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MIKE HORNBOOK (Town Hall Moderator; National Economics reporter, CBC Radio): Ladies and gentlemen, good evening. Welcome to the Investor Town Hall, organized by the Ontario Securities Commission.

This is *your* opportunity to raise concerns, as consumers of financial services, with the people who regulate those services and the securities market, and as well, with some advocates who are appearing with us tonight. It's *their* chance to hear directly from *you*.

This Town Hall is the first of its kind, and the panel thanks you for coming and for taking part.

My name is Mike Hornbrook. I'm the National Economics reporter for CBC Radio. Some time ago, the OSC asked me to be your moderator at the Town Hall tonight, and I agreed, but I must stress that I'm not here as an agent or an employee of the Ontario Securities Commission, nor am I here representing the CBC, even though we are here in the Atrium of the CBC, at the heart of the CBC's headquarters.

I accepted the challenge because I believe the public interest is best served when regulators are open and accountable.

One message from the turnout that we can see here tonight is there's a real desire for action, and that's an important step in finding ways to resolve complaints from consumers of financial services, such as

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yourselves. In fact, the interest is even greater than the turnout that we see physically here in this room. The Town Hall is being streamed onto the Internet, live, so many people besides the people who are here are going to be listening in.

We'll be hearing from people here in Toronto, and from your Internet audience in just a few moments, but before that, though, I want to introduce our panel, and give them a chance to make a few brief remarks.

So, in alphabetical order, proceeding from my right, your left -- oh, I guess that would be your right -- the Chair of the Ontario Securities Commission, Mr. David Brown.

The President of the Small Investor Protection Association, Stan Buell.

The CEO of the... They can't see you. Maybe you should raise your hand, or show folks who you are. The CEO of the Ombudsman for Banking Services and Investments, that's Michael Lauber.

President and CEO, Investment Dealers Association of Canada, Joe Oliver.

And the President and CEO of the Mutual Fund Dealers Association of Canada, Larry Waite.

First, we go now to David Brown of the OSC for a few remarks.

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DAVID BROWN (Chair, Ontario Securities Commission): Thank you, Mike, and welcome, everybody, to our first Investor Town Hall. We're delighted with the turnout, that so many of you have been able to come and join us this evening.

The Ontario Securities Commission is quite proud of its record of protecting investors. We've made it a priority to deal with such investor protection issues as proper disclosure by companies, corporate governance, accounting and auditing issues.

We've become increasingly aware that we may not have placed sufficient emphasis on protecting the investor as a consumer of financial services, and that includes assisting people to obtain restitution when they've been badly dealt with by the system. The need for making this a greater priority was underscored last summer, in testimony that was given to the Legislature Standing Committee on Finance and Economic Affairs.

Consumers of financial services must have available to them an effective, fair means of seeking satisfactory resolution of their complaints. This is a complicated area in Canada, with a number of regulatory players. In Ontario, responsibility for providing pieces of the existing system has been allocated to the OSC, to the Mutual Fund Dealers Association of Canada, to the Investment Dealers Association of Canada, the

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Ombudsman for Banking Services and Investments, and the justice system, as administered by our courts.

We need to find out whether these pieces are working, and if not, why not. The test should be simple. Will these regulatory services, taken as a whole, consistently provide satisfactory redress to consumers who have not been treated fairly by players in the financial services industry? We felt that a good first step would be gathering together as many people as possible, to talk candidly about their own experiences with the regulatory system and with the industry.

We're not just bringing people together to share complaints. We want your assistance in designing solutions. We want your help in identifying gaps in the system, and discovering problems, and in correcting them. We're here to listen. Our mission tonight is not to defend the system, but to improve it: in some instances, explain it; in other instances, frankly, to find out where the system has failed.

You can help us by telling about your experience, the impact your dealings with the regulatory system have had on *you*, and how *you* think it can be improved.

When we've completed this evening's review, we'll take away what we've learned. We'll analyze it, we'll provide a public report, and we'll start

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a public dialogue on improvements we can make to ensure that the regulatory system meets your needs.

This is a priority of the Ontario Securities Commission. We're determined to meet the needs of consumers of financial services. That's an important part of our mandate, and it's one that we're determined to fulfill.

Thank you all for coming.

[applause]

MIKE HORNBROOK: I call on, now, Stan Buell of the Small Investor Protection Association.

STAN BUELL (President, Small Investor Protection Association): I'd like to thank the OSC for organizing this Town Hall Meeting, to initiate dialogue with small investors. I also thank those who are participating on the panel this evening to respond to your questions and comments; the moderators, for facilitating questions; and all of you, for supporting this important OSC event.

The Small Investor Protection Association was founded in 1998, and is incorporated as a national non-profit organization. SIPA acts as a voice for small investors, and has over 500 members in 9 provinces.

We believe the problem of investor losses is much greater in magnitude than most people realize. To increase awareness, SIPA issued

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a report based upon anecdotal evidence in 2004. On February 27, we delivered it to 25 of our leaders across Canada. On that day, I delivered a copy to David Brown. He said he would read it on the weekend, and I believe he did.

Recognizing that many victims of financial loss are reluctant to come forward, the OSC invited SIPA to have members submit anonymous questions and comments, to protect their privacy. The moderators have a list of these questions, but with the turnout, time will not permit answers to all questions tonight, but in time, answers will be provided.

Many SIPA members are actively participating in speaking out across the country. Many have made submissions to regulatory bodies and some have participated on committees and round-table discussions. So we are here tonight to enable small investors to talk to the regulators. So please ask your questions, and make your comments.

I hope all of you have entered the draw at the SIPA table. We will have people there until after the event, and we'll have a draw tonight, and we'll announce the winners later.

Thank you for coming. Enjoy the evening.

[applause]

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MIKE HORNBROOK: I now call on Michael Lauber, the CEO of the Ombudsman for Banking Services and Investments.

MICHAEL LAUBER (CEO, Ombudsman for Banking Services and Investments): Thank you, Mike. Thank you, David, for hosting tonight.

I appreciate the opportunity to join with the regulators and with the audience this evening to discuss investor protection. When I scanned the attendance list for tonight's event, I recognized a significant number of names who have been in contact with our office at one time or another, so I say welcome to you.

I'd like to take this opportunity to explain the role of OBSI, and where we fit in under the umbrella of investor protection.

OBSI is an independent organization that is the final stage of dispute resolution within the investment process. After completion of the internal complaint handling processes in the firm, you can escalate your complaint to OBSI, and we will investigate the complaint, we'll provide you with a written report or our investigation and our findings, and we will provide you with an explanation of our decision, and we'll have reasons for that. And that's the service that we undertake to provide to people.

Now, our mandate is to make a recommendation for redress based on fairness in the circumstances, having regard to good business practice,

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industry standards, codes of conduct, regulations, and of course, the law. But the principal thing is to make a recommendation based on fairness.

Now, OBSI is not a regulator, and I can't emphasize that too much -- we are not a regulator. We do not make rules or regulations. We do not have oversight over the firms or the financial advisors, and we cannot discipline or fine them.

OBSI does not protect investors in the normal sense. Regulators establish and police the system. They're designed to control the markets and protect investors. Our role is to provide fair compensation for investors if something goes wrong.

OBSI is also not an advocate. OBSI is a neutral arbiter of disputes within the banking and investment sector. We cannot be seen to advocate for one position and then be accepted as a neutral by the other party to every dispute. Both parties to the dispute have the right to a neutral analysis and a neutral decision, and that's why we cannot be an advocate. And I know many people here feel that we should take a more active role in that regard. Some of you in this room *are* investor advocates, and I applaud you for your diligence. You work hard, and you're effective.

In the last 18 months, we have investigated 238 investment complaints, and we've made recommendations for compensation to the

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firms in 54 of those cases, about 23 percent. A lot of money has been involved in those decisions.

I look forward to the discussion this evening. I hope everyone learns more about all aspects of the process this evening, as a result of the questions. Thank you.

[applause]

MIKE HORNBOOK: Joe Oliver now, from the Investment Dealers Association.

JOE OLIVER (President and CEO, Investment Dealers Association of Canada): Good evening, ladies and gentlemen.

The IDA is committed to protecting investors, especially the most vulnerable. That's the heart of our mandate. We protect investors by providing information, by pursuing regulatory infractions, and by supporting financial restitution.

There are basically two ways we can help you deal with your concerns. If your complaint concerns an IDA regulatory infraction, we may launch an investigation. We may prosecute the offender, and then impose a penalty against your broker or his or her firm. Our goal is to deter future infractions and remove wrongdoers from operating in the marketplace.

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You may take your complaints directly to your broker, or to the IDA. Member firms must report all client complaint, and IDA staff monitor these reports daily.

In the past three years, we conducted 173 disciplinary hearings, fined individuals and firms \$60 million, and banned 32 individuals for life. So our enforcement is tough but fair.

However, we do not have the authority to get your money back. For that, you can use the National Arbitration and Ombudsman services. The IDA has absolutely no involvement in their investigations or decisions, nor does any member of the industry. They are totally independent and objective.

Member firms must send new clients a brochure describing their rights, and again, whenever a client makes a written complaint. Last year, 1,900 investors phoned our complaint line. Over 23,000 used our online info service to check the disciplinary record of firms and brokers. And I encourage you to use these services and tell others about them.

Do we empower investors to register complaints and seek compensation? Yes, we do. Is our system as robust as any in the world? Yes, it is. Can it be improved? I'm sure it can be, so I'm looking forward to your constructive suggestions tonight. Thank you.

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[applause]

MIKE HORNBROOK: And now, last but not least, the Mutual Fund Dealers Association of Canada, President and CEO Larry Waite.

LARRY WAITE (President and CEO, Mutual Fund Dealers Association of Canada): Thanks, Mike. As requested, I'll keep my remarks to within two minutes, as our purpose here tonight, as the others have said before me, is to hear from the people in this room.

I want you to know that the MFDA does want to hear about your experiences, and hopefully, as a result of those experiences, you will have suggestions for making the regulatory system work better for the retail investor.

The MFDA is pleased to be here tonight, and we are taking this meeting very seriously. I have 20 of our staff here tonight, from our Complaints area, from our Investigations area, from our Litigation area, Compliance and Policy departments, in order for them to hear first-hand from you what you have to say this evening.

