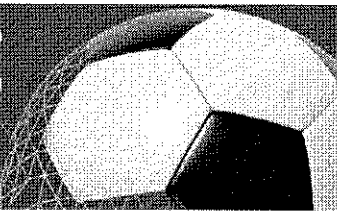


SAFER STREETS
Beefed-up traffic squad results in fewer road accidents, no fatalities, A7

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20 questions about you and your city
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WORLD CUP DRAMA, ROUT

Late goal lifts Germany over Poland; Spain crushes Ukraine 4-0, C3



The Gazette

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10-DIGIT DIALING COMES TO TOWN

Get set to let your fingers do a lot more walking

JAN RAVENBERGEN
THE GAZETTE
Say goodbye to seven-digit dialing. Starting this weekend, the impact of the digital age comes home to roost—for even the most technology-averse phone users.

In the Montreal region, it's called 10-digit dialing. Beginning Saturday, all local calls are to be made by dialing 10 digits—including the area code, Bell Canada and other phone companies active in Montreal say. If you dial only seven num-

bers, the call will be put through—but you'll be reminded by way of a recorded message to dial 10 digits the next time. By the end of October, 10-digit dialing will become mandatory and the seven-digit calling habit won't work anymore. The change affects every user

of the 3.8 million fixed and cellular phone lines operating in the Montreal region. It applies inside both the 514 area code for Montreal Island and the 450 code of Island. People who use fax machines, speed dialers, pagers and phone systems for the hearing-impaired

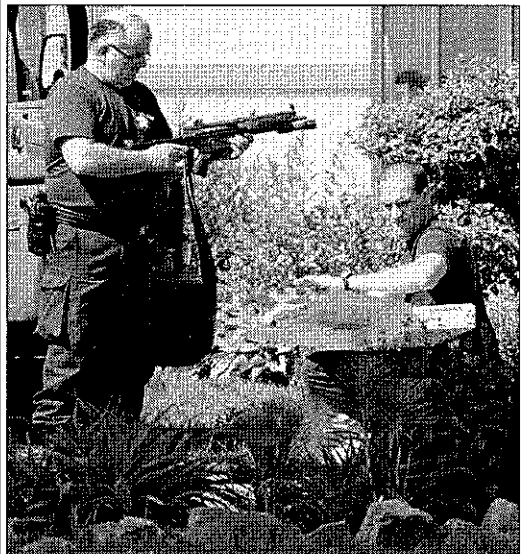
must make the switch as of this weekend to avoid potential problems, the phone companies say. There might also be hiccups with dial-up Internet service and with security systems that rely on the phone network to transmit alarms.

Operators of all those businesses were notified by way of information kits in early 2005, when the phone companies first announced the change, so that they could prepare. Please see PHONES, Page A3 'Silent' ring tones, Page A2

CIBC
Bank to pay \$3 million to retired couple
'MILESTONE' RULING
Seized \$1.4 million from their accounts

PAUL DELEAN
THE GAZETTE
In a ruling hailed by their lawyer as "a great victory for investors," a Superior Court judge has ordered CIBC World Markets to pay a retired Montreal couple more than \$3 million, including an unprecedented \$1.5 million in punitive damages. Execution and Allice Markarian sued CIBC after it seized \$1.4 million from their accounts in 2001, to cover the trading losses of people they didn't know. They'd unknowingly guaranteed the accounts by signing documents misrepresented to them by their former CIBC Wood Gundy stockbroker, Harry Miglicic. During the 25-day trial last year, CIBC claimed the guarantees obtained by Miglicic were valid and the Markarians were the agents of their own misfortune by signing them. But Superior Court Judge Jean-Pierre Sénécal would have none of it. In a sternly worded 160-page judgment, Sénécal said that the Markarians had clearly been victims of organized fraud and the bank ignored "reality facts brought to its attention and common sense" in pretending otherwise. Please see BANK, Page A4 More than they could chew, Page A4

12 ARRESTED But St. Sulpice man offers resistance as cops round up alleged fraud ring



Montreal police remove a gun from a police van as evidence yesterday while probing the death of Yves Beauchamp of St. Sulpice, shot dead at his home by an SQ SWAT team executing an arrest warrant.

