



TO: Approved Participants

June 10, 2002

**DISCIPLINARY DECISION
MACDOUGALL, MACDOUGALL & MACTIER INC.**

On March 14, 2002, following an investigation conducted by the Regulatory Division, Bourse de Montréal Inc. (the «Bourse») lodged a complaint against MacDougall, MacDougall & MacTier Inc., an approved participant of the Bourse.

By way of an offer of settlement, MacDougall, MacDougall & MacTier Inc. has agreed to pay a fine of \$40,000 and to reimburse the cost of the investigation in the amount of \$10 000.

MacDougall, MacDougall & MacTier Inc. has recognized having contravened to article 7478 and to section VII entitled «Discretionary Account Supervision» of Policy C-2 of the Rules and Policies of the Bourse.

Article 7478 of the Rules of the Bourse relating to managed accounts provides, among other things, that no approved participant nor any person acting on its behalf, must exercise any discretionary authority with respect to a managed account unless the individual who is responsible for the management of such account has been designated as portfolio manager, the client has given prior written authorization to the approved participant to manage the account and the managed account has been accepted in writing by a partner, director or officer of the approved participant.

Section VII entitled «Discretionary Account Supervision» of Policy C-2 of the Bourse provides that the client must sign a managed account agreement and that the approved participant must accept a managed account in writing by a designated partner, director or officer of the approved participant.

During the period of March 1996 to July 1998, MacDougall, MacDougall & MacTier Inc. exercised discretionary authority in a client's account by allowing Charles Athol Gordon, a person acting on its behalf, to make discretionary transactions in the client's account. Charles Athol Gordon made eight discretionary transactions in the account of the client without client's prior written authorization to manage the account, as required by article 7478 of the Rules of the Bourse and without the written acceptance of MacDougall, MacDougall & MacTier Inc. of this managed account.

During the period of September 1995 to October 1998, MacDougall, MacDougall & MacTier Inc. failed to ensure that the client had signed a managed account and failed to accept and approve in writing, signed by a partner, director or officer, this managed account.

Circular no.: 082-2002

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Following a review of the findings of the investigation, the Regulatory Division has also lodged a disciplinary complaint against Charles Athol Gordon and an offer of settlement was accepted by the Special Committee – Regulatory Division (see circular no. 081-2002 dated June 10, 2002).

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.

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