It might be helpful if I quickly describe what the MFDA does have responsibility for.

The MFDA is a self-regulatory organization, recognized by and monitored by the OSC and other securities commissions. We are a

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regulator with a single-purpose mandate, which is to regulate the distribution side of the mutual fund industry. We regulate 180 mutual fund dealers across the country, and their 70,000 representatives. These include all bank-owned mutual fund dealers, as well as small, independent firms. The 180 firms represent approximately 50 percent of the \$500 billion Canadian have invested in mutual funds.

The MFDA became fully operational in November of 2002, with the completion of our Enforcement branch. We began taking complaints and conducting investigations at that time.

It is important, I believe, to clarify that the MFDA has no regulatory role over the mutual fund companies. That remains with the OSC and the other commissions.

I don't want to repeat what others have said before me, but as a person who has spent his whole working life as a securities regulator, I would like to make it very clear that I agree that our regulatory system is not perfect, and can be improved. Only by working together will we be able to make the system work better of the small retain investor.

I believe tonight is a first step, and I would like to thank Stan and David for their efforts in organizing this meeting. Thank you very much.

[applause]

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MIKE HORNBROOK: Thanks to our panelists. Now, you took one of mine. Oh, that's okay.

This Town Hall is designed to give investors a chance to express their concerns, and two people are helping to make that happen tonight. They are the floor monitors -- they're people who will circulate amongst you with microphones that you can speak to. One of them is Linda Leatherdale, the Money editor for the Toronto Sun. Linda, can you wave? I guess she's in back.

[applause]

And the other person is James Daw, a personal finance columnist for the Toronto Star. James? He's on that side.

[applause]

Like me, neither Linda nor James are agents of the Ontario Securities Commission, nor are they here representing either the Star or the Sun. They are here very much as concerned journalists.

This Town Hall is meant to facilitate direct dialogue between the consumers of financial services and the regulators, watchdogs, and overseers that you just heard from. It gives everybody a chance to hear your views about how the current investor complaint and arbitration mechanisms work, and if you don't think they work well enough,

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recommend how they might be improved. We invite you to speak as candidly as possible about your experience with the system.

But before we start, there has to be some ground rules. This is not a forum, I would stress to you, to discuss your personal complaint, or any complaint you might have against a particular person or company. The panelists will respond to the issues that you raise, but they are not free to discuss or comment on complaints against specific individuals or firms.

And they're also not free to comment on any ongoing investigations by the regulators, or any details which have not been made public yet.

With the exception of these sensitive areas -- and they are sensitive for legal reasons -- the floor is open tonight to air your views.

If you have a comment, please identify yourself to Linda or to James, who are roaming the floor. Please state your name, and limit yourself to one comment or question, if you don't mind. The goal tonight is to hear from as many people as possible.

And we will also hear from people, incidentally, through the Internet. We have received many, many queries by email in the period leading up to this.

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Now let's open the floor to comments and questions. And I see hands are going up. James is going to come and select one of these three in the front here, James.

KAREN GOWAN [phon]: My name is Karen Gowan, and I have several questions, but in keeping with the rules tonight, I will ask one, to start with.

The IDA says that they collect penalties on people who are found to be guilty of whatever. Who, then... Is that fine, is it collected, and is it then paid back to the investors who have lost money, or is it a collecting keep?

[overlapping speakers]

JOE OLIVER: The fines which the Investment Dealers Association collects are kept in a separate fund, which is used for a number of specific purposes, which has to be authorized by our Board. The money is not paid to investors. We do not compensate investors, as a rule, but I'll give you one exception in a second.

The money has to be allocated to public-interest projects. For example, we participated in the National Registration Database, which is a system, in cooperation with the Securities Commission, that registers all brokers and all investment firms. That's a 30-plus-million-dollar project, and so, we contributed to that, and we use the fined money for that purpose.

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So the money can never be used to reduce fees. The money is never used for ordinary expenses. It's used only for public-interest projects.

An apparent exception, related to the money we collected for the market timing cases that we completed at the end of last year. Over \$7 million was paid to the fund companies to be allocated to unitholders who had paid... who had suffered a loss as a result of trader fees which they paid in relation to market timing cases. So that was a specific allocation, and so we gave the entire amount that had been paid by the mutual fund unitholders, in this respect, back to them.

MIKE HORNBROOK: Okay. Linda, back there, please.

PAUL LAWRENCE [phon]: Hello, my name is Paul Lawrence, and my question has to do with the mutual fund industry.

To the extent that the mutual fund industry is very good at getting our money, charging us various fees -- up-front fees, trailer fees, management fees -- what support do you offer us, as investors, in recovering funds that you made on our behalf, that eventually evolve into losses due to fraud?

MIKE HORNBROOK: You're directing that to Larry Waite, Mutual Fund Dealers Association?

PAUL LAWRENCE: Yes.

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MIKE HORNBROOK: Larry?

LARRY WAITE: If you're talking about the mutual fund companies themselves -- and as I said in my opening remarks, that relates... under the jurisdiction of the OSC. But with respect to the dealers, the distribution side of the mutual fund industry, we... Again, we don't get your money back. We do compliance reviews, we investigate investigations, we initiate enforcement proceedings where appropriate. We put people out of business, where appropriate. We shut them down, if appropriate. But we do not get money back for investors.

Now, the only exception I can say to that, again, is in the market timing case. It's the only... As I said, we're a relatively new SRO. We've had one major settlement, involving approximately \$5 million. Half of that went back into the fund to reimburse unitholders that were harmed. The other half, our Board has authorized to go into our Investor Protection Fund, which is scheduled to start up on July 1. So none of that money stayed within the MFDA.

MIKE HORNBROOK: James? [inaudible]

GLORIA HUTTON [phon]: My name is Gloria Hutton, and I would like the Ontario Securities Commission, I would like to ask them why they

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went to great lengths and expense in an attempt to prevent the public release of the 1999 audit of the Investment Dealers Association.

MIKE HORNBROOK: David, for you.

DAVID BROWN: The report that Ms. Hutton is referring to is a report that we did as a result of our very first oversight review of the Investment Dealers Association. I think the review was done in 1999. The report was probably... it was probably given to the IDA in 2000.

We did that investigation, we did that report, on the basis that that report would be confidential. And clearly, within that report, we talked about issues that we thought the IDA needed to address, areas where we thought that there needed to be some significant improvement. The good news is, I must tell you, the IDA reacted very well to that, and all of the suggestions and requests that we made were followed through.

That was in the year 2000. We've... we've done a lot of thinking about it since then. We now do not do any of those reviews, on the basis that those reports will be maintained confidentially. That report now has been released, by the way, but it is five years old. Going forward, we're not approaching it on that basis any more.

MIKE HORNBROOK: Okay, one question, and your question is, who is the OSC accountable to?

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DAVID BROWN: The... Again, we're talking about an evolution in thinking here. We started, as I said, five years ago, approaching our ability to, or our need to, oversee the SROs in a way which we don't approach now. And as I said, that was the very first review of the IDA that we had ever done. And as I said, we did that on the basis that it would be maintained in confidence. We're not doing that any more. So that's not an issue any longer. That report is five years old -- it's now been released. So this is not an issue, going forward.

MIKE HORNBOOK: Okay, we're going to move on to another question now. Linda, you have somebody back there?

DAVID FENIMORE [phon]: My name is David Fenimore, and I have -- it's not so much a question but a suggestion for the IDA, Mr. Oliver. And it concerns a rule that requires brokers on bid prices, or on orders that have a good-through date, for the brokers to reduce the prices, or the amount of the bid, by the amount of the distribution or dividend, on the ex-dividend date.

Now, in my opinion, particularly on income trust units, which are paid monthly, this is really a very small item, and there's a whole list of factors that have a greater bearing on market prices. The big thing today seems to be the price of crude oil. You have changes in interest rates, terrorism

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activities, patent infringement court cases, insider trading, accounting practices, and all these items have a greater effect than a security going ex-dividend.

Now, the rule that I'm referring to is in Section 11, Chapter 3, of IDA's Conduct and Practices handbook. And in a nutshell, I think it's time to rescind this rule. Thank you.

MIKE HORNBROOK: Any comment from our panel?

JOE OLIVER: Well, I spoke... I had the opportunity to speak to Mr. Fenimore before the session started, and we're going to examine that issue about the pricing of shares when they go ex-dividend. That's a technical matter, but it's an important matter, and we'll look into that.

Can I just make one comment? I was trying to get your attention earlier. Going forward, and for the last year, we are putting on our website all the reviews done of the Investment Dealers Association, by not only the Ontario Securities Commission, but the other three commissions which regularly provide oversight -- the Quebec, Alberta, and British Columbia commissions -- so they will be available, and are available, on a regular basis, on our website.

MIKE HORNBROOK: We have another question up here. Oh, I'm sorry, I missed that.

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UNIDENTIFIED FEMALE SPEAKER: Yeah, I tried to--... Oh, it echoes. I tried to condense five years of frustration into five pages, but I'm not going to be allowed to read it. So I'll read you the last paragraph, I guess.

LINDA LEATHERDALE: [inaudible] your name.

JANET GILLIS [phon]: Janet Gillis. When I was young, your bank manager was the most respected member of your community. Your life savings were safe in a bank. That is not the case in today's world. There are scandals almost every week. It is time for our government to prosecute these officials, and help small investors regain their confidence that their life's savings are in safe hands in banks. We lost a third of our life's savings in less than two years, and it took us 15 years to accumulate this money in mutual funds. And we were with a small outfit, and we went to a bank that we'd had an account with for 30 years, a respected bank, one of the top banks in Canada, and we put all of this 15 years of life's savings in their hands, in their mutual funds, and we lost a third of our life's savings. I mean, we were devastated. And--

MIKE HORNBROOK: I'm sorry. You go ahead.

JANICE GILLIS: Well, I guess there's nothing that can be done.

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MIKE HORNBROOK: We have to--... we can't ask you specific questions about what funds they were, what bank--

JANICE GILLIS: Oh, no, no.

MIKE HORNBROOK: I'm wondering if we could have a response from one of our panelists. David Brown.

DAVID BROWN: Well, as Mike Hornbrook said, we can't ask you specifics, but it would really help us if -- and it would help me to understand where the system has apparently failed you -- if you could describe what efforts you took to get your money back.