SUSPECT SHOT DEAD BY SÛRETÉ

PAUL CHERRY
GAZETTE CRIME REPORTER
ST. SULPICE — On the surface, Yves Beauchamp had an idyllic life. The large solarium at the front of his house in this peaceful town of 3,500 residents offered a spectacular view of the St. Lawrence River. Yesterday morning, two luxury cars and a large boat were parked next to his impeccably manicured lawn. But Beauchamp, 53, also had a life kept hidden from his neighbours. And it was his hidden life that caused the Sûreté du Québec to dispatch a SWAT team to his home at 6 a.m. as part of a major police operation against an alleged conspiracy to defraud the provincial government over construction contracts. Beauchamp was shot during an exchange of gunfire in his house when the SQ attempted to arrest him and search his home, about 40 kilometres east of Montreal. He was pronounced dead at a hospital a few hours later. Executing an arrest warrant is usually a routine police operation. The best SWAT officers were used to carry out the arrest indicates the SQ had reason to believe that risk was involved in apprehending Beauchamp. In the exchange of gunfire, a member of the SWAT team was slightly injured when he was struck by a bullet. According to police sources, the officer's life was saved by his helmet. Please see RAID, Page A6

Dog lover's disappointment might become landmark in Net law

CHERYL CORNACCHIA
THE GAZETTE
Just what do you have a right to say on the World Wide Web? The question is at the heart of a legal dispute involving a Quebec dog breeder and an Ontario dog owner. Paws R Us Kennel, a major commercial puppy producer in Shawville, about 100 kilometres northwest of Gatineau, has sued Leslie Gordon, a 40-year-old dog lover from Brockville, Ont., for defamation. The company is demanding Gordon pay \$10,000 in general damages, \$9,500 for loss of business, and court costs. The dispute stems from a story Gordon posted in August on www.pets.ca about a black Labrador retriever she had bought from the family-run business in April 2002. Her seven-page post outlined how severe hip dysplasia forced her to put down the dog, whom she called Kaijet. She then went on to say online that Blaze, a golden Labrador retriever given to her by Paws R Us as a replacement, turned out to have a variety of medical problems, which have since been diagnosed as epilepsy. She has repeated these statements in her defence to the suit filed by Paws R Us. The post ignited a firestorm on the Web, 7,000 hits and 300 responses in just a few days. Please see DOGS, Page A4

IN FOCUS

Top court judge balks
Canada would be no better than North Korea if it allowed national security concerns to trump other constitutional rights, a high court judge said yesterday. **Page A14**

Guantanamo bind
President George W. Bush says he wants to shut down the U.S. military prison in Guantanamo Bay, Cuba, but needs a plan for trying terror suspects. **Page A16**

Gay-union fight is on
The ground war to reverse Canada's same-sex marriage legislation starts in earnest today with a rally on Parliament Hill. **Page A14**

QUOTE OF THE DAY
"The fascination of shooting as a sport depends almost wholly on whether you are at the right or wrong end of the gun." P.C. Woodhouse

WEATHER
Mainly sunny
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CIBC IN THE DOCK

THE GAZETTE'S Paul Delean was the only Montreal reporter to cover the Markarian-CIBC court case in its entirety last year. Here are his impressions

More than they could chew

What was the braintrust at CIBC Wood Gundy thinking?

Banks and brokerages generally go to great pains and expense to avoid the kind of negative publicity and unflattering dissection Wood Gundy was given in Montreal Superior Court when forced to defend its seizure of \$1.4 million from a Montreal retired man and his wife who'd been misled by their Wood Gundy broker.

