



INVESTMENT DEALERS ASSOCIATION OF CANADA  
ASSOCIATION CANADIENNE DES COURTIERS EN VALEURS MOBILIÈRES

**NEWS RELEASE**  
**BULLETIN # 2858**

**FOR IMMEDIATE RELEASE**

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## **Discipline Penalties Imposed on Nelson Allen and Robin Moriarty**

July 3 2001, Toronto, Ontario —The Ontario District Council of the Investment Dealers Association of Canada has imposed penalties on Nelson Allen and Robin Moriarty. At the relevant times both were Registered Representatives with Essex Capital Management, a Member of the Association.

By oral decision on June 26, 2001, the District Counsel found Mr. Allen and Ms Moriarty guilty of all charges against them. Both Mr. Allen and Ms. Moriarty failed to observe high standards of ethics and conduct in the transaction of their business, engaged in conduct unbecoming to the public interest and were not of good character or business repute, contrary to By-Law 29.1. In addition, both refused to attend and give information to the Association with respect to its investigation into their activities and the activities of Essex, as required by By-Law 19.5. Finally, they failed to ensure two investments recommended to clients were appropriate for the clients, as required by Regulation 1300.1(c).

Mr. Allen was the founder, and Ms. Moriarty an employee, of Essex Capital Management and a related unregistered company, Nelbar Financial. Nelbar Financial was a cover for a pyramid scheme in which investors were sold what they were told were short term, interest-bearing deposits, called Corporate Investment Certificates (CICs). Redemptions of the CICs were funded by subsequent depositors' "investments". Both Mr. Allen and Ms. Moriarty recommended CICs to their clients as a safe and low-risk investment, covered by insurance, secured by bank guarantee and asset liens and subject to regulatory oversight. In this manner they misrepresented the true nature of the investment, and made recommendations which were not suitable.

The disciplinary penalties assessed against Mr. Allen are a fine of \$525,000 and a permanent prohibition against receiving approval of the Association in any capacity. He must also pay \$40,000 toward the Association's costs of investigation. The fine against Mr. Allen is the largest ever imposed against an individual by the Association.

The disciplinary penalties assessed against Ms. Moriarty are a fine of \$160,000 and a seven-year bar against receiving approval in any capacity. She must also pay \$12,000 against investigation costs.

For a complete Summary of Facts, please see IDA Disciplinary Bulletin #2858 at [www.ida.ca](http://www.ida.ca).

The Investment Dealers Association of Canada is the national self-regulatory organization (SRO) and trade association of the securities industry. The Association's role is to foster fair, efficient and competitive capital markets by encouraging participation in the savings and investment process and by ensuring the integrity of the marketplace. The IDA enforces rules and regulations regarding the sales, business and financial practices of its Member firms. Investigating complaints and disciplining Members are part of the IDA's regulatory role.