JANICE GILLIS: [inaudible]... to everyone involved, and all we got back out of the... In less than two years, we lost \$170,000. They gave us back our fees -- \$30,000 fees. That's what we got back. And this is why I'm upset. Oh, and we'd signed a release to get that cheque for \$30,000, and the bank has told us they'll take us to court if I make it public.

[overlapping speakers]

JANICE GILLIS: And I've got the [inaudible] papers to prove it.

MIKE HORNBROOK: Have you taken this up with any of the regulatory agencies?

JANICE GILLIS: No, I haven't. All I took it up with was with the president of the bank, and he passed it on down the line.

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MIKE HORNBROOK: What would you recommend?

DAVID BROWN: Well, may I ask--

JANICE GILLIS: And these individuals--

DAVID BROWN: Was the... was the bank... Did you try the bank ombudsman? Did you take your case to the bank ombudsman to--

JANICE GILLIS: No. All I did was write letters to the president of the bank, and the two people responsible at the bank branch are still working there. I felt they should have lost their jobs. Apparently, one of them has been in a lot of trouble before this. We found out that... I guess it's too late for us. We've signed a release, and we took their 30,000 in fees, and we needed the money at the time, and...

MIKE HORNBROOK: I'm going to ask Michael Lauber to comment on this. You are the Ombudsman and CEO for Banking Services and Investments?

MICHAEL LAUBER: Well, that... Yes, well, hopefully, at the time, that should have been referred within the bank system into their compliance group, and then to the internal ombudsman office to have your complaint investigated and reviewed at those stages, and then been able to come to our office, OBSI, for an independent review of your file. Unfortunately, at this point, you've signed a release, so that can't happen

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now, but that is the process. And I think if you weren't made aware of that information, then there was a problem there.

Now, if this was prior to October of 2002...

JANICE GILLIS: [inaudible]

DAVID BROWN: 2000?

JANICE GILLIS: [inaudible]

DAVID BROWN: Yes, well, okay, that was sort of... That was before the... Well, even within a bank... Within one of the large banks, you should still... it should still have happened. But, obviously, it didn't, and--

MIKE HORNBROOK: Does she have any avenues of remedy at this point?

DAVID BROWN: We've taken the position, we have to respect releases. If people want to challenge a release, then they have to do that in the court system. And if the release is set aside, we would be happy to review any file. But--

MIKE HORNBROOK: So, basically, you're saying it was all over as soon as she signed the release.

DAVID BROWN: I think it's all over, in this particular case, unfortunately, yes.

JANICE GILLIS: ... [inaudible]... top litigation lawyers.

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MIKE HORNBROOK: Yes, we need this microphone on over here, where James is.

JANICE GILLIS: Yes, I did contact a couple of Toronto's top litigation lawyers, and it was like \$300 an hour, and there was no guarantee of success. We just don't have that kind of money. We lost a third of our life's savings in less than two years. And it took us 15 years to accumulate that money. You know, I didn't sleep for two years. It made me sick. This is a major bank that we had an account with for 30 years, you know? It's a trusted bank. This was the worst thing of everything that happened. It was being disappointed in this major bank. It wasn't some little two-bit storefront operation, where you invest in mutual funds -- this is a major bank.

MIKE HORNBROOK: We have to move on now -- there are other questions. But I'm just wondering, would it do the lady any good to contact your organization?

MICHAEL LAUBER: Feel free to call, but you know, the problem is, once a release is signed, it's difficult to [inaudible].

MIKE HORNBROOK: Now to the back, Linda. Yes, sir. Can't hear you.

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DAVID COFFLER [phon]: Hello? I'm David Coffler. I don't know where to start. I haven't even opened my briefcase, because we're limited to one question a person.

I gave an order to my broker, on recommendation, three years ago, to buy a certain quantity of stock, out of my pension fund and my retirement fund. I had to go down to Florida to have a serious eye operation. My brother phoned me, and told me that he got a letter from my broker, stating that he didn't feel that the stock that I'd ordered was worthy of his attention. I had no way of coming back and arranging for a purchase of this stock at another broker. The result was, the stock went up from \$14 to \$124 per share, and I got no apology for it, except for the fact that there are other brokers, and I could try the other brokers. What can I do? I've spoken with a couple of other brokers, prestigious brokers, and they said, "You haven't got a hell of a chance to collect anything back." What do I do?

MIKE HORNBROOK: Joe Oliver, are you the person to handle that?

JOE OLIVER: Well, if I understood the situation correctly, you're talking about an opportunity, a loss, rather than actual loss, and I wasn't clear -- I'm sorry, I didn't hear it -- why it was you weren't able to put in that order. I mean, what you should do, if you feel you have a complaint, is register it with the firm, and if the firm has decided that it won't give you

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satisfaction, then you can speak to OBSI, and that's free, and then they will decide whether they should make a recommendation or not to the firm, to reimburse you in some way, or you can go to the IDA, and we would determine whether there's been an infraction in respect of some of our rules. I don't know enough to know what our reaction would be, after an investigation, but I certainly would welcome your inquiry.

Every written complaint to a member of the IDA, which is all the brokerage firms, must result in a brochure being sent to the complainant. Some 5 million of our brochures have been ordered, over the last couple of years, and they're available in the back. And they indicate the various alternatives that you, as an investor, have if you have a financial dispute with your broker. That information must be sent to you, and then you can decide which of the alternatives meets your needs.

MIKE HORNBROOK: Question to the gentleman who just asked that question -- did you take your complaint anywhere, sir?

DAVID COFFLER: [inaudible]...

MIKE HORNBROOK: Linda's going to get to you with the microphone.

[microphone cutting out]

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DAVID COFFLER: Thank you. I asked two prestigious brokers what procedure I should take. [inaudible] I wouldn't have [inaudible] of getting anything back at all. What do I do further?

MIKE HORNBROOK: You were told by other brokers, then, that you wouldn't have--

DAVID COFFLER: That's right.

MIKE HORNBROOK: But you never took your complaint to the IDA or to the--

DAVID COFFLER: No, they made it quite clear to me that I didn't have a chance of getting back any part of my investment, and it was close to \$100,000.

MIKE HORNBROOK: This far away from the--... How long ago was that, sir?

DAVID COFFLER: [inaudible]

MIKE HORNBROOK: Well, is it too long now, that they could... if there's any hope of--

JOE OLIVER: Well, I think there's something instructive here. Without in any way dealing with the merits of this particular case, I think that there are people who have given up before they started, and they sort of make an assumption that they don't have a case, based on information

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that they may have gotten from people who may have an interest, or may not be knowledgeable. It doesn't cost anything to make a complaint with OBSI, and it doesn't cost anything to register a complaint with the IDA. So if you're not sure -- even if you're pessimistic -- register the complaint, and then you'll find out for sure whether you have a case or not.

MIKE HORNBROOK: There is a place to go, if you get mad as hell. To James, back there.

DIMITRI LASCARIS [phon]: Yes, my name is Dimitri Lascaris, and I have a question for the Ontario Securities Commission. Obviously, a dominant theme this evening is investor restitution, and as you gentlemen know, there has been on the books in the province, for a couple of years now, a private right of action for misrepresentations in the secondary market. That law has not been called into force. It's my understanding that its calling into force has been delayed yet again, because of the intervention of some large issuers. And my question is, if investor restitution matters in this jurisdiction, why hasn't that law been called into force yet, and when will it be called into force?

MIKE HORNBROOK: David Brown.

DAVID BROWN: You're right, the issue is with respect to a new law that was passed but not proclaimed in force, that allows investors to sue

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and, indeed, to come together in class actions to sue, when there's been misrepresentation by a corporation.

The Minister has completed a second round of consultation with respect to that. He has confirmed that that consultation is over. He has confirmed that it is his intention, and the government's intention, to proceed now, to proclaim that in force. I can't tell you the date, because I think the date has not been chosen. But this is government policy, and the government has confirmed it.

In fact, most of you wouldn't have gotten all the way through the Budget papers that were part of the provincial Budget a couple of weeks ago, but the Budget also promised that that law would be brought into force. So yes, that will be in force. We're hoping that it will not be too long. But it is under way.

MIKE HORNBROOK: Okay, we'll take a question over here. Linda?

CYRUS QUARRIE [phon]: Hi, my name is Cyrus Quarrie, and my question is directed to the Ontario Securities Commission.

What efforts have the OSC made in the past to investigate and prosecute cases that involve the failure of companies, due to accounting and audit-related deficiencies? And what changes does the OSC foresee in the near future?

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DAVID BROWN: Well, that's a complex question, and it could be a long answer. Let me try to give you a summary.

We have... There are requirements for companies to make continuous disclosure of their financial affairs. That means, on a quarterly basis, they have to publish financial information, and they are required to ensure that that information is correct when they publish it.

And in addition, they are required to publish any changes, any material changes in their financial information, as it occurs. So they can't wait for the end of the quarter.

We have a team, a Continuous Disclosure Review team, that is constantly monitoring what companies are publishing, constantly looking at the quarterly information, and constantly monitoring the information that is made available in between quarters. And wherever we find issues or problems, we first of all deal with the company, to ensure that any misstatements have been corrected. If we find that Ontario securities law is breached, we will bring enforcement actions against that company. We have a number of those under way. We've brought a number of them, in the past. We've gone after auditors in the past, where we thought that the auditors also failed in their duty. So it's very much a part of what we do, and I think that we are making some very good progress.

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CYRUS QUARRIE: So why, then, have the accounting and auditor-related deficiency cases still continue?

DAVID BROWN: I'm sorry, I missed that.

MIKE HORNBROOK: It's hard for us to hear this, but we've asked for one question. So maybe you could line up again. There's a gentleman up here, Linda, who would like to speak. I'll go to this microphone now, James.

JIM MURRAY [phon]: My name is Jim Murray. My question is, on a "Know Your Claim" form, is the advisor required to follow the general direction of the form, or if deviating from it, to notify the client that they are doing so? And secondly, what is the implication of not having signed it? Why is it industry practice that it is not signed and then not regarded because it's not signed?

MIKE HORNBROOK: Who wants to handle that?

JOE OLIVER: Well, perhaps I can make a comment on it. The Client Account form that people enter into, when they open an account, is designed to enable the broker to know his or her client, because there's a dual responsibility. There's a "Know Your Client" rule, understand what the financial condition, investment objectives, of a client are, and then make sure that any recommendation is suitable. So this is a responsibility on the

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part of the individual broker, to be aware of what the financial condition and investment objectives of the client are, and to keep up to date, in terms of any material changes.