The couple, Haroutoun and Alice Markarian, were clients of Harry Migirdic, a former Wood Gundy vice-president who devised a scheme by which trusting clients like the Markarians unknowingly signed guarantees covering the trading deficits of other Migirdic clients (including his uncle in Turkey).

As stock markets tumbled in the late 1990s, the deficits snowballed. By the time Migirdic spilled the beans to his partners in 2001, the two accounts he had the Markarians guarantee for complete strangers were in the red to the tune of \$1.4 million.

With Migirdic admitting—just before getting the axe—that the Markarians had no clue about the guarantees, you might expect CIBC (which made a profit of \$1.6 billion in 2001) to take its lumps, being as it had kept Migirdic in its employ despite several grave breaches over the years.

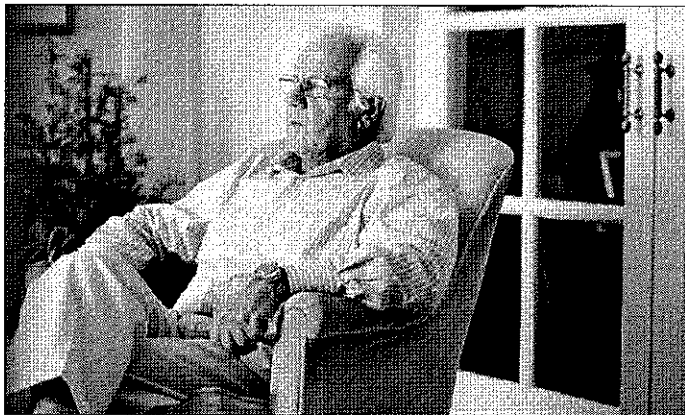
Instead, the financial institution took the heavy-handed stance the guarantees the Markarians signed still were valid and, over their protests, liquidated their accounts to cover the debts.

That ill-considered decision ended up opening a huge can of worms for the brokerage.

If it thought the Markarians would accept the loss of their hard-earned money without a fight, it figured wrong.

Not only did they have the firm intention to contest what to them clearly was an abuse of power, they had the funds, on sources to hire a first-class legal team to mount that challenge.

Quebec City lawyers Serge Lévesque and Suzanne Gagné deftly picked holes after holes in the CIBC case, turning up



CIBC Wood Gundy took a heavy hand to Haroutoun Markarian and his wife, Alice, over guarantees they had no clue about but the couple bit back with a court case in which it came across as greedy, arbitrary, lax in its compliance and callous towards customers.

emails that showed the brokerage had concerns about Migirdic but didn't follow them up, showing it had made no serious effort to communicate directly with the Markarians or the money-losing clients whose accounts they were guaranteeing. Illustrating how Migirdic repeatedly was given the benefit of the doubt by his superiors, even when transactions were questionable.

They even uncovered an out-of-court settlement with Rita Luthi, a Migirdic client whose account the Markarians had unwittingly guaranteed to the tune of \$300,000. When Luthi sent a lawyer's letter to the brokerage in 2001 complaining about her losses and demanding \$220,000, it agreed to give her \$115,000, on condition it stay confidential. The brokerage still kept the money it took from the Markarians to cover the losses racked up in her name.

CIBC made no settlement offer

to the Markarians until the summer of 2004, three years after the original seizure, when it proposed \$200,000. It upped that to \$1.5 million just before the Superior Court trial that began in January of 2006, and \$1.5 million

CIBC claim of being a victim, too, rang as hollow as many of its excuses.

plus interest and costs during the 25-day trial, but to no avail. The Markarians and their lawyers wanted punitive damages at that point and felt they had a case strong enough to warrant them.

The brokerage's defence — that Markarian was a sophisticated businessman and should have read the fine print and known better — might have gone over

better if its in-house team of professionals had demonstrated any diligence of their own. As for the CIBC claim of being a victim, too, it rang as hollow as many of its excuses and objections.

