

May 31, 2012

Secretary of the Commission  
Ontario Securities Commission, Ontario.

**Maple Group proposal for a monopolistic price gauging, unethical and unpatriotic conducts**

Dear Secretary

Thanks for requesting comments to Maple Group's indecent proposal. Commonsense of the common people find it an evil plan against the public interest while Maple try to hide this naked truth by dressing it up with dollars to look good.

**Forbid investment banks having any control of exchanges - Investors already hurt in billions!**

A review of past US/ EU regulatory enforcements against investment bankers in Maple Group clearly convince any reasonable person, the potential high risks investors face if they are allowed to own and operate Canadian stock exchanges. Any conditional approval for these sophisticated market manipulators is a betrayal of public trust.

In a recent event, continued failure of regional regulator to protect investors at TSX resulted in investors seeking billion dollars in a class action suit in Canadian courts. It is unbelievably sad to witness the regulator consider rewarding the defendants ( four investment bankers who are part of Maple Group facing billion dollar lawsuits)with keys to TSX. Rewarding wrongdoers is unacceptable, unfair and investors lose confidence. If the allegations are proved in courts, regulator's blessing these investment bankers' takeover of stock exchanges may be considered an act against humanity

Last month, Commodity Futures Trading Commission, which regulates derivatives trading in the U.S said in court documents that senior officials at a leading Canadian bank operated a massive wash trading scheme, largest based on value of securities, that enabled it to earn Canadian tax credits! The scheme effectively influenced prices and nullified the risks posed by owning those shares. CFTC alleges the bank set prices for the futures internally thus those contracts were not subject to risk or price competition. The scheme involved a number of bank's divisions. CFTC also alleges the bank misrepresented what it had done in discussions with regulators. All Canadian major banks operate similarly and if there is one or all of them in this deal they all act the same. If this bank had tried to manipulate an effective federal US regulatory enforcer, weak and ineffective Canadian provincial regulators with poor enforcement record are hardly a match. It is therefore very risky to let bank/ investment dealers own Canadian stock exchanges as part of Maple Group.

Auditor General of Canada has expressed concern on Investment bank regulator OSFI, in regard to lack of competent staff and modern technology as well on the need to periodically update securities regulations and legislations. OSFI with an outdated manual starter crank is hardly a challenge to those well paid manipulators at Canadian bank towers with electronic algorithmic programs. For example, repacked CMHC/ banks mortgages sold as high quality NHA MBS to global investors are in fact subprime mortgages, laundered by banks with bogus income & assets. Basic audit standards such as direct verification by CMHC on mortgagor declared income with CRA are been ignored, making way for laundering the underground & illegally obtained cash, & banks relying on them for repayment. The existing weak structures & enforcements failed to protect investors. Investment bankers owning & operating exchanges make it even more riskier.

Corporate governance of Canadian financial institutions had lost it effectiveness to million dollar incentive pay structure. Canadian federal & provincial regulations that govern market participants and the regulators are outdated and fail to protect the public & the investors. Exchange monopoly can create local & global misery and economic risk. Therefore allowing oligopoly to enjoy exchange monopoly without restructuring Canadian capital markets create an economic risk. Even after Canada modernizes its securities laws and regulatory structure including creation of national regulator, stock exchanges should never be allowed to be owned by big investment banks directly or indirectly. Any " Repeat Offender" of securities laws here or abroad should be forbidden from owning the opening sacred Liberty bells and keys at stock exchanges , until all senior executive management and board of directors at the investment dealer are replaced.

The just & fair system that protect and serve public interest is the separation of ownership related to underwriting, trading, brokerage & banking. It helps to avoid numerous conflicts of interest that arise by them owning and operating exchange monopoly. It protects independence of trading and listing platforms. Therefore investment banks' as Maple partners for an exchanges monopoly create huge risks to investors & violate generally accepted international standards.

### **The close ties between regulators, legislators and financial institutions fail to serve public interest**

Maple Group is a consortium of predatory reactionaries, hoping to hunt like a pack of wolves and eliminate competitions and claim new territories with their markings. Initially, they wrapped themselves with the Canadian flag to win public & political support to prevent the spirit of competition that LSE- TMX tried to breathe into capital market. Maple now dreaming for monopoly in Canadian capital markets where culture of deception can be glorified & rewarded. Maple's investment bank/dealer partners only knows to make profits, after paying fines to regulators and restitution to victims.

