



TO: Approved Participants

December 20, 2002

**DISCIPLINARY DECISION
ALAIN BERGERON**

On August 2, 2002, following an investigation conducted by the Regulatory Division, Bourse de Montréal Inc. (the "Bourse") lodged a complaint against Alain Bergeron, an approved person of the Bourse.

By way of an offer of settlement, Alain Bergeron has agreed to pay a fine of \$7,000 and has agreed to pay the cost of the investigation in the amount of \$2,500. Furthermore, Mr. Bergeron will be under supervision for six months beginning on December 12, 2002. Finally, Mr. Bergeron will have to complete the exam on The Conduct and Practices Handbook Course and this, no later than June 12, 2003.

Alain Bergeron has recognized having contravened article 4101 of the Rules of the Bourse.

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

During the period of May to September 1998, Alain Bergeron engaged in conduct inconsistent with just and equitable principles of trade by recommending to a client, transactions which did not correspond to the investment objectives of the client. As stated on his account opening form, the client's investment objectives were oriented to 100 percent long-term growth with risk factors set at 50 percent medium and 50 percent high.

On May 21, 1998, Mr. Bergeron recommended to his client a purchase strategy in his RRSP account of 2,800 Boliden Ltd. installment receipts for a total amount of \$4,549, with a second installment due on June 17, 1998, for a total amount of \$22,400. Following this transaction, the RRSP account was left with a debit balance of more than \$22,000 during a period of 35 days. On July 22, 1998, this debit balance was covered by the sale of 2,800 shares of Boliden Ltd., for a net proceeds of \$19,707. The loss for the client following all these transactions amounted to \$7,398, including commission fees and interest fees on the debit balance in the RSSP account of the client. This purchase strategy did not correspond to the investment objectives and the financial capacity of the client.

Circular no.: 176-2002

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Furthermore, on September 28, 1998, Mr. Bergeron recommended to the same client the purchase of 100 shares of Call Net Enterprises Inc. for a total amount of \$1,535. At the date of this transaction, the client was already holding in his portfolio a high-risk security. The new transaction made resulted in the client's portfolio to no longer correspond to the client's investment objectives and risk tolerance.

At the time of these violations, Alain Bergeron was a registered representative with Scotia Capital Inc.

Following a review of the findings of the investigation, the Regulatory Division concluded that there were no grounds for any disciplinary action against Scotia Capital Inc.

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