For example, it didn't want to turn over a "buy ticket" requested by Lévesque for one trade because its lawyers couldn't see the relevance. When it was eventually produced, the ticket linked a series of trades that showed Migirdic flipping shares of a stock called Applied Micro Circuits Corporation from one account to another. By the time the AMCO shares ended up in the Markarians' accounts, 10 days after the original purchase for someone else, they'd already lost 37 per cent of their value — but the couple were still charged the original purchase price.

"Throughout the trial, Superior Court Judge Jean-Pierre Sénécal often seemed taken aback by

CIBC's actions, or lack thereof.

In one memorable intervention, after CIBC Wood Gundy head Tom Monahan said Markarian was a knowledgeable, sophisticated businessman and, therefore, not "vulnerable," Sénécal noted CIBC also had knowledgeable, sophisticated employees. "Why should he (Migirdic) be responsible for everything, because he's a sophisticated businessman, and not Wood Gundy with many more sophisticated employees?"

The trial was a public-relations nightmare for CIBC Wood Gundy. It came across as greedy, arbitrary, defensive, lax in its compliance and callous toward customers whose only real mistake appeared to be placing their trust in one of its brokers.

And the judgment is not the end of its troubles, because there are several other former Migirdic clients waiting for their turn in court.

Alice Markarian, 68, testified the events had a profound effect on her husband.

"He didn't want to go to Armenian functions," she said. "He didn't want to face people who wanted to talk about (what happened). He felt humiliated personally."

Son Arak, 38, said his father was a respected man, a founding member of the Armenian community, one of the builders. It was a tremendous blow to his ego, his self-esteem. ... Losing half what you worked your life for in one afternoon, at his age — it changed him.

Markarian was thrilled by yesterday's decision, but the ordeal has shaken his confidence in Canada's financial institutions.

"I'm very vigilant now. I don't trust anyone. Financial institutions are out for themselves. That's why investors have to watch their accounts very closely."

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After seizures, couple had \$2.54 in CIBC

Retired businessman Haroutoun Markarian was on the road to Plattsburgh, N.Y., yesterday, when he heard from his lawyer that he'd won big in his lawsuit against CIBC World Markets.

"I was confident the wrongdoer would be punished, and the Canadian justice system did not let me down," said Markarian, 73.

He had \$300 to his name when he brought his young family to Canada from Egypt in 1962. A machine shop that he built "from nothing" was their ticket to a better life.

By 1989, when he retired and sold his share of the business to his employees, he and wife, Alice, had assets in the millions. About \$1.4 million was placed with CIBC Wood Gundy after the brokerage seized and liquidated their holdings to pay off the trading losses of people they didn't know they had all of \$2.54 left at the CIBC.

The Markarians had been clients of Harry Migirdic, the Wood Gundy broker who misled them about the documents they were signing, since the mid-1990s. Like them, he was an active member of Montreal's Armenian community.

"I had faith in him," Markarian, 73, testified in Superior Court. "I felt fortunate to be served by a company vice-president."

Markarian said he never would have signed guarantees for the trading losses of strangers.

"Why would I risk the family fortune for people I don't know?"

Though they still had substantial sums at other institutions, the couple said the CIBC seizure took a toll.

"We had established a certain standard of living," Markarian said. "It was cut in half."

Alice Markarian, 68, testified the events had a profound effect on her husband.

"He didn't want to go to Armenian functions," she said. "He didn't want to face people who wanted to talk about (what happened). He felt humiliated personally."

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PAUL DELEAN

BANK It 'cruelly failed' to protect clients, judge says

CONTINUED FROM A1

He called CIBC's conduct "reprehensible" and said it never convincingly explained the motives for the actions it took.

Sénécal said nobody would willingly put up all their assets at a brokerage to guarantee the accounts of people they don't know.

"You'd have to be crazy," he wrote. "They (the Markarians) are not."

The Markarians, he said, were credible, honest people, and the bank had no reason not to believe them when they said they knew nothing of Migirdic's actions.