Competition Bureau's initial common sense review considered the deal uncompetitive. This view was in line with decisions related to recent stock exchange merger attempts that were blocked in well regulated markets in Europe and US. The NYSE- Deutsche Boerse merger and the Nasdaq/Intercontinental bid for NYSE Euronext were blocked due to monopolist/ anti trust concerns. Singapore bid for Australian stock exchange was blocked by Australian government. Therefore, in an oligopolistic Canadian capital market with ineffective regional regulatory enforcements, allowing monopoly makes no sense but only create global economic risk. Creating a federal regulator must be a pre- requisite to consider merger dreams. Regional regulators should not lead or decide national interest as it undermines sovereignty. Focus should be on innovation, making easier for companies to raise capital, not exchange takeovers, that make it hard.

Over an year and in the absence of commonsense touch with public, Competition Bureau had been unduly influenced by Maple Group lobbyists and dragged into grey and muddy waters making it hard for the Bureau to see clearly. The Bureau now can't differentiate myth from reality or predict future behaviour with the past, but can now only sees monopoly as healthy competition. The Bureau now sees no serious concerns on stock exchange monopoly and may agree to a provincial ( Ontario) guideline for the takeover. Wolves are delighted with regulator incompetency, and are waving their tails to leap for that fatal kill. Regulators can produce CN Tower high of guidelines & Maple Pack will agree to all, and later find ways to cheat us. What matters is the past behaviours of this pack. Investment bankers of this pack have proved without a reasonable doubt their fundamental behaviour is based on how to manipulate rules and cheat public. There are numerous evidences for any doubting Thomas in SEC, FSA, CFTC enforcement records where they paid hundreds of million dollars in fines and restitution. Canadian investors lose about \$ 20 billions annually to fraud and victims hardly get compensation. It is the public that play the role of regulator and consoler of the lonely. People only understand visual dominators like Pharaohs' & Caesars' and fail to understand Ponzi schemers and financial bondage of pyramid builders on Bay St. It is sad not to see Canadians renewing their Dunkirk spirit shown during Operation Dynamo to save their own financial freedom. It's Canadians finest hour to protect competition & foster market integrity

Ontarians were forced to accept similar deal in 2010, when Province of Ontario introduced auto insurance reform in consultation with some of Maple partners whose divisions also have a larger market share in auto insurance. Ontarians were lead to believe by legislators, regulators and Maple partners dealing in auto insurance that auto insurance reform will give Ontarians many choices and reduce their premiums. Ontarians were presented with similar projected pricing models to convince premiums (fees) will be clear, reasonable and competitive. The reality was the opposite. Ontarians witnessed their insurance coverage significantly reduced and premiums sky rocket, a net loss to Ontarians. On the contrary, it resulted in net profits to Maple partners insurance division and contributed towards billion dollar profits

Statistical pricing models presented then, now and in future will be great liars and deceivers of humanity like Satan. It is unwise and dangerous to eat like Adam this Maple apple that is endorsed by bureaucrats & legislators acting like Eve, promising competitions and fairness. Whether there is one bank or hundreds of banks in this Maple pack, they all act like a pack, just like gas stations with one voice/ price gauging and Canadians have no choices. The only beneficiaries of Maple deal are the deal makers themselves, enjoying job security and various million dollar executive compensations including retainers. The unfair monopolistic profits will serve self interest of regions and groups at the expense of investors. There is nothing in this deal for the public. The provincial and federal reviews are an old colonial

public relations procedure to convince voters that legislators and regulators care for them. Public influence or participation in this process is very little, hardly a match to make it a level playing field on an already agreed deal between Maple lawyers/ lobbyists who had earned millions and spend hundreds of hours persuading regulators.

In this vertically integrated monopoly controlled by oligopolistic financial institutions there can't be any competition in the clearing, settlement or depository services. Any enhanced regulatory oversight can easily be made ineffective for price & other market manipulations. It is easy for camel to pass through the eye of a needle than creating competition.

### **Exchange monopoly without an effective national regulatory enforcement create safe haven for global frauds**

Current enforcement & regulatory deficiencies make Canada a safe haven for local & foreign companies to use Canadian exchanges for white collar crimes and raise billions from Canadian investors. Companies can do various fraudulent activities but only pay small fines. Telecom giant paid \$1 million in Canada but in US paid \$35 million to SEC. Provincial regulators can't even collect fines from foreign directors or officers. Failure of the regional regulator and exchanges to do even the basic due diligence recently resulted in investors filing billion dollar class action lawsuit against investment bankers in Maple Group and against natural resources based company that had the largest market share in TSX before being delisted! Maple monopoly will evolve exchanges into safe haven for market manipulations. Regulator who failed to protect investors from investment dealers under existing weak structure but grants exchange monopoly to these dealers act against public interest. It is like having wolves as gatekeepers of Canada's poultry farms.

