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Forum 2004 June 2004 Montreal: Ex-broker barred for life

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#1

Emil Lazarian

Registered User

Join Date: Mar 2006

Posts: 41,272

Montreal: Ex-broker barred for life

Montreal Gazette, Quebec
June 30 2004

Ex-broker barred for life

Fined \$305,000 for multiple infractions. Harry Migirdic's penalties among stiffest ever assessed by the IDA in Quebec

PAUL DELEAN

The Gazette

CREDIT: ALLEN MCINNIS, THE GAZETTE

Evidence entered at the IDA hearing showed Harry Migirdic was the subject of several warnings and disciplinary measures. He was found guilty of 24 transgressions during his time as a CIBC representative.

In a ruling that brought little solace to some of his victims, a former broker with CIBC World Markets in Montreal has been barred for life from the securities industry for a long list of infractions, among them using the accounts of certain investors to guarantee the trading losses of others they didn't know.

Harry Migirdic, a prominent member of the local Armenian community

(from which he drew many clients), has also been assessed \$305,000 in fines and \$55,000 in investigation costs by the Quebec district council of the Investment Dealers Association of Canada, though the association admits it lacks the enforcement powers to collect that money from people no longer employed in the industry.

"(Migirdic) getting the lifetime ban does not do justice to what happened," said Richard Papazian, 43, whose late mother, Kiganouchi (Ketty) Papazian, had \$299,275 withdrawn from her account by the CIBC to make up for shortfalls in the trading account of two other Migirdic clients.

"Harry did the paperwork, but who exercised the fraudulent guarantee? CIBC went ahead and helped itself to the money (by exercising the guarantee) after they found out what he was doing.

"He put it in the bag for them, but they decided to walk out of the store with it."

Another former client, Haroutioun Markarian, also can't understand how the CIBC can wash its hands of the actions of someone it employed as a vice-president.

"While Mr. Migirdic was churning profits for them, CIBC was more than willing to accept them. However, after being exposed for his wrongdoings and even having been fired by CIBC for these actions, they incredibly still shun any liability and responsibility. How convenient.

"Simply put, CIBC is saying to the public that you are more than welcome to bring your savings to them, but if someone within their organization takes away your money, then that is too bad."

Migirdic is the second former CIBC World Markets broker this week to receive a lifetime ban from the IDA. Alex Gurion, who used to work for the brokerage's North York branch, also got a lifetime

suspension
for cheating a 90-year-old customer out of \$350,000 in
2001, the same
year Gurion moved to Moscow. The CIBC made full
restitution to the
customer in 2002.

It also has settled with some of the more than 20 clients
who
complained about Migirdic, but not all.

That's a source of great frustration for Papazian, whose
78-year-old
mother died of cancer last year, and for Markarian, a
retired
machine-shop owner who is 71.

Markarian and his wife had about \$1 million extracted from
their
investment accounts to guarantee the trading losses of
Migirdic's
73-year-old uncle in Turkey.

"CIBC's strategy is a simple and ruthless one," Markarian
said. "Drag
out the lawsuits long enough to outlive the victims. In
Ketty
Papazian's case, this strategy worked to perfection."

The CIBC declined to comment. "The cases are what they
are,"
spokesperson Rob McLeod said from Toronto yesterday.
"We aren't
commenting on these cases."

Its position in the Papazian case, outlined in documents
filed in a
Quebec Superior Court suit, is that she was fully aware of
the
guarantee and she and her son were "complicit in their
own
misfortunes." It also claims no legal responsibility for the
actions
of the broker and any losses suffered by his former clients.

Lawsuits seeking about \$5 million for losses and \$55
million in
punitive damages from Migirdic and the CIBC are now
making their way
through the Quebec legal system. The first is due to come
to trial in
January.

Migirdic, also known as Harutyun Migirdicoglu, was a
registered
investment representative in Quebec for more than two
decades at
Merrill Lynch, Wood Gundy and CIBC World Markets before

his termination in 2001. Evidence entered at the IDA hearing showed he was the subject of several warnings and disciplinary measures.

This year, he was found guilty by the IDA of 24 transgressions during his time as a CIBC representative. They included multiple counts of trading without the knowledge or authorization of a client, obtaining account guarantees under false pretences, altering investment objectives and risk tolerance on Know-Your-Client forms without consent, knowingly accepting a forged power-of-attorney and offering a client a \$400,000 promissory note to compensate for trading losses without the knowledge of the CIBC. Migirdic admitted to all the infractions but did not plead guilty.

In its decision on an appropriate penalty, the IDA's three-member disciplinary committee said there's no denying the extent of the financial prejudice suffered by Migirdic's clients and the firm that employed him or the harm he did to the credibility of financial markets.

"Some of the violations are clearly of a fraudulent nature," the committee said. "It's the case with the guarantees that he (Migirdic) had clients sign, on the pretext it was a formality for their file. The reprehensibility (of this type of fault) is undoubted."

Another aggravating factor was the vulnerability of many of his clients, who trusted him blindly, the panel said.

A lifetime ban, severe as it may be, is the obvious response in a case like this, since the person can no longer be trusted to act honestly with the public, clients and the profession as a whole, it said. "They weren't isolated incidents."

Migirdic's lifetime ban and \$360,000 in fines and costs are among the stiffest penalties ever assessed by the IDA in Quebec. Last year,

Warren McCaffrey, a former investment representative at the Hudson branch of Leduc et Associes Securities Canada Ltd., was fined \$585,000 and barred for life for a series of regulatory violations and fund misappropriations that included falsifying a letter on which he forged a client's signature, depositing in his own bank account cheques destined for or sent by clients, and depositing in his spouse's account a bank draft received from a client for the purchase of securities.

<http://www.canada.com/montreal/montrealgazette/news/story.html?id=318c2bdc-b4c4-4cc2-81d3-e467ceab8176>

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