



CIRCULAR
April 29, 2003

DISCIPLINARY DECISION
JEAN-NICOLAS BROUSSEAU

On June 5, 2001, following an investigation conducted by the Investigation Department of the Regulatory Division, Bourse de Montréal Inc. (the "Bourse") lodged a complaint against Jean-Nicolas Brousseau, a person approved by the Bourse.

Following a hearing, the Disciplinary Committee of the Bourse rendered a decision imposing to Jean-Nicolas Brousseau a fine of \$15,000 and requiring the reimbursement of the investigation and expertise costs, respectively \$6,450 and \$5,751. Furthermore, Jean-Nicolas Brousseau must successfully complete the Conduct and Practices Handbook exam within a six-month delay and be subject to supervision by an approved participant for a period of six months.

The Disciplinary Committee determined that, during the period between November 1999 and April 2000, Jean-Nicolas Brousseau had a conduct inconsistent with just and equitable principles of trade and contrary to the provisions of article 4101 of the Rules of the Bourse by recommending to a client transactions which did not correspond to his investment objectives, using a short term profit strategy and excessively multiplying the transactions.

Article 4101 of the Rules of the Bourse prohibits an approved person any act, conduct, practice or proceeding unbecoming, inconsistent with just and equitable principles of trade, or detrimental to the reputation of the Bourse or to the interests or the welfare of the public or of the Bourse.

In its decision, the Disciplinary Committee also took note of Jean-Nicolas Brousseau's admission to the fact that, during March 2000, he contravened paragraph 3 of article 7411 of the Rules of the Bourse.

Paragraph 3 of article 7411 of the Rules of the Bourse prohibits a registered representative from executing a discretionary order or exercising any discretion in the handling of the account of a client of an approved participant. The specific provisions regarding discretionary accounts are set out in article 7476 of the Rules of the Bourse. This article provides, among other things, that a registered representative must not exercise any discretionary power with respect to a client's account unless such client has given his prior written authorization and the account has been accepted in writing by a partner or director of the firm.

Circular no.: 055-2003

Tour de la Bourse
C. P. 61, 800, square Victoria, Montréal (Québec) H4Z 1A9
Téléphone : (514) 871-2424
Sans frais au Canada et aux États-Unis : 1 800 361-5353
Site Internet : www.m-x.ca

Tour de la Bourse
P.O. Box 61, 800 Victoria Square, Montréal, Quebec H4Z 1A9
Telephone: (514) 871-2424
Toll-free within Canada and the U.S.A.: 1 800 361-5353
Website: www.m-x.ca

During the period of November 1999 to April 2000, Jean-Nicolas Brousseau made sixty-nine transactions on twenty-four securities in the client's account. For the said period, the account had an average value of \$39,000. The amount of the gross commission relating to these transactions and charged to the client was \$12,285 and the transactions made had a total value of \$1,102,052. It was proven that the portfolio, which had an initial value of approximately \$30,000 was completely wiped out when, at the end of April 2000, the client put an end to the transactions.

The opening margin account form dated November 9, 1999 indicated that the client was a teacher, had a total income of \$55,000, had net assets for an amount of \$100,000, had a good investment knowledge and that his investment objectives were oriented to 30% income, 40% short term growth and 30% average term growth.

Sixty-seven transactions were made following a recommendation to the client while two transactions were made without recommendation and on Jean-Nicolas Brousseau's exclusive initiative.

The Disciplinary Committee concluded that the type of securities purchased, the period of time during which the said securities were held and the number of transactions made during that period went against the client's clearly expressed will and the securities industry practices applicable in such matters. The Disciplinary Committee also concluded that the client's interests were not the primary concern of the approved person and noticed his casualness in selecting the securities recommended to his client. In the assessment of the sanction, the Disciplinary Committee took into consideration the only positive element in the approved person's conduct, which was that the latter had always proven to be available to the client and this, even according to the client.

At the time of these infractions, Jean-Nicolas Brousseau was a registered representative for Tassé & Associates, Limited, from November 17, 1999 to February 1, 2000, and for Laurentian Bank Securities Inc., from February 1, 2000 to April 17, 2000.

Jean-Nicolas Brousseau is not currently employed in the securities industry.

Following a review of the facts and circumstances revealed during the investigation, the Regulatory Division has concluded that there were no grounds for any disciplinary action against Laurentian Bank Securities Inc. (who acquired Tassé & Associates, Limited).

For further information, please contact Catherine Lefebvre, Legal Counsel and Supervisor of Registration and Disciplinary Affairs, Regulatory Division, at (514) 871-4949, extension 497, or by e-mail at clefebvre@m-x.ca.

Jacques Tanguay
Vice-President, Regulatory Division