The issue about whether the account forms should be signed or not is one we're looking at right now. Most firms do require it to be signed, but it isn't a universal rule, and we, in conjunction with the Ontario Securities Commission and the other members among the Canadian securities administrators, as part of the OSC's Fair Dealing model initiative, are looking at a number of matters relating to the client-broker relationship, and the user-friendliness of the account form, and whether it ought to be signed is certainly one of the issues, and we're inclined to think that it should be.

MIKE HORNBOOK: Okay, a question here from somebody who is listening in on the Internet tonight, and they've sent an email, and the question is: "I think..." -- no identity on this -- "I think all financial advisors should be required to be registered, and files kept on their performance, which the public should be able to access. Will this be happening any time soon?" I think that's a question for David Brown of the OSC.

DAVID BROWN: Well, financial advisors are indeed required to be registered, although there are categories of people who are providing

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financial plans who are not required to be registered. But anybody who is advising with respect to the purchase of securities is required to be registered with the Ontario Securities Commission.

And people can check to see whether people they're dealing with *are* registered, and they can check to see what category of registration they have, to ensure that the type of advice that they are purporting to give is within the competency of their category registration, and they can check to see whether those people have been disciplined. All of that is on our website. It's quite user-friendly, and indeed, for any of you who are dealing with investment advisors who you don't know, I urge you to check and make sure that they are properly registered, and that you're comfortable with their level of registration.

MIKE HORNBROOK: The OSC website is www.osc...

DAVID BROWN: www.osc.gov.on.ca -- "Govonca", as we say -- osc.gov.on.ca.

MIKE HORNBROOK: To Linda, over here.

PAUL GURNIN [phon]: My name is Paul Gurnin. That gap between the lowest-paid employee in the company and the highest, 15 years ago, was 45 times, and now it's several hundred times. What has happened? I believe that the compensation committee on public Boards have, of

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course, gone to consulting companies that consult on compensation and benefits, and those two groups have indeed shaken hands, but good, and it is the very worst it's ever been. What is to stop these people from making this huge handshake? The shareholders are paying! The Boards and senior management's coming right out of shareholder pockets.

MIKE HORNBROOK: Is that a question for anybody here, sir, or is it more a comment?

DAVID BROWN: The question is, are we as regulators, imposing any regulations on the maximum salaries that directors of corporations can award to senior officers or other employees? The answer is no, we're not. And in fact, it's not something that we would contemplate doing. We think that this is an issue for markets, this is an issue for shareholders. If the shareholders and other market participants believe that the compensation levels are not appropriate, then they should be voicing their concerns. And we're seeing that happening all the time. We're seeing some of the major institutional investors now, not only voting against compensation packages, but making their views known. They have the ability now to talk to other institutional investors -- they're doing that. That's the way the process should happen. People who are unhappy with that should be registering their unhappiness, making the Boards aware of that

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unhappiness, and, frankly, voting with their feet and going to other corporations. We do not see that that is an issue that we as regulators should get into.

And when you think of it, it's a pretty slippery slope. If we start to dictate to Boards how they can compensate and award their people, then we're starting to interfere with a business model that has served us well in this country.

MIKE HORNBROOK: This microphone.

KEN CAVENCO [phon]: Hi, Ken Cavenco. The Ontario government passed a law called the *Ontario Limitations Act*, which took effect last year, reducing the period where you can file a claim, to two years, from six. And as you can tell from the audience, people who are not financially literate, or ill, or don't even know that they've lost money, may not discover just how serious things are in the two-year period, and then they would lose their right to file legal claim. The only person I can address this to -- I think all of you should have helped prevent that -- would be David Brown, since he reports to a Minister. Is there any way we could have that amended, jiggled around, so we go back to a longer period for the investor to file a claim when he discovers it?

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DAVID BROWN: Thanks, Ken. This is actually one of the benefits of having the Town Hall, because as we began to prepare for this, and as Stan asked his members to start feeding into us, issues that they want to discuss, this issue was raised, and I must admit, this is the first time that I realized that this omnibus amendment that had been passed by the government was having the effect that it appears to be having on those who have complaints against their brokers or other members, other people in the financial community.

We became aware of the issue, but only a very narrow piece of it, because, under the *Securities Act*, we have a six-year limitation period to bring in an enforcement action against somebody, and it would have been swept in under that omnibus bill, and so we made representations to the government that we should be carved out. I must admit, we didn't think, when we were making those representations, about the effect that the omnibus bill is having on the kinds of things you're talking about.

I think it's a legitimate issue, and we're quite prepared to talk to the government about it, and see if we can somehow assist in at least bringing to the government's attention perhaps an unintended consequence of this bill.

MIKE HORNBROOK: A question right here.

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JOE GREEN [phon]. Mine is very short. Name is Joe Green. This is to Mr. Brown, and others who might want to comment. Is it fair that not all common shares in Ontario carry equal voting rights?

DAVID BROWN: Again, it's another market... another marketplace issue. There are multiple voting shares in a number of companies, as you know. I'm not sure of the exact number, but it could be as high as 20 percent of the companies that are listed on the Toronto Stock Exchange have a class of shares that are multiple voting shares.

But investors buy those shares, and we take the view, so far, that this is a disclosure issue. We want to make sure that investors who purchase the subordinate voting shares are aware of what they're purchasing, that there is a class of multiple voting shares out there. But again, our view is that if investors understand that, then they're free to make their own investment choices.

We see it, again, as a slippery slope, if we start to regulate the types of investments that investors can be given an opportunity to buy. We think that investors should be able to make those choices.

MIKE HORNBROOK: I'll go to this side now.

BARBARA MARSHALL [phon]: Barbara Marshall. First, I have a comment. It's really great to see so many people in the same situation as

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myself, and as I look around, I think about Jack Canfield, and I think he should be writing a book, "Chicken Soup for the Illiterate Investor." It might give us some levity.

Anyway, my situation is that I belong to a group of about 70 investors, and we have invested approximately \$8.5 million in a private company, a small cap company, and since 2000, we have had no financial reports, and just recently, I found out that the directors dissolved the corporation. Where do I go?

MIKE HORNBROOK: Goodness gracious.

DAVID BROWN: You mentioned that it's a private company. Is this a company that shares are listed on a stock exchange or is it indeed a private company?

BARBARA MARSHALL: No, it hasn't gone public, but it has been approved for both... Or, it has been approved for RRSP investment funds.

DAVID BROWN: Well, if it's been approved for RRSP, then it's probably a public company, so I'm not entirely certain about your circumstance.

We as securities regulators have no authority over private companies. We have authority over public companies. So let's assume for a moment that your situation is a public company.

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There is a... there is a complaints service through the OSC. We have investor hotlines, and indeed, we have set up special investor hotlines and websites as a result of tonight's gathering. So by all means, contact the OSC. We'll help you determine whether indeed it's a company that we have any authority over, or whether you've got to go to either lawyers, or to government officials.

MIKE HORNBROOK: Have you gone to anyone yet, ma'am?

BARBARA MARSHALL: We're searching legal consultation as well as other alternatives.

MIKE HORNBROOK: Have you been in touch with the Ontario Securities Commission?

BARBARA MARSHALL: Well, my understanding is that the Ontario Securities Commission is not able to get any of our money back. Now, that might be an incorrect conclusion on our part, but that's what I understand. So we have not gone to the Ontario Securities Commission, as of yet.

DAVID BROWN: Well, we're--

MIKE HORNBROOK: Sorry, go ahead, David.

DAVID BROWN: I was just going to say, there are two issues here. What you've described may well be a breach of the *Securities Act*, and I think we need to find that out. If there is a potential breach of the

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Securities Act, then that is something that we would investigate, and there may well be an enforcement action that we would bring, in these circumstances.

You're quite right -- the Ontario Securities Commission does not have restitution power. We do not have the ability to assist you in getting your money back. That is really something that has to be done through the private courts, or through the courts, and you need to consult a lawyer, in order to be able to figure out what your best route is. But I would suggest that you start with our people, and we can help you determine whether this is a matter that we should be investigating, and then also direct you where you might go from there.

BARBARA MARSHALL: Thank you very much.

MIKE HORNBOOK: Go to this side of the room now.

PETER SINCLAIR: Yes, hello, my name is Peter Sinclair, and my question is about an annual shareholders meeting. There's a public company which is 18 months and counting, and delinquent, and I've tried to go to the OSC and market regulation services, and try and find out who can police or enforce that they'll have a shareholders' meeting. Both those organizations, surprisingly, told me to engage a private lawyer to sue them,

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and I find that incredible, to have to sue a public company to get a shareholders' meeting. Could someone on the panel help me?

DAVID BROWN: Under the securities rules, companies are required to prepare financial information and mail financial information to their shareholders, with a finite period of time. We can't force companies to do that, but we can bring disciplinary proceedings against them, or we can issue a cease-trade order against companies, when they fail to do that. And we have a process where we will issue cease-trade orders just against the senior directors and officers of the company, to give them some incentives to finalize and file the financial information.

We don't have authority over the actual holding of the shareholders' meeting. That's something that is under the *Corporations Act*, and that's really something that the shareholders police, and do it through the courts. It's not part of our mandate.

PETER SINCLAIR: So no one makes the *Corporation Act*... there's no regulatory body that supervises that, other than private legal action? Because they did file a financial report, but...

DAVID BROWN: The financial statements have been filed?

PETER SINCLAIR: Yes, but they just won't hold a shareholders' meeting. It's been November of '03...

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DAVID BROWN: I don't believe that there is a governmental body that forces corporations to do that. I think that has to be done through shareholder activism.

MIKE HORNBROOK: We'll go now to this side of the room. Yes, ma'am?

PATRICIA COSGROVE [phon]: Good evening. My name is Patricia Cosgrove, and I have a question for the OSC. Recognizing that no piece of legislation is perfect or without flaws, under the current *Ontario Securities Act*, is it possible for an investor to be bound by a KYC form that the broker has unilaterally taken upon himself or herself to change without the client's knowledge? Is the client, the investor, bound by a document he or she knew nothing about?

