

# FAIR

Canadian Foundation for  
Advancement of Investor Rights  
Fondation canadienne pour l'avancement  
des droits des investisseurs

**NEWS RELEASE**  
**February 18, 2011**

**FAIR Canada to Government and Regulators: Help Stop Financial Fraud**  
*National investor rights group calls for fix to Canada's financial fraud problem*

**Toronto** - Over the past decade, financial fraud has affected approximately 10 per cent of Canadians. The current system is not effective at protecting consumers or punishing fraudsters. The Canadian government, regulators and police organizations must work together to improve prevention, early detection, and prosecution of financial fraud, and to better compensate victims. These are some of the key findings of a report, ***A Decade of Financial Scandals***, published by FAIR Canada (the ***Canadian Foundation for Advancement of Investor Rights***). The report reviewed 15 Canadian investment-related scandals that spanned a ten-year period (1999-2009). The mainly high-profile cases, drawn from British Columbia, Alberta, Ontario and Quebec, include those with significant investor losses, affecting a large group of investors, and resulting from a variety of misdeeds, including Ponzi schemes, asset misappropriation, and books and records mismanagement.

"The Canadian regulatory system is complex and fragmented. There are thirteen provincial and territorial securities regulators and two national SROs. In addition, there are many other provincial and federal regulators involved," said Ermanno Pascutto, Executive Director of FAIR Canada. "This creates enormous difficulty for investors when it comes to identifying and resolving issues of financial fraud. What we really need is one agency with ultimate responsibility for combating investment fraud."

According to FAIR Canada's report, only two percent of total investor losses were recovered through Canada's two available compensation funds. Additional key findings revealed that approximately 20 percent of investor losses were linked to firms or individuals that were not registered with a Canadian securities regulator. Some 60 percent of the total losses were sustained by investors dealing with a registered firm directly regulated by a securities regulator, but without a supporting SRO or compensation fund.

FAIR Canada is calling on the government to consider a total of four recommendations, chief among them being the implementation of a more unified national approach to fraud detection and prevention, prosecution and most importantly, investor compensation.

“We are calling on the federal and provincial governments and regulators to take a coordinated approach to combating financial fraud in Canada. Investors need to have confidence in our regulatory system and capital markets, and that can only happen if there is effective prevention and detection of fraud, prosecution of fraudsters, and compensation for victims,” said Ilana Singer, Deputy Director of FAIR Canada.

To view the [Executive Summary and detailed Recommendations](#), or to view the complete report by FAIR Canada, please visit [www.faircanada.ca](http://www.faircanada.ca).

*FAIR Canada is a national, non-profit organization dedicated to putting investors first. As the voice of Canadian investors, FAIR Canada keeps investors informed about issues affecting their investments and is committed to advocating for stronger investor protections in securities regulation. Visit [www.faircanada.ca](http://www.faircanada.ca) for more information.*

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