

Brokerage ordered to repay

Investment used
to guarantee debt

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National Bank Financial Inc. has been ordered to refund a Montmagny businessperson \$426,590 and pay more than \$300,000 in interest after a Superior Court judge ruled this week that the brokerage dealt with him in bad faith when it seized funds from a corporate investment account to cover trading losses that a former associate had racked up in other accounts.

Roger Chabot had gone into business with self-styled (and unlicensed) money manager Jean Lamontagne in 1991. The understanding was that Chabot would put up the assets and own all the shares in their new venture and they'd split the profits.

What Chabot didn't know - and what National Bank Financial (then known as **Lévesque Beaubien Geoffrion Inc.**) never told him - is that Lamontagne already had accumulated losses on margin of \$289,623 U.S. in three other corporate accounts at the brokerage, and he had committed the new one to guaranteeing their losses.

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Chabot was effectively in the hole for \$289,623 U.S. from the outset. By the time Lévesque Beaubien Geoffrion liquidated his corporate account less than two months later, he was out \$426,590.

Montreal Superior Court Judge Claude Auclair noted in his judgment that Chabot was never asked a fundamental question - did he wish to guarantee existing debts of more than \$300,000? - a guarantee that was to his detriment but advantageous for the brokerage.

"It's another victory for the little guy. They (the brokerage) did everything they could to block him, but he was tenacious. Once again, a brokerage has been found putting its own interests ahead of the client," said Quebec City lawyer Serge Létourneau, who represented Chabot.

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