DAVID BROWN: Well, that's not a matter of securities law. It's a matter of general law, and no one could be bound by a document that they knew nothing about. The Know Your Client form is really just part of a mechanism for brokers to understand what a client's investment objectives, a client's financial circumstances are, so that the broker can satisfy the suitability requirements when recommending investments to that client.

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So I'm not sure what you mean by the client being bound by the form, but if the client indeed has not given the information to the broker, as it appears on the form, then the client can't be bound by it.

PATRICIA COSGROVE: Thank you.

MIKE HORNBROOK: Joe Oliver, do you have anything to add to that?

JOE OLIVER: No, I don't.

MIKE HORNBROOK: Over here.

JOE KILLORAN: My name is Joe Killoran. I'm an educator and an investor advocate.

The October 2004 issue of *Atlantic Monthly* had two quick paragraphs in a great article on Eliot Spitzer, and Mr. Spitzer's *modus operandi* is, if the agencies of the federal government -- and this is in the United States -- the Securities and Exchange Commission, the FDA, the Federal Communications Commission, whatever -- if these agencies of the government abdicate their authority to protect the marketplace, Spitzer says, "I view it as my responsibility to 20 million New Yorkers who are investors, who work in the marketplace, to assume it." So he's assumed it down there.

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The second thing he says is we need competition. "I understand that a market needs to have rules by which it lives. If you have a marketplace unbridled by rules that mandate integrity and transparency, then the market will not work."

Now, my question, and I'll really be brief. In 1995 -- this is a "smoking gun" document. It is proprietary for a major fund company, one of the top fund companies in the company. I hired an independent consultant. He analyzed their computer data, and the fund company could identify advisors who were churning for commissions. I presented this document on April 13, '95, to Ed Waitzer in the OSC Chairman's office, saying, "Let's use data mining of sales data to police the marketplace, or churning, for lack of Know Your Client suitability, for market timing." And Mr. Waitzer said then, "I'm given \$17 million by the Ontario government to run the OSC. I can't afford data mining" -- pro-active policing of the marketplace.

I then had to wait a year and a half. Mr. Brown came into the OSC, I believe it was April '98, and I met with Mr. Brown in his office on August 14, '98, and I went to get out this document and I mentioned the fund company name to him. And Mr. Brown gave a comment which is in *The Naked Investor* on page 14: "We don't give awards to whistleblowers."

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And Mr. Waite was called from his Director of Enforcement office by Mr. Brown, and Mr. Waite took me downstairs, and Mr. Waite asked if he could take a photocopy of this document. And I said, "Sure, take a photocopy." He used an OSC photocopier.

Mr. Waite left the OSC 6 weeks later, for the MFDA. And in November '98, I asked Mr. Waite, "Who did you leave it with at the OSC?" And he said it was an unofficial hand-off.

MIKE HORNBROOK: I'm not sure where you're going with the this--

JOE KILLORAN: The question is... Have any of you gentlemen... What did you, first of all, do with this report? And have you abdicated your personal responsibility, as a government agency, and/or your professional code, meaning C.A., law degree, or your personal code?

LINDA LEATHERDALE: The question is...?

JOE KILLORAN: Have you abdicated your responsibility, in handling this document, Mr. Waite?

LARRY WAITE: No. No, I have not. I recall the incident that you just described. That was photocopied, it was put in a file, and as you say, I left the Commission very shortly after. All my files were in boxes in my office.

DAVID BROWN: Joe, let me talk about first part of your question. Now, you raised the quote from Eliot Spitzer, which we've seen many

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times before. But let me point out the obvious to you. Eliot Spitzer is a law enforcement agent. He's got law enforcement powers, he's got a law enforcement mandate. He is saying -- and, I think, quite rightly -- as a law enforcement agent, if other agencies, be they regulatory agencies or others, are not following through on issues that fall within the purview of a law enforcement agent, he's going to pick them up. I would hope that law enforcement agencies in Canada take exactly the same view. That's what they're there for.

We're regulators. We are regulating a market. We have enforcement powers as part of our tools, but I would hope that the law enforcement agencies are watching us like a hawk, just like Eliot Spitzer is watching agencies in the U.S., and that they're moving in if they find that we are not performing our job.

JOE KILLORAN: [inaudible] This was a sales data mining presentation that could have saved multi-billions of dollars... [inaudible]. Thank you.

MIKE HORNBROOK: Okay. Can we move on? Over here, please.

JASON BURNS [phon]: Hi, my name is Jason Burns, and I have an [inaudible].

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In 2004, my wife and I lost our life's savings, \$50,000, to a certified financial planner from Toronto. He worked for a public company called [...]... Okay. And his name is [...] [phon]...

MIKE HORNBROOK: I'm sorry, sir. We had some ground rules here. You've just broken two of them. So can we move on, please?

JASON BURNS: Okay. Excuse me. This gentleman targeted primarily the elderly, until he declared bankruptcy last year. In December of last year, Toronto police charged him with defrauding over 50 people, primarily the elderly, of over \$3.4 million. A Bay Street lawyer advised us as a group that the legal fees for a civil suit against this gentleman would cost over \$1 million, so we have given up trying to get our money back. Going through a lawyer isn't a real option for someone with a wage earner's salary.

I was upset to learn that the gentleman had already declared personal bankruptcy once before. I don't think he should have been allowed to become certified as a financial planner again.

MIKE HORNBROOK: Is there a question?

JASON BURNS: Just a comment.

MIKE HORNBROOK: A comment. Okay. Does anybody want to respond to that comment? Please go ahead.

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MICHAEL LAUBER: We're... you know, it's difficult, in the circumstance of what we understand from this, but it's possible, at the OBSI, we could help. You know, you're dealing with a bankrupt person. You don't know where responsibility and liability lies, but that's the type of thing that we could look into. Now, you'd have to start with making your complaint formally to the firm that the person was associated with, or worked for, and then escalate it to our office. I assume you've already started the formal complaint process. It's worth going ahead and trying.

JASON BURNS: Thank you.

MIKE HORNBROOK: We'll go over here.

MADELEINE CAMERON [phon]: Hello, my name is Madeleine Cameron. In 1978, I invested money in a registered debenture maturing in 1983. At the time, I was told to put it in a very safe place. Well, guess what -- I did, and I just found it about a month ago. [laughing] Now, I have the debenture, but I can't find out where my money is, because the company that I invested with had change-overs and change-overs and change-overs. So... where do I go from here?

MIKE HORNBROOK: Great question. Does anybody have an answer for that?

[inaudible]

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JOE OLIVER: Well, if you've purchased the debenture from an investment firm, from a broker, that broker has the responsibility to tell you--

MADELEINE CAMERON: It's not a broker. My lawyer did inform me, it's a reputable company -- they're still on the Toronto Stock Exchange, but I don't know... Like, I've been sent from one company to another, because they've had takeovers.

LINDA LEATHERDALE: I'll help you. Okay. I know [inaudible] the Toronto Stock Exchange, okay?

MIKE HORNBROOK: [inaudible]...

LINDA LEATHERDALE: Well, no, I've done this before, and I know somebody who can help, so I'll see you after.

MIKE HORNBROOK: I'm not clear [inaudible]... Did this lady--

LINDA LEATHERDALE: Yes, I--

MIKE HORNBROOK: Excuse me, just before we go ahead. Would this lady be well advised to spend a few hours on the Internet and research some of the history of the company that she... It's already been done?

LINDA LEATHERDALE: Well, there are some companies that will do stock market research and stock researches, but also, you can phone the TSX and you can literally find out whether they're still in operation, and

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I certainly have done that before. Sometimes, you're totally out of luck, if the company's been bought out, bought out, and it's not in existence. You say it's still publicly traded. So I think--

MADELEINE CAMERON: [inaudible]

LINDA LEATHERDALE: Yes, okay. Well, it's... Anyway. That's, I think, going to the TSX might be able to help us and I think we can try to find out if it's still in existence, or a good stock... or a debenture.

MIKE HORNBROOK: Does that help you, ma'am? Ma'am? It does. [inaudible] I'll take one over here.

MR. TEMPLETON [phon]: My name is Templeton. I just wanted to comment. I think we desperately need some agency with the clout and power to provide a needed remedy for the small investor, in case of dealer wrongdoing. Ombudsmans don't cut it, and most people can't afford a lawyer and going to court.

I'd like to give just two quick examples of the problems I've had.

Unknown buying occurred in my account a couple of years ago. Nobody could or would explain how these trades were on my monthly statement. I was assured that it would be straightened out by the next month. It wasn't. Nobody could still give me an explanation.

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After that, a few weeks later, I contacted the IDA. They said no breach of security regulations had occurred, and they couldn't help.

If unauthorized trading in an account doesn't breach security regulations, I wonder what the devil does!

[applause]

MIKE HORNBROOK: [inaudible]

MR. TEMPLETON: When I opened my first RIF some years ago, it was under the old plan. Anyone who knows about RIFs knows that the minimum required withdrawal is smaller under the old plan than it is under the new plan. The first year I was to get a withdrawal, the dealer told me the amount. It looked fishy. I did the calculation. He was drawing my money, calculating on the new plan. They apologized, and sent me the right amount of money, which, of course, was a lower withdrawal.

The second year, the same dolgone thing. I asked them what the devil was going on -- did they expect me to do the calculation each year and tell them how much I'm supposed to get? That's *their* job.

So then they coughed up the information. Their computer wasn't set to calculate the old plan. When I complained to higher-ups, there was no action, and the ombudsman told me he was sorry the dealer didn't live up to my expectations. I moved the plan.

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MIKE HORNBROOK: Joe Oliver, can you tackle that?

JOE OLIVER: Well, I mean, this... the problem here is that we're dealing with a specific case, and the case is described in a way that makes it clear that we should act, or should have acted, but I have to... I would have to take a look at the case. I mean, clearly, if there's a breach of securities rules, that's what we pursue. And we have pursued thousands of cases, and have fined firms and individuals, as I mentioned -- over \$60 million in the last three years -- and have temporarily suspended licences and have permanently barred a number of people from operating in the industry. So, you know, we take these matters very seriously.

As to your specific complaint, I... you know, I don't know what all the facts are, so I can't really comment on it.

MIKE HORNBROOK: Is there a statute of limitations on... Is there a timeframe, in other words, that complaints have to be filed with the investment firms?