There is the need for a national regulator respecting provincial jurisdictions to evolve Canadian capital markets from colonial structure to modern day republican democratic reality. Before the French revolution, the laws in France varied from regions to regions like Canada's various provincial securities regulations. Just like pre-revolution laws serving the regional aristocratic interest, current regional regulatory laws are serving regional business, special interest groups and oligopoly business controlled by billionaires. There is the need for a similar unified Napoleonic securities law within our constitutional framework that reflect the spirit of the French law and the letter of the English law to serve majority.

It is dangerous to let exchange monopoly without a federal regulator. Provincial regulators haven't proved they have the zeal, independence and the power to monitor and enforce regulations. At present, when scaled to the size of the US markets, US regulator prosecute 10 times more for stock market violation and 20% times more for insider violation than Canada's biggest provincial regulator. Federal government should be applauded for introducing mandatory two year prison sentences for frauds over 1 million and financial restitution for victims. When securities law makes board & management serve time, it discourages monopoly temptations to exploit weak capital markets against public interest.

There is a heavy concentration of conflict of interest in Canadian capital market and an exchange monopoly makes it riskier for investors. The gate keepers such as accountants and lawyers, their role and obligation are not unified or clear and failed to meet current market challenges. Under current structure even gatekeepers like lawyers and accountants who were well compensated by perpetrators failed to detect wrong doing. CEO and directorships in Canadian banks are for decades & one bank has same auditor for 75 years! Without having an effective structure to hold gatekeepers accountable but letting investment bankers' takeover stock exchanges only facilitate corporate crimes against humanity.

Under Maple proposal, 90% of market activities will be within this group including those of Maple partners, making it a safe haven for all type of manipulations and make it harder to detect violations. All activities like underwriting, trading, banking, brokerages under one roof make it easier for billion dollar global market manipulations. Maple partners are also lobbying federal government to protect them from the long arm of US /EU regulators and legislators who are implementing measures to avoid risks like systemic risk this exchange monopoly will create. Recent federal court ruling on a national regulator, acknowledge the federal responsibility in this matter. Federal Competition Bureau indicate it will be satisfied with the oversight and conditions of regional regulator in allowing Maple partners to "enter into temptation" of price gauging and unethical conduct. Maple partners, individually as financial institutions have an impressive code of conduct/ guidelines on paper and employees are mandated to do annual spiritual exercise and sign electronically. What matters is corporate culture. In reality, star performers at dealers/banks in Maple partnership don't walk their talk on ethics. Those who walk the ethical talk are exiled by dark angels from the gardens of Bay St.

In the absence of a national regulator, Canadian & global investors have to rely on US regulators to regulate Canadian markets and get Canadian dealers pay restitution to victims. Maple monopoly will create too many securities violations and investors have to rely more and more on US regulators to police Maple partners. SEC is of the hope and envy of investors. It is at SEC where gigantic global market manipulators like Canada's big Telecom & banks who enjoy safe haven and VIP status in their own countries meet their match & small investors take their last stand. In the land of Statue of Liberty they can't hide their wrongdoing. They have to be more open, fair, transparent as well open their dirty books and pay fines. Like the Statue of Liberty, SEC now hold the tablet written by Dodd – Frank echoing the spirit of their forefathers declaration to break free from chains of poverty. Let Dodd- Frank bill take toddler's forward leap and let American Eagle proclaim once more to the world "one small step for investor one giant leap for mankind"

#### **Other Concerns :**

##### **Maple Group takeover create social injustice, economic and security risk**

Canadian financial sector workers are one of the worst exploited in Canadian economy . Globalization, technology, out – shoring and contract hire have all stagnated their wages for decades while executive compensation grow in disproportion. Maple takeover expenses will impact on profit margin and Maple cost synergy will only hurt workers specially those back office workers. Executives who are negotiating the deal have negotiated a gold plated compensation for any bad scenario. H/R committee directors put further retention arrangements for executives for a successful completion of this deal. Under this deal the so called independent directors and executives only serve each other interest and there will be no director serving the interest of workers, or a director from CAW or public interest groups. Canadian major bank/ investment dealers workers don't have any unions to protect them. Since the credit crisis on each consequent rehire their wages decline. Financial sector workers earning since the 80s remain stagnated while the house price increased by 500%. This resulted in Canadians building up debts and their current debt to income ratio increased to 152% highest among G7. This increase in inequality since the 80s is not a sustainable trend. Financial stability and economic growth can only be achieved by accelerating workers income growth or a decline in income of executive class. Approving this deal increases social inequality, injustice and lowers the standard of living of workers.

