



## NEWS RELEASE

*For immediate release*

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### **IDA Hearing Panel finds Frank Youden guilty of failure to supervise**

January 9, 2006 (Toronto, Ontario) – A Hearing Panel of the Investment Dealers Association of Canada (IDA), appointed pursuant to By-law 20, has found that Frank Youden, branch manager of RBC Dominion Securities (RBCDS) in Halifax, failed to supervise the trading activity in Approved Person Hugh Bagnell’s accounts, in particular, to ensure recommendations made by Mr. Bagnell were appropriate for his clients and in keeping with their investment objectives. The panel found that Frank Youden acted contrary to Policy 2 and Regulations 1300.1 (c) and 1300.2.

The main issue at the hearing was the reasonableness of the supervisory steps taken by Mr. Youden with respect to Mr. Bagnell’s client accounts. Between 2000 and 2002, Mr. Bagnell was the Approved Person for a number of client accounts, and Mr. Youden was the branch manager responsible for the supervision of Mr. Bagnell. In December 2003, the IDA’s Nova Scotia District Council disciplined Mr. Bagnell for failing to attend and give information in respect of an investigation being conducted by the IDA’s Enforcement Department. He was permanently prohibited from approval to act in any registered capacity with a Member of the IDA and fined costs of \$61,700 (Bulletin #3231).

Following a disciplinary hearing held on April 5-8, 2005, and April 12-15, 2005, in Halifax, Nova Scotia, the Hearing Panel released its decision on January 3, 2006. The Panel found that Mr. Youden failed to:

- reasonably supervise Mr. Bagnell’s client accounts;
- adequately address the high turnover ratios in many of Mr. Bagnell’s client accounts, in that he either did not address them at all with Mr. Bagnell or he repeatedly accepted Mr. Bagnell’s explanations in spite of numerous red flags that called for action;
- adequately review a number of monthly statements that generated more than \$1,000 commission per month; and

- contact Mr. Bagnell's clients himself to confirm the suitability of the trading activity in the face of repeatedly high turnover ratios, high commissions, significant losses and trading activity that was inconsistent with the client objectives on file.

A date will be set for a penalty hearing on the above charges.

The Investment Dealers Association of Canada is the national self-regulatory organization and representative of the securities industry. The IDA's mission is to protect investors and enhance the efficiency and competitiveness of the Canadian capital markets. The IDA enforces rules and regulations regarding the sales, business and financial practices of its Member firms and its approved persons. Investigating complaints and disciplining Members and approved persons is part of the IDA's regulatory role.