JOE OLIVER: No. No, there isn't. The statute of limitations to which David Brown referred earlier related to civil cases. The regulatory matters aren't subject to that kind of statute of limitations. The only issue with older cases is the difficulty, sometimes, of gathering the evidence. But it's not a limitation issue.

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MIKE HORNBROOK: David Brown, you've got a comment?

DAVID BROWN: Did I understand from the gentleman's description that he also contacted the ombudsman, and the ombudsman said that he was unable to help? Is that true?

MR. TEMPLETON: Pardon? I didn't understand what you said.

DAVID BROWN: Did you--

MR. TEMPLETON: About the trading in the account?

DAVID BROWN: Yes. Did you--

MR. TEMPLETON: No. No. No, I did not.

DAVID BROWN: You did not contact the--

MR. TEMPLETON: The ombudsman was the other case, about the RIF payments.

DAVID BROWN: And did you contact the ombudsman to see if the ombudsman could give you some assistance? And the reason I ask is, you asked whether there was somebody in the system who had the clout to be able to deal with the dealers, and to help small investors, and I just want to make the point that that's the role of the ombudsman. And the ombudsman has only been in this role for about a year-and-a-half, I think, Mike, and SO--

MICHAEL LAUBER: Two-and-a-half.

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DAVID BROWN: Two-and-a-half years. And so there are some, I think, some stories that we're hearing that pre-dated the time of the ombudsman. But the point that I wanted to make is, there is somebody out there who has that clout, who can listen to your story, and attempt to get a solution that, hopefully, is satisfactory, and that's the ombudsperson.

MR. TEMPLETON: Well, from everything I've read and seen in the consumer articles and everything, all the ombudsman can do is to recommend and suggest. He can't pick up a phone and say, "Give this man \$5,000" or \$10,000 or whatever it is that's at stake.

DAVID BROWN: I think that's true, but I also believe that there's never been a suggestion of the ombudsman that hasn't been acted upon by one of the dealers or one of the banks.

MICHAEL LAUBER: That's correct.

DAVID BROWN: So, theoretically, you're correct, but in practice, it hasn't worked out that way.

MIKE HORNBROOK: Thanks for your question, sir. I'll go over here, to Linda.

MRS. NIKLEWICZ [phon]: Yes, my name is Mrs. Niklewicz. I'm the only person here talking with the accent, I noticed. But I feel very bad

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about it. I'm 70 years old. I came 21 years to Canada. I worked all my life. I've been defrauded by a company here in Toronto, the [inaudible] [...].

MIKE HORNBROOK: Please don't give us the name. We don't want the name.

MRS. NIKLEWICZ: No, I'm not saying the name. It's a capital corporation. First he was at a registered company in '98. He went to a private company. He took my \$180,000 U.S. He has 5 million from other inventors. And now, I phoned the security commission. Your people said to me, "Hire a lawyer." A lawyer was hired by 10 other people. And now the lawyer wants \$2,000 from me every two months. He sends me a notice. "Pay 2,000 more, and 2,000 more."

MIKE HORNBROOK: So you hired a lawyer. You didn't go to the Securities Commission or--

MRS. NIKLEWICZ: The 10 people. Oh, I went to the Securities Commission too. They advised me to hire a lawyer.

MIKE HORNBROOK: Okay.

MRS. NIKLEWICZ: I want the Securities Commission to have power over the [inaudible] companies, and close those people down! What business they have here, to sit in Toronto, and take old people's money? And now I'm left with nothing!

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[applause]

MIKE HORNBROOK: I'd like to get a response from--

MRS. NIKLEWICZ: I can't pay any lawyer!

MIKE HORNBROOK: I'd like to get a response from the panel.

Mr. Brown?

MRS. NIKLEWICZ: Control them! I told the police of them too, and nobody doing nothing!

DAVID BROWN: Again, it's difficult to tell from the woman's experience. It sounds as though that you did contact the Securities Commission, and the Commission was not able to find that there had been a breach of securities law. And for us to commence any kind of a disciplinary action or an investigation, there has to be a breach of the securities law. That's what our enforcement power are about.

And so, from the sounds of your story, the Commission could not find that there had been a breach of securities law. As I explained earlier as well, we don't have the power of ordering restitution. In fact, that's not part of our mandate. We are... we are responsible for ensuring that companies and brokers comply with the law. That's not to say there aren't complaints from people, where there has been no breach of the law. But I think the advice was correct -- if there's been no breach of securities law,

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and you still believe you have a claim, then that's a private claim that you have to make, between you and the company.

MIKE HORNBROOK: Okay. Thank you, ma'am, thank you for your comments. Over here, please?

HUGH LISSAMAN: Yes, thank you. My name is Hugh Lissaman. I'm a lawyer that practices in this area. I've done both sides of this area. And the question I have is, we've heard a lot about lack of restitution for clients, lack of access to it. We know the court system is time-consuming and costly. The IDA, of course, has the Alternate Dispute Resolution system in place, available for investors, and I'm wondering if there's interest in expanding the limits on that program, and devoting more resources towards it, if there's any thought in that direction.

MIKE HORNBROOK: Your question is for whom, sir?

DAVID BROWN: It's for Joe.

HUGH LISSAMAN: Primarily, the IDA.

MIKE HORNBROOK: The IDA.

HUGH LISSAMAN: But also the MFDA, if they're looking at putting similar vehicles in place for investors.

MIKE HORNBROOK: [inaudible]

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JOE OLIVER: Yes, we have two systems of consumer redress. One is OBSI, and we've been talking a lot about that, and in my opinion, that is the preferred route for most investors, because it's free. Also, if you don't get satisfaction, you're not precluded from taking other alternatives: going to court, or using our second system, which is arbitration.

Now, arbitration is not free. The cost of the arbitration must be shared between the two parties. However, arbitration is faster, cheaper, less contentious than the court system.

There's a limitation right now of \$100,000. We originally set it up prior to OBSI's being created, as an alternative to the court system, in cases where accessing the courts was uneconomic, cases under \$100,000, and in those cases, before OBSI, that was clearly a preferable route to the courts.

But we have been discussing the issue of whether that \$100,000 should be increased or not. OBSI's number is \$350,000 and because, with the creation of OBSI, the number of cases that the arbitrators have been looking at has declined, it didn't seem as pressing an issue to deal with arbitration. There have been, I think, about 80 cases in Ontario that were decided through arbitration, where the final decision by the arbitrator is not

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appealable. Some people are a bit uncomfortable about that, but what it means is, you can get something definitive, and it is binding.

MICHAEL LAUBER: I think the ombudsman system is going to be a more friendly system for most investors. Where we do an investigation, we try to make sure that we have a full understanding of the investor's information, of their situation and so forth, and whereas in arbitration, you know, it's head to head, arbitration is adversarial, and it's tough to make an effective presentation in an adversarial role, against an investment firm that's going to have a top-end lawyer there, representing itself. So I think it's, in general, the ombudsman system will be more suitable. And it's free, I should point out.

MIKE HORNBROOK: Thank you very much. It's 8 o'clock now, and we would start to wrap things up, but because of the volume of questions, we'll keep going to 8:20, says the note I have here.

A question from the Worldwide Web. Doesn't say where it comes from, but it's somewhere out there. This is for David Brown. "If the public asks for a public audit by the Ontario Auditor General of the activities of the OSC, as they serve or do not serve the small investor, will it comply with such an audit, or will it do what the Alberta Securities Commission is doing, by hiring lawyers to evade such a public audit?" Mr. Brown?

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DAVID BROWN: Well, clearly, we would comply with any request of the Auditor General of Ontario. The Auditor General is indeed our auditor, and audits our financial records, as you would expect an auditor to do.

I would point out, though, that in the Alberta case, the government is acting on specific information that was provided to the government by people internally, within the Securities Commission, who -- at least, apparently -- are in a position to be able to observe what's going on. And so, I think that there is perhaps a very strong reason why the government would want to react as they have in Alberta.

We don't have those kinds of complaints here in Ontario. If they were to surface, then we would welcome the Auditor General to come in and do that kind of work.

MIKE HORN BROOK: Over here, to Linda.

LINDA LEATHERDALE: Yes.

MIKE HORN BROOK: Next question.

JOHN LAWRENCE REYNOLDS: Yes, my name is John Lawrence Reynolds. I wrote a book called *The Naked Investor*. And I'd like to...

[applause]

Thank you. I'd like to direct my question to both Mr. Brown and Mr. Oliver. Both the Ontario Securities Commission and the Investment

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Dealers Association fulfill two functions. One is to represent the securities industry, one way or the other; and the other is to represent retail investors, the people here tonight. I'd like to ask Mr. Oliver specifically, why, of the 23 directors on the board of the IDA, all 23 represent the securities industry, and nobody represents the investors?

[applause]

JOE OLIVER: That's apparently a popular point, but it's not correct.

[laughter]

There are eight members of the public, who are fully independent, who are on our Board.

JOHN LAWRENCE REYNOLDS: [inaudible]

JOE OLIVER: And the new Board will have eight members of the public -- very distinguished people, from across the country -- and so far, on the Board, amongst the industry people, there will be about 10 additional people.

Now, the point... There are a couple of points to make. First of all, we're committed, over the next two years, to move to a 50-50 split between public and industry members. We're now at about 40 percent, or, I guess, a little higher than that.

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But the other thing to note is that there has never been a time, in my recollection or anyone else's, where the public directors, as a group, have been outvoted. If the unthinkable were to happen, that matter would be immediately brought to the attention of the Securities Commission.

JOHN LAWRENCE REYNOLDS: For the purpose of the audience here tonight, could you identify those eight members and their affiliation for us, please?

JOE OLIVER: Well, I can try to remember, yes. I mean, they're... Jim Baillie, who's a former Chairman of the Ontario Securities Commission, and a lawyer; Ken Copland, who is a retired person; Alain Rhéaume, who works at an affiliate of BCE; Daniel Leclair--

JOHN LAWRENCE REYNOLDS: Of BCE? And a board member of the Ontario Securities Commission?

JOE OLIVER: Pardon me?

JOHN LAWRENCE REYNOLDS: I thank you for your response, Mr. Oliver, but I don't hear any one of those gentlemen who would be sitting in this audience tonight -- that's my point.

UNIDENTIFIED MALE SPEAKER: That's right.