The bank's own compliance department had itself missed numerous opportunities to detect Migirdic's misdeeds well be-

fore 2001, Sénécal wrote.

"CIBC must assume responsibility for the fraud of which (the Markarians) were victims," he said. "It was responsible not only indirectly, but directly."

Sénécal said CIBC had "cruelly failed" in its duty to protect its clients and control and supervise its employee.

Migirdic, because of a history of regulatory breaches, should have been the subject of particularly close scrutiny, but that was not the case, Sénécal said.

He ordered CIBC to return the \$1.4 million seized, with interest since June 2001.

He granted the Markarians an additional \$1.5 million in punitive damages, which their lawyer Serge Lévesque said is — to his knowledge — the largest amount levied in punitive dam-

ages against a brokerage in Canada.

CIBC also was ordered to pay \$50,000 to each of the Markarians for moral damages, \$84,500 of their legal fees and all trial-related expert costs.

The judgment even included a clause ordering CIBC to turn

"This helps restore the balance."

MARKARIAN'S LAWYER

over \$1.5 million to the Markarians regardless of whether it appeals, because of their advanced ages.

Just because the technology has changed doesn't mean the fundamentals of libel law have," said Luc Barrille, the lawyer representing Paws R Us.

Gordon said she remains committed to what she posted online despite the fact she is struggling with a legal bill she can't afford

to pay. "I didn't say anything wrong," she said at her home. "I went online to see if anybody knew anything about the kennel.

"My (new) dog was sick."

Her lawyer, Terrance Green, this week filed a "defendant's claim" seeking \$10,000 in damages.

Gordon's countersuit contends she already has spent \$1,681.98 on veterinary care for her two dogs and she will have to spend more to \$8,000 to treat Blaze's epilepsy.

"Our defence is she has not defamed Paws R Us because what she stated about her dogs' health

problems was true," Green said.

A date for a preliminary hearing at the small claims division of Ontario Superior Court in Ottawa has yet to be scheduled.

Pierre Barnoit, executive director of the Montreal Society for the Prevention of Cruelty to Animals, said he is concerned about the case and the message it sends.

The Montreal SPCA has inspected Paws R Us several times, most recently four months ago, as a result of complaints, he said. "People should not be muzzle-

ed," Barnoit said. "Pet owners should be able to share what has

happened to them."

He acknowledged he did not read Gordon's post or any of the others that followed, but noted the thousands of dog-related forums, blogs and mailing lists on the Web help pet owners remain informed, especially about animal welfare issues.

Because there is a lack of enforcement of Quebec's animal welfare law, Barnoit said, the Internet has allowed dog owners to discuss another about disrupting dog breeders.

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DOGS Companies fight back against 'citizen journalism'

CONTINUED FROM A1

Dozens of other dog owners, many from Quebec and Ontario, came forward with stories of their own about Paws R Us, a 300-to-500-dog kennel that sells dogs to 30 breeders.

Paws R Us fired off a lawyer's letter to www.pets.ca threatening a defamation suit if the post and the comments it generated were not removed. They were deleted immediately.

The kennel, owned by Charlene and James Labonhard and their daughter Nicole, then went after Gordon, whom they recog-

nized online despite her Web user name "Golden Blaze."

The plaintiff's claim outlines how the kennel lost \$9,500 in business from 16 buyers or prospective buyers who cancelled orders after reading Gordon's online comments.

The company also is unhappy with a petition Gordon posted online that has collected more than 1,000 signatures.

The case, according to specialists in Internet law, is among the first to focus on comments made in cyberspace by animal welfare activists.

They add it could provide valu-

able guidelines to the millions of online bloggers, Internet posters and Web browsers who are more apt to turn to the Web than to the Better Business Bureau.

Under scrutiny from what has been labelled "citizen journalism," companies are beginning to fight back.

"Just because the technology has changed doesn't mean the fundamentals of libel law have," said Luc Barrille, the lawyer representing Paws R Us.

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