Personal identity theft is on the rise and Canadians' privacy has been grossly violated by Maple partners out-sourcing and out- shoring jobs to Asian countries. Under Maple takeover, this trend will continue with more lay off specially those holding back office jobs and higher executive incentives to do more. Foreign governments and organized crime syndicates can access data such as personal information, financial information of Canadians as well as corporate confidential data from these call centers/service centers in Asia. This deal create systemic risk as it create " too big to fail Maple ". This deal centralizes market activities under one entity and undermines Canadian economic stability and security. This make Canada vulnerable for cyber warfare and for hackers seeking business and personal confidential information. Maple partners exploiting cheap Asian labour is a potential gateway for Trojan horses. Assessment on these foreign threats and the ability of CSEC to protect Canadian interest need to be assessed.

Federal government gave the biggest stimulus package (\$ 125 billion under IMPP) to banks in Maple Group to retain investor confidence, hoping banks in turn help business get loans and raise needed capital and thereby be partners in creating jobs and economic growth .Banks decided not lend and sit on billion dollar cash. Just like Rothschild now buying stakes in Rockefeller's assets and wealth management unit, these banks since 2008 spend \$ 40 billion of stimulus cash to buy wealth management companies around the globe and take a foothold there. Only these investment bankers in Maple Group & few others are allowed to participate in federal government securities auctions and these Maple partners help super rich facing volatile stock markets to park their cash on billions of dollar worth Canadian bonds and T bills guaranteed and paid by Canadian taxpayers! Wider participation is needed to create competition and reduce federal borrowing cost. This help other investment dealers to participate and help businesses get loan and needed investor capital. Emerging markets attain higher GDP due to SME ability to raise capital. Over 7000 banks in US compete

regionally to raise funds for SME. Maple deal destroy competitions in capital markets and make it harder for Canadian SME to raise capital and help in job creation and economic growth. The lack of competitions, weak regulatory enforcements & accountability will get worse under Maple monopoly resulting in investors demanding higher premium.

Canadian financial industry is filled with highest level of conflict of interest that nourishes a culture of deception and fraud. Director lose directorship only if convicted in US for frauds. Maple deal makes it harder to detect these frauds. For example, bank executives and CMHC officials are directors of companies that build residential homes & together they facilitate selling insured mortgages guaranteed by taxpayers. This alliance creates conditions to manipulate lending, insurance and securitization (MBS) process worth hundreds of billion dollars. Maple deal enhances this type of process and increase investor risk. Canadian bank was fined by US regulator for mortgage frauds, lending with bogus income and assets. Similar modus operandi is carried out in Canada, resulting in a rise in mortgage related frauds and home prices. These questionable mortgages are repacked and sold as high quality MBS securities to global investors. Workers who refuse to be part of the deception team are humiliated and terminated by senior management. Conflict of interest resulted in stimulus cash creating housing bubble, profit and bonuses for home builders & bankers while Canadians are loaded with debts, many with 40 year debt bondages. IMF has asked federal government to review the mystery of CMHC transferring \$100 billions risk from banks to taxpayers in the past three years that keep house prices rising while Canada is in recession with \$ 570 billion federal debts and Canadians face high unemployment & household debts! The privilege to lend and securitization of MBS is allowed only to a few like Maple bank partners. Maple deal eliminates jobs & nourish culture of deception and makes it hard for those who wish work ethically and serve all stakeholders ever working in Canadian financial industry! OECD has asked Bank of Canada to raise interest rate for the second time in two years but has been ignored to please Maple bank partners and this puts Canadian economy into risk. Federal & provincial bureaucrats and legislators look forward for directorship in the musical chair game played by Bay St.

Maple proposal is bad for business, economy and against public interest. It's a wake up call to Canadians and legislators on the need for various reforms. Under Maple plan, cost recovery entities like CDS that execute 1.5 million exchange trades per day, will be converted for profits. We must introduce financial transaction tax on hundreds of million transactions done at CDS annually, many are of speculative nature that hurt people & economy. We must impose higher tax on revenue from speculative mortgage lending/ MBS and transfer that tax revenue as tax credit to poor who pay mortgage interest. We must impose jail terms for bankers who cheat on bank tax filing and their super rich clients with offshore accounts who avoid paying taxes. These measures prevent financial institutions from presenting bad and evil proposals to Canadians. In recent elections in Canada and in Europe people have expressed their desire not to support the trend the Maple consortium seek from legislators where 1% of the population benefit at the expense of the 99%, the primary objective of Maple Group Consortium. Contrary to the mean spirit of monopoly proposal, the wealth tax bill introduced in Ontario legislature express the people's choice for a level playing field in capital markets

In the beginning, Indians of the Plains & buffaloes roamed the earth and mother nature ensured natural harmony. Later power struggle for trade monopoly and exploitation resulted in human misery and near extinction of bison. Let's now promote a level playing field and prevent a pack wolves ever dominate an entire bison population. Be mindful of the future promised by our Great Spirit - another new heaven & earth only to those who give & share wealth with poor

Yours truly

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