty to his clients was breached. With regard to questions of investment suitability and applying the leveraging concept, I conclude that there is no clear evidence that "Know Your Client" rules were not applied. I acknowledge the substantial number of letters in support of the Respondent and his securities services. I would comment, however, that the Respondent is fortunate as are his clients that the markets have been performing in a very positive fashion the last several years. Otherwise, these conclusions might have been different.

In considering the issues in this matter I fully acknowledge the Respondent's complaint that Fortune head office failed to provide compliance support to him in his attempt to carry out his supervisory functions. Indeed, Fortune might be criticized not only for the lack of direction apparently shown its New Brunswick operations but also for the manner in which it advised the Respondent of his termination of employment only after sharing that information with other salespersons. However, the apparent lack of head office direction cannot excuse the Respondent's own failure to ensure compliance with the fundamental conditions of registration or regulatory requirements. The Respondent repeatedly acknowledges that he should have acted more forcefully but failed to do so.

In conclusion, I find that between 1994 and 1997, while a salesperson and subsequently a branch manager, the Respondent processed trades on behalf of certain individuals employed by Fortune or its predecessor companies, when these individuals were not registered to trade in the securities they sold. Furthermore, I find that the Respondent made a materially false statement to this Office when he indicated in completing a termination notice that the named salesperson left the employment of Fortune in good standing when in fact that salesperson had been dismissed for cause. I find as well that the Respondent knew or ought to have known that he was committing an offense contrary to the Act when he participated in and encouraged others to violate trading provisions of the Act. Finally, I find that the Respondent breached fundamental standards of conduct applicable to all registrants under the Act when he violated the trading provisions of the Act.

IV SANCTIONS :

In concluding their remarks at the Hearing, both the Deputy Administrator and the Respondent spoke to the nature of sanctions which might be applicable given the admissions by Armstrong. The Deputy Administrator characterizes the Respondent's conduct generally as self-serving. Armstrong disregarded anything which conflicted with the advancement of his own investment philosophy and personal enrichment or which otherwise was inconvenient to him. For these reasons, the Deputy Administrator submits that severe sanctions are necessary not only to deter others in similar positions of responsibility, but also to "preserve the integrity of the markets and of its participants, to promote the public confidence in the markets and to protect the public investor from fraud".

The Respondent apologizes for his violations of the Act and acknowledges his failures as a branch manager. Nevertheless, he expresses confidence that he has learned his lesson and that he will never be a manager again. Because he sincerely believes in his investment philosophy and his advisor skills he seeks reinstatement of registration in order that he may continue to provide these services to those clients who demonstrated support for him.

I believe administrative penalties are warranted by the evidence and admissions in this matter. In deciding the nature of the sanctions I must balance the public interest in discouraging violations of the Act with the privilege granted to a registrant to earn an income. Administrative law principles require that before restricting or removing a registrant's livelihood, there must be cogent evidence and clear reasons to do so. In my opinion there is sufficient uncontested evidence which warrants a substantial suspension of registration. While I appreciate the Respondent's arguments that his trading violations were influenced by a personal desire to assist colleagues or friends, I cannot accept it

as legitimate justification. The Respondent, to his credit, has throughout the Hearing admitted his wrong-doing and is prepared to accept the consequences.

Therefore, after long and at times difficult consideration of the evidence and arguments placed before me, I make the following Order:

1. The registration of Scott Cameron Armstrong as a salesperson under the Securities Act be suspended for a nine month period from June 10, 1997 to and including March 10, 1998. The effect of such suspension will be that the registration of Scott Cameron Armstrong will expire on October 31, 1997. No new application for registration will be considered prior to March 10, 1998;
2. Should the Respondent again seek registration as a mutual fund salesperson, he must re-file proof of successful completion within six months previous to his application of an approved investment funds course;
3. Should the respondent again seek registration as a full-service salesperson, he must re-file proof of successful completion within six months previous to his application of the Conduct and Practices Handbook Examination;
4. The Respondent will not be considered for any managerial position within the securities industry, including that of a branch manager, officer or director for three years from the date of this Order. Should the Respondent after that time seek registration or approval to act as a manager or an officer or director of a broker he must file

proof of successful completion within the six months previous to the application of a branch manager or senior officer or director course, as appropriate; and

5. Regardless of the nature of registration sought, registration will only be granted to the Respondent as a salesperson if his immediate supervisor undertakes in writing to the Administrator to be responsible for close supervision of the Respondent for a one year period subsequent to his registration, and to report to the Administrator quarterly that he has assured himself/herself that client records and required documentation has been satisfactorily completed by the Respondent and approved by the Supervisor.

In conclusion, the Respondent is reminded that an appeal from this decision is permitted under provisions of the Securities Act. Reference should be made to time limitations in this regard.

DATED at Saint John, New Brunswick this 22nd day of October, 1997.



Donne W. Smith, Jr.
Administrator