MIKE HORNBROOK: I'm sorry -- you had a question for Mr. Brown as well?

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JOHN LAWRENCE REYNOLDS: Well, as I understand, and Mr. Brown can correct me on this as well--

MIKE HORNBROOK: You're getting two, because you wrote a book.

JOHN LAWRENCE REYNOLDS: All of the members of the OSC Board are, in fact, within the Ontario Securities Commission exclusively. Is that not correct?

DAVID BROWN: I don't know what you mean by "within the Securities Commission exclusively." We have a 12-person Board. Three of them are full-time members of the Securities Commission -- myself, and two Vice-Chairs -- and 9 are independent part-time Commissioners, who are chosen to fill a variety of skill-sets that we need in order to perform our functions.

JOHN LAWRENCE REYNOLDS: My point is, they are Commissioners, though.

DAVID BROWN: But they are Commissioners, yes.

JOHN LAWRENCE REYNOLDS: Thank you. Thank you.

MIKE HORNBROOK: Thanks for that one. Over here, on this microphone.

DIANE URQUHART [phon]: My name is Diane Urquhart, and I have a question for the Ontario Securities Commission. The question relates to

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the statement made this evening that the Ontario Securities Commission does not have a mandate to seek restitution for investor losses that are caused by malfeasance of either financial advisors or insiders of public corporations. I'd like to ask Mr. Brown to comment on two issues.

In December and following January of 2005, a settlement agreement was reached with five mutual fund companies whose management agreed to permit market timing to occur, which was to the detriment of the long-term investors in the funds. A \$205-million settlement agreement was reached, wherein it was determined that the mutual fund companies were to repay those settlement funds to the investors who lost money. That's one point.

The second part of my question--

MIKE HORNBROOK: Is there a question there?

DIANE URQUHART: Yes. The question is, if you do not make arrangements for restitution of investor losses, 205 million seems to be a lot of money, and we don't want to deal with legal semantics here. The practicality is that, as a result of the intervention of the Ontario Securities Commission, \$205 million is going back into the pockets of aggrieved investors, and that would not have happened without the intervention of the OSC. So my observation on that: how does that stack up with the view

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that you do not feel you have a mandate to make arrangements for restitution of losses?

The second part of the question--

MIKE HORNBROOK: Why don't we just handle that one?

DIANE URQUHART: Oh, we'll go with the first.

MIKE HORNBROOK: David Brown, do you want to comment on the settlement in the market timing cases?

DAVID BROWN: Whenever we get involved in an enforcement action, one of the first things we look at is to see whether investors have been harmed or hurt by this, and whether, in the course of our enforcement action, there is a way that we can try to return money to investors.

That's different than the answer that I gave previously, as to when investors believe they've been harmed, and we're not involved in an enforcement action and not looking, as part of that enforcement action, to see if we can return money to investors.

As you point out, though, that was a settlement. That was not an action that we brought as a Commission, because had we brought that action as a Commission, we would not have had the ability to provide restitution. It's one of the reasons why we were interested in entering into a

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settlement agreement with those funds, because we could see that, through that settlement process, we had an opportunity to make a very significant return to investors.

MIKE HORNBROOK: We have not that much time, and I still see six or seven questions there. If you could make your... I'm able to let you make your second point, if you do it very quickly.

DIANE URQUHART: The second point is, Section 128, subsection 7, of the *Ontario Securities Act*, enables the Ontario Securities Commission to make an allegation of a violation of the Ontario securities law, and to go to a court, and to prove this, and to have the judge have the opportunity to reach the same agreement, and to seek a restitution order for specific payment to the aggrieved investors. To my knowledge, the Ontario Securities Commission has never used this power, and so I disagree with the position of Mr. Brown, that the Ontario Securities Commission has no such authority within its enforcement operations.

MIKE HORNBROOK: Thank you.

DIANE URQUHART: Why not? Why should I agree with you, Mr. Brown?

MIKE HORNBROOK: Do you want to respond to that?

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DAVID BROWN: Yes. Section 128 of the *Securities Act* enables us, in appropriate circumstances, to go to a court, and to seek from the court an order that securities laws have been broken, and to ask the court, in the course of making that order, to provide, among other things, restitution. And in fact, there are probably 18 or 20 things that we can ask the court to provide.

And Ms. Urquhart is right -- that section has not been used by the Commission. In fact, it has been used once by the Commission, and it has not been a very satisfactory result.

We're looking at that, to see if there are either ways that we can have the government amend that section, to make it work better for us. Our theory is that we will get bogged down quite significantly in the court system if we use that section. We just don't think that it's designed in a way that will enable us to adequately provide that remedy.

Frankly, it's one of the reasons why we've asked people to come here tonight. We're trying to determine ways, changes that we can make, that will indeed assist us, or assist investors, in getting restitution, and that's one of the things that we will be considering.

MIKE HORNBROOK: To this microphone now.

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MOHAMMED SHOAGA [phon]: Hello, my name is Mohammed Shoaga. In 1997, I invested \$51,000 U.S. with a brokerage firm. In 1999, the brokerage firm says to me, "Your stock is going down." Another firm is recommending the same stock for 'buy.' The brokerage firm sold my account out, but there's still money in it. What protection do you have for false margin call, Mr. Oliver?

JOE OLIVER: Sorry, could you repeat the last question? The last sentence? What... No, just the last sentence. I didn't hear the...

MOHAMMED SHOAGA: The brokerage firm is recommending the same stock, they did an analysis that this stock should be bought. The same day, another brokerage firm sold my account out, but there's still money in the account, and I'm asking now, the OSC or you, what protection do you have against false margin calls?

MIKE HORNBROOK: Oh, margin calls.

JOE OLIVER: Oh, it's a margin call. Oh, I see.

MOHAMMED SHOAGA: Margin calls.

JOE OLIVER: Okay. Well, on the assumption the margin call was incorrectly taken, well, then you have a legitimate complaint and you should register that complaint with us, and you should speak to OBSI,

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because I mean, if you've been sold out inappropriately, then you have some rights, and you should inquire.

MIKE HORNBROOK: Go to this microphone over here. I'm sorry that we are not going to get all the questions, all the people who want to get in, in the time we have left. To you, madam.

PAMELA REEVE [phon]: My name is Pamela Reeve. I have a question for Mr. Brown. It's a general question about investor protection, and the regulatory regime in Ontario.

The OSC administers and enforces the *Securities Act* and the *Commodity Futures Act*. Now, if an inventory brings forward a complaint, however, relating to a broker or a firm that is a member of the IDA, then they're sent to the IDA to review that complaint. However, the IDA does not have the authority to administer or enforce securities law. So how are investors who have dealings with IDA member firms, protected by those laws, when the IDA does not have the authority to enforce or administer them?

DAVID BROWN: Well, let me start, but I'll turn it over to Joe. Your assumption that the IDA does not have the ability to discipline brokers if they breach securities laws is wrong, and indeed, that is very much part of the mandate of the IDA. And although the laws are set by the legislature,

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or by some of the rules that we pass, the IDA is responsible for ensuring that their members comply with those laws. We do oversight reviews of the IDA, to ensure to our satisfaction that the IDA is performing under that mandate, but that's very much part of their responsibility.

MIKE HORNBROOK: And Joe Oliver, you get...

JOE OLIVER: Well, that's right. I mean, we conduct financial audits and business conduct audits of all our firms -- in most cases, every year. They're very extensive, it's a great deal of time devoted to them, and as a result of those investigations, or those audit reviews, we may decide to pursue firms for non-compliance with our rules.

So there are really two sources of issues that result in prosecution. One are the complaints, which we will receive from investors or others. And secondly, our own internal investigations of each of the firms.

DAVID BROWN: Mike, can I just supplement that?

MIKE HORNBROOK: Very briefly.

DAVID BROWN: Because I think there's another issue here. I think there are two levels here that you perhaps should be concerned about. One is, if a firm is not complying with securities law, and the answer that Joe and I have given is the one, I think, that is correct. But if you're also concerned that you've lost money, and you're looking to recover money

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from a firm, then that's where the ombudsperson comes in, and that's why we're encouraging you to go to the ombudsman with your complaint. It's a free service. You're looking for someone who's got the clout and the authority, and that's what the ombudsman can do.

MIKE HORNBROOK: Thank you for that. Linda, over here. Yes, sir.

UNIDENTIFIED MALE SPEAKER: I'm on the horns of a bit of a dilemma here, because Mr. Brown, at the beginning of the evening, suggested that we talk about our experience with the regulatory system -- gaps, problems, things that can be improved. Unfortunately, though, my experience with this system is limited to Ground Rule #2, which is a major case under investigation. So I can't talk about it. But what I can do is make a very general point on lessons of experience arising from this non-mentionable case, that will respond to Mr. Brown's request.

And that is that I think the OSC has a major communications problem, in terms of dealing with individual investors, and I think that you need to establish a correspondence unit so that when you are sent emails with specific recommendations on regulatory procedure for dealing with major issues that affect investor interests and investor asset values, those emails get answered. Because emails and letters that I have sent to you personally, and to Minister Phillips and Mr. Sorbara, have been ignored.

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MIKE HORNBROOK: Thank you for your question, sir.

[applause]

MIKE HORNBROOK: You wish to comment, Mr. Brown?

DAVID BROWN: Thank you very much. That's exactly the advice and the information that we're looking for. I'm dismayed that that indeed has happened to you. But we'll make sure that we address that. So thank you.

MIKE HORNBROOK: We have time for two more questions. And I see three people at the mike down here, and... hard to see, on the other side. So I'm going to take one from either side. My apologies to the people who are in line down there -- we won't get to you. I'm sorry about that. To this microphone. Yes, sir.

ROBERT KYLE [phon]: Yes, thank you. My name is Robert Kyle. I have a question for Mr. Brown. To preface my question, I would ask, do you know who Mr. David Wild is, and who Mr. Frank Quennell is?

DAVID BROWN: I'm sorry -- Mister who?

MIKE HORNBROOK: David Wild, is it?

ROBERT KYLE: Yes.

MIKE HORNBROOK: Why don't you tell us who he is.

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ROBERT KYLE: Well, the Saskatchewan Financial Services Commission, and the Attorney General of Saskatchewan, have both been contacted by myself, because I have provided, or tried to provide them, with information for the purposes of investigation. I don't know whether I should mention the mutual fund company or not.

