CSA Consultation Paper 25-402 *Consultation on the Self-Regulatory Organization*

To the attention of:

The Secretary
Ontario Securities Commission
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Question 3.1: What is your view on the issue of regulatory inefficiencies and the stakeholder comments described above? Are there other concerns in respect of this issue that have not been identified? If possible, please provide specific reasons for your position and provide supporting information, including the identification of data sources to quantify the impact or evidence your position.

The problems that the failure of SRO in British Columbia has wrought on the life of a 100-year-old client has been a 14-year demonstration of the fact that SRO in British Columbia is not treated seriously, and the regulatory apparatus performs overt bad faith; specifically:

- The regulators disregard the evidence that the client asked for GICs repeatedly and the practice of extreme dehumanization is practiced in that the regulators ask questions based on an assumption that the client asked for segregated funds, and the evidence says the opposite. The false SRO practices amount to a Kafkaesque charade.
- The Ministry of Finance of BC has disregarded evidence that demonstrates that one of the investment companies that the client retained was not authorized to sell GICs for a ten year period from 2004

to February 2014 and there has been no questioning of the elaborate deception perpetrated against the client and indulged by the OFSI when they were informed about the fraud. They have documented in an e-mail thread, that it is unlawful to pretend to provide GICs in exchange for consideration, but they have chosen to do nothing about the dishonest acts.

- At no time have any of the agencies that the client approached since 2006 questioned the lack of the IIROC Rule 2500 verification of account practices.
- The record indicates that the SRO system in BC is a pretend exercise, and it can only be concluded that following the rules is 'optional' and the victims can be just left in a situation of intense mental trauma and financial exploitation for years with no consequences to the instigators of this blatant predatory elder abuse.

"iii) Regulatory capture

In this Consultation Paper, "regulatory capture" refers to a regulatory agency that may become dominated by the industries or interests they are charged with regulating. The result is that an agency, charged with acting in the public interest, instead acts in ways that benefit the industry it is supposed to be regulating. Factors that cause regulatory capture include a regulator being subject to excessive levels of influence from industry stakeholders, a regulator not having sufficient tools and resources to obtain accurate information from industry or to deter industry wrongdoing, or regulatory incentives being skewed toward industry stakeholder interests.

An investor advocacy group stated that the inherent conflict between the SROs' obligation to their members and their public interest mandates may not be manageable under their current governance structures and may result in the erosion of public

confidence. Specifically, they expressed concern about regulatory capture occurring when SRO actions are inappropriately influenced by industry stakeholder interests. By contrast, two investment industry associations stated that SROs need to be more responsive to industry, with one noting that its inability to directly access an SRO's board of directors runs contrary to the concept of 'self'-regulation."

"THE TONE AT THE TOP" has demonstrated a thorough-going practice of impunity for the infliction of indictable offenses against vulnerable clients – misleading and refusing to deliver what the client requests. This has necessitated that a political solution be devised that will require all personnel to understand that we all have duties to ensure that everyone's rights are protected. [Article 29 of the Universal Declaration of Human Rights] and that SRO be required to put all relevant Criminal Code Sections as the primary regulative tools.

It is no longer possible to allow undue enrichment to replace good faith practices as the dominant values in marketing of securities. The Finance Committee in Parliament under MP Wayne Easter was satisfied with a few changes to the Ministry of Finance website asking for 'more financial literacy' instead of facing the 4500 pieces of evidence that came out of the CBC Go Public investigation into fraud and forgery in banking and investment from Feb-May 2017.
https://www.cbc.ca/news/business/financial-industry-employees-forge-documents-more-often-than-you-d-think-1.4138212?__vfz=medium%3Dsharebar

The regulatory culture in BC must never be allowed to destroy the capacity of SRO to function by allowing vendors of service to not have to account for why they have failed to practice the IIROC Rule 2500 verification procedure. This has been avoided and not answered by

- The BC Securities Commission
- The RCMP
- The Insurance Council of BC
- MFDA
- OBSI

- IIROC
- MLAs who have been approached for help

The record demonstrates a captured culture and will require everyone who is wanting common law of contract norms to be protected to band together and require that our elected representatives take a stand against such corruption of the regulatory process.

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