

**IN THE MATTER OF THE SECURITIES ACT
R.S.N.S. 1989 C.418, AS AMENDED (“the Act”)**

-AND-

**IN THE MATTER OF
THE INVESTMENT DEALERS ASSOCIATION OF CANADA (“the IDA”)**

-AND-

CHRISTOPHER ROBINSON (“the Respondent”)

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE NOVA SCOTIA SECURITIES COMMISSION (“the
Commission”)**

Staff of the Commission make the following allegations:

1. The IDA is a self-regulatory organization (SRO) and was formally recognized as such by the Commission, pursuant to section 30(1) of the Act, in an instrument of recognition dated September 2nd, 1998. That recognition was extended in consideration of, *inter alia*, the IDA’s undertaking with the Commission to enforce compliance by approved persons with the IDA’s constitution, by-laws, regulations, policies and other instruments intended to bind approved persons.
2. The Respondent was first approved by the IDA as a registered representative for the sale of securities in January 1992, following his submission (jointly with RBC Dominion Securities Inc.) of an application in that regard. As part of that application, he agreed in writing that he was conversant with the by-laws, rulings, rules and regulations of the IDA, and agreed to be bound by and to observe and comply with them. He further agreed in writing to “submit to the jurisdiction of [the IDA] and... the Governors, Directors and committees thereof...”. He reiterated those agreements in writing in February 1997 as part of his application for a transfer of status (from Representative to Vice-President) with the IDA.
3. The Respondent was the subject in 2001 of disciplinary proceedings before a panel of the IDA’s Nova Scotia District Council. Those proceedings culminated in a hearing on November 20, 2001. Although the Respondent did not attend the hearing in person, he was represented by counsel who argued that the matter should not proceed because it was not shown that the Respondent had been personally served with notice of the hearing. The panel heard evidence on the IDA’s efforts to serve

the notice, and held that adequate service under the applicable IDA by-law had been proven and that the hearing should therefore proceed. The Respondent's counsel then withdrew, having no instructions to represent his client on the merits of the case. The hearing proceeded and ultimately the panel, as it was entitled to do under IDA by-law 20.16, accepted as proved the facts and conclusions drawn by the IDA in the Notice of Hearing.

4. The panel's findings and penalty decision were announced on December 17, 2001. The panel found that at various times between 1993 and 1999, the Respondent, at all times a Registered Representative with RBC Dominion Securities Inc., had committed violations of the IDA's regulations and bylaws. More particularly, the panel held that the Respondent:
 1. on one occasion, failed to use due diligence to learn the essential facts relative to a client, contrary to IDA Regulation 1300.1(a);
 2. on six occasions, recommended securities which were not appropriate for clients' needs or in keeping with their investment objectives, contrary to IDA Regulation 1300.1(c);
 3. on two occasions, completed account documentation indicating changes in clients' investment objectives and risk tolerance which did not reflect the clients' true investment objectives and risk tolerance, contrary to IDA Regulation 1300.1(a) and By-Law 29.1; and
 4. on one occasion, failed to explain the risks associated with a margin account while recommending to a client that such an account be opened, contrary to IDA By-law 29.1.
5. Having arrived at the findings set out in the preceding paragraphs, the panel noted particularly that the Respondent's offences involved unsophisticated investors who relied almost entirely upon his recommendations and advice. Accordingly, in the exercise of its authority under IDA By-law 20.10, the panel imposed the following penalties upon the Respondent:
 1. fines totalling \$47,500.00;
 2. a disgorgement order in the amount of \$6,375.62;
 3. a requirement that, if the Respondent is reinstated to approved status as a registered representative, he be under strict supervision for a period of 12 months, to be followed by a further 12 months of close supervision, with reports to be filed with the IDA; and
 4. a requirement that the Respondent take and pass the examination based on the Conduct and Practices Handbook for Securities Industry Professionals before being reinstated to approved status.
6. The panel also made an order pursuant to IDA By-law 20.12 requiring the Respondent to pay the IDA's costs of the proceedings before the District Council

and of its investigation relating thereto, such costs being fixed in the amount of \$25,000.00.

7. Although the IDA has formally demanded payment by the Respondent of \$78,875.62, being the sum of the penalties and costs ordered by the Nova Scotia District Council, the Respondent has not made any payment in that regard.
8. The Act in section 30(3) requires that “any member of a self-regulatory organization who trades in securities within the Province shall comply with the by-laws, rules, regulations and policies of the self-regulatory organization...”. In engaging in the conduct described in paragraph 4 above, the Respondent violated the provisions of the Act.
9. In refusing or neglecting to pay the penalties and costs ordered against him by the IDA’s Nova Scotia District Council, the Respondent is contravening “a direction, decision, order or ruling made under a by-law, rule, regulation or policy of a self-regulatory organization” as contemplated by section 134(1)(a)(iii) of the Act.
10. It is therefore in the public interest that the Commission order the Respondent to comply with or cease contravening the penalty and costs orders made against him by the Nova Scotia District Council of the IDA on December 17, 2001.

DATED this 9th day of February, 2004.

“R. Scott Peacock”

R. Scott Peacock
Deputy Director, Compliance and Enforcement
Nova Scotia Securities Commission