MIKE HORNBROOK: We'd rather you didn't.

ROBERT KYLE: It's on the public record.

MIKE HORNBROOK: We've asked people not to name individuals or firms.

ROBERT KYLE: Right. Then my question is this. A whistleblower, who is now deceased, produced a transcript of allegations against a large mutual fund company, and an individual in Saskatchewan, and admitted that before the SFSC, the Saskatchewan Financial Services Commission, on February 6, 2004.

I tried to produce information for the Saskatchewan Financial Services Commission. I issued letters to that Commission, as well as the Attorney General.

Why has the Ontario Securities Commission not contacted me, for the purposes of collection this information, when they have been directed

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twice by the Attorney General of Saskatchewan, as well as the Saskatchewan Financial Services Commission, to collect that information?

And secondly, how does this inaction on the part of the OSC instill confidence in the investing public, that your organization is there to investigate and to protect the investors, and to administer the *Ontario Securities Act*?

MIKE HORNBROOK: Thank you for your question. Mr. Brown?

DAVID BROWN: Well, Mr. Kyle, as you say, this is a matter that's under investigation in Saskatchewan by the Saskatchewan securities commission. It's the first I've heard of it, if the Attorney General in Saskatchewan is involved, but I'll take your word for it.

I know of no unfulfilled requests that have come to us from either of those bodies, and I know that we cooperate with our regulatory colleagues across the country, on a daily/weekly basis. If there was unfulfilled information, I would hear from David Wild within hours. And so, I'm afraid I can't comment on your allegation because I'm just not aware of any such deficiency.

ROBERT KYLE: Mr. Brown, I have... A woman up front, Sandra Gibson [phon], just provided you with the letters that were addressed to me from the Attorney General. Now you have full knowledge of it.

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MIKE HORNBROOK: Thank you for that, sir. Thank you for your question. And here's our last one tonight.

DON SLOMAN [phon]: My name is Don Sloman, and I understand that every financial advisor that works for a reputable company, they are bonded, that if they default, that they're insured, that the depositor will get their money. Is that right? I'd just like to know the answers. Are financial advisors bondable, or bonded?

MIKE HORNBROOK: Are they bonded? Mr. Oliver, do you have an answer [inaudible] financial advisors?

JOE OLIVER :I don't.... I don't think that... I don't think that they are. I'm not certain, to tell you the truth...

MIKE HORNBROOK: Anybody else?

JOE OLIVER: ... on this issue. I mean, the important thing, of course, is whether the firm will back up the individual when there is a problem. And of course, they must do so. And, furthermore, there's a Canadian Investor Protection Fund that protects people in the event of a bankruptcy of a member firm. So there really isn't... There should not be an issue of the inability of the firm to make good on losses that are... that they're ordered to make good on. And that, I think, is the important thing.

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MICHAEL LAUBER: In our case, in the case of the Ombudsman, we make our recommendation to the firm, not to the advisor. If the firm chooses to collect the money from the advisor, that's the business of the firm. So we just deal with the organization.

MIKE HORNBROOK: Ladies and gentlemen--

MICHAEL LAUBER: The important issue is that you're being protected. That's the issue.

MIKE HORNBROOK: Ladies and gentlemen, we've learned a lot from the audience and the panel tonight. I hate to call the evening to a close, but we have run out of time. We're going to get one-minute wrap-up remarks from each of the members in the panel, in reverse order from how we started, so I'll call on Larry Waite from the Mutual Fund Dealers Association for some brief remarks.

[inaudible]

LARRY WAITE: Thanks, Mike. I was told we had 30 seconds for the closing remarks, so my remarks will be very, very brief. First of all, again, I would like to thank each and every one of you for taking the time to be here tonight. I really do, and can, appreciate how painful it must have been for some of you to relive some of these experiences. But I assure you that

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the MFDA has listened, and we take your comments and suggestions seriously. Thank you very much.

MIKE HORNBROOK: Thank you. Joe Oliver, from the Investment Dealers Association. You can do it right there, Joe.

JOE OLIVER: I'll come over. I just want to tell you, I think this has been an informative meeting for me, and I hope it has been for you. My objective tonight -- and I think, the objective of everyone -- was partly to tell you what we're doing to protect Canadian investors, but it was mainly to listen to your concerns and to your ideas.

I just want to tell you there are a number of ideas we intend to pursue over the next few months, in conjunction with the regulators, and some of them, we talked about this evening. Developing more user-friendly account-opening documents, I think, is really important; getting more clarity about fees, and providing some investment performance data for you, in your statements.

There was a comment about statute of limitations, and we're going to modify our consumer protection brochure to alert investors about these changes that have occurred, and they do differ from province to province, across the country.

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On the question of criminal pursuit of wrongdoers, we have been trying for some time to get the governments to create special courts for white-collar crimes, and we're going to continue to pursue that, and also to tighten up some rules relating to parole, which we think are a little bit lax.

But generally speaking, what we want to do is respond to your ideas, and when we speak about the public interest mandate, you're the public we're talking about. So thank you very much for attending.

MIKE HORNBROOK: Thank you, Joe.

[applause]

MIKE HORNBROOK: I'll call now on Michael Lauber, the Ombudsman for Banking Services and Investments.

MICHAEL LAUBER: Thank you. I'd just like to thank everybody for being here tonight. I would just encourage people that if they feel that they have been dealt with poorly, that they've experienced loss, or been disadvantaged as a result of the action of their broker, their advisor, don't be afraid to complain to the firm. I think the comment made at the start, that many people are very reluctant to bring their issues forward, to bring their complaints forward and talk about their situation. But do contact our office. Do contact your firm first, and make them aware of your concerns. But the Ombudsman office is there, the whole complaint handling system

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is there to help you, and so we look forward... Well, we don't look forward to you having an experience and coming to us -- we look forward to you having success. But if you don't, that's what we're there for.

MIKE HORNBOOK: Stan Buell, you're on the other side of the divide here. You're an advocate for investors. Your comments, please.

STAN BUELL: I've been listening very carefully tonight, and certainly, I've heard a few questions. I know there are a great number of questions that were submitted by our members to the OSC, and they've made an undertaking to respond to all of the questions that have been recorded, and those will be displayed on websites as we go forward.

I'd also like to say that I recognize there are problems in getting disputes properly addressed. I would suggest your first call should be to the OSC inquiries section.

We're particularly concerned about the *Ontario Limitations Act*, which reduces the limitation period from six years to two years. The initial legal advice we have is that this could impact on any of you who have had a problem since the 1st of January, 2004. So I suggest your first call should be to the OSC. Get some direction from them. Find out from a lawyer how the limitation period will affect you, and then you can decide whether you should go to OBSI, through the process that the industry

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describes, and many of you have tried, and you've taken several years to get through that process, and you could be barred from civil action if you wait several years when you're aware of the *Act*.

MIKE HORNBROOK: Michael?

MICHAEL LAUBER: [inaudible] It comes back to the *Limitations Act*, and we've been researching the *Limitations Act* and the effect it has, and one of the things is, there's a deferral period in the Act, where if you're in a complaint handling process, the clock stops. And we're doing the research, legal research and so forth, to make sure that we qualify -- we put the customer in the position that we qualify for the clock to stop when they're within our process. We can't guarantee that, but it looks like we can do that. And that will mitigate some of your concerns.

STAN BUELL: Well, we're really concerned about the time element, because in our experience, very few people are able to get their... If it's a life-altering event, like losing your life's savings, most people take more than two years just to learn to deal with the issue. Then they spend a couple of more years trying to get it resolved. Now, we've approached the Attorney General of Ontario, and I believe that the OSC will join us in that effort, to try to get that limitation period restored. In the West, they have a limitation period of up to eight years. Most of the other provinces -- and we

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haven't heard from all of them yet -- but they still have the six-year limitation period. My question is, why have the regulators who offer investor protection allowed this limitation period to be reduced from six years to two years?

[applause]

MIKE HORNBROOK: We'll take that as a rhetorical question, Mr. Buell.

STAN BUELL: Yes.

MIKE HORNBROOK: I'm going to turn now to David Brown, who's stepping down as the Chairman of the Ontario Securities Commission at the end of June. His replacement has not been named yet. I just throw that out there, as you give us your final remarks, David.

DAVID BROWN: Well, thank you very much. As Stan mentioned right at the beginning of our proceedings, that about a year ago, he brought to our attention the report that the Small Investor Protection Association had prepared. I did indeed read it over the weekend, Stan, and I must say, I was appalled at some of the stories that I read. And so, out of that report came the idea that I would like to bring investors together, to tell us their stories, to help some of those stories come alive. I frankly wanted my colleagues from the Ombud's office and from the IDA and the MFDA to

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hear some of these stories, and I wanted to see if we could determine from those stories whether there are areas of the system that aren't working, whether the areas of the system are not working together, and whether there are changes and improvements that we can make.

I think there are a number of ideas coming out of this tonight. I thank you all for coming and sharing those stories with you. We have said that, as Stan has said, we will attempt to answer all of the questions that have not been answered. We will do it electronically, but we'll also post them, so that people who don't have access to the Internet will be able to see them as well. And we'll produce a report of what we've learned tonight, and some of the ideas that we are prepared to take forward.

So thank you all for coming out. I think we've achieved the objectives that we were hoping to achieve. As Mike says, I'm stepping down. I can tell you that there are many of my colleagues here tonight. I think that this is a priority of the OSC. I think there's an institutional momentum at the OSC that will carry this, long after I'm gone. So thank you again for coming out.

[applause]

MIKE HORNBROOK: It's been a valuable evening. I know I've learned a few things about what investors' problems are, and what the regulatory difficulties are, around them.

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Your candour has been appreciated. The issues raised are not going to go away into a black hole and disappear, without light ever surfacing from it. As Mr. Brown just said, the OSC has committed itself to reporting on what we've heard here. The report will be available on the OSC website. If anyone has further comments or questions, let the Commission know, so they can be included in the final OSC report on this meeting here tonight. You can call the Investor Hotline -- you see the numbers around here -- 1-866-544-5554, for the benefit of people listening in on the web, or email at townhall@osc.gov.on.ca.

On your way out, you might want to check the exhibitor booths, if you haven't already done that -- they're on the Front Street entrance.

Again, thank you for coming tonight, and I declare the meeting closed.

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