

Investor Forum



Getting Help with your Investment Complaint



Investor Forum

Speakers

- ▶ Robert Paddick, Senior Deputy Ombudsman, OBSI
- ▶ Alex Popovic, VP, Enforcement, IDA
- ▶ Shaun Devlin, VP, Enforcement, MFDA
- ▶ Joanna Fallone, Manager, Case Assessment, Enforcement, OSC



Where to start!

- ▶ Contact your advisor or firm
- ▶ Be clear about what went wrong and when
- ▶ State the outcome you expect
- ▶ If not satisfied with the response, ask about the firm's complaint process and follow the steps outlined

If that doesn't work...

- ▶ If you want money back: contact OBSI
- ▶ If you think an individual or firm has broken the rules: contact a regulator – IDA, MFDA, or OSC
- ▶ If both apply, contact OBSI and a regulator at the same time
- ▶ Not sure? – contact any of us and we will make sure you get to the right place

OBSI Who We Are

- ▶ OBSI is a national, independent dispute resolution service for banking customers and retail investors
- ▶ We look at unresolved disputes between firms and clients: if we find a firm has acted unfairly, made an error or given you bad advice, we will recommend compensation
- ▶ OBSI covers more than 650 firms, including all member firms of the Investment Dealers (IDA) Association, the Mutual Fund Dealers Association (MFDA) and the Investment Funds Institute of Canada (IFIC)
- ▶ Our service is free to consumers

OBSI What We Do

- ▶ We consider the law, regulations, good industry practice and firm policies, but ultimately decide cases on the basis of fairness in the circumstance
- ▶ We work informally and confidentially to resolve disputes
- ▶ Major complaint areas are unsuitable investments, unauthorized transactions and DSC fees

OBSI Recommendations

- ▶ OBSI can recommend compensation up to \$350,000
- ▶ In some cases, we may recommend a solution that doesn't involve money, such as an apology or a corrected credit rating
- ▶ Recommendations are not binding on firms or clients but we have an excellent track record of firms and clients accepting our recommendations
- ▶ OBSI will publish a firm's refusal to follow a recommendation

OBSI What you need to do

- ▶ Contact us as soon as possible after getting the final response from the firm, but no later than 6 months after
- ▶ It's best to send us your complaint in writing
- ▶ Explain what went wrong and when
- ▶ Where possible, explain the amount you are seeking and why
- ▶ Include copies of the letters you have sent to and received from the firm
- ▶ We will acknowledge receipt of your complaint usually within one business day

OBSI Complaint Assessment

- ▶ We assess your complaint to determine if it is within our mandate
- ▶ If no, we will try refer you to an organization that can help you
- ▶ If yes, we will assign your file for review
- ▶ We may try to facilitate a settlement to resolve the dispute early

OBSI Complaint Investigation Process

If we open an investigation, we:

- ▶ Contact you to explain the process
- ▶ Have you and the firm sign an agreement to allow us to investigate and obtain a copy of your file from the firm
- ▶ Interview you, your advisor, firm representatives, and third parties as necessary
- ▶ Conduct additional research; review and analyze the information collected
- ▶ Complete a detailed report for review by you and the firm

OBSI Timely complaint handling

- ▶ We keep you updated during the review process
- ▶ Complex cases take longer to review
- ▶ Our target is to complete 80% of our files in 180 days and we are currently meeting this standard

MFDA / IDA Who We Are

- ▶ The Investment Dealers Association of Canada (IDA) is a national self-regulatory organization overseen by the Canadian securities commissions
- ▶ The Mutual Fund Dealers Association of Canada (MFDA) is the self-regulatory organization for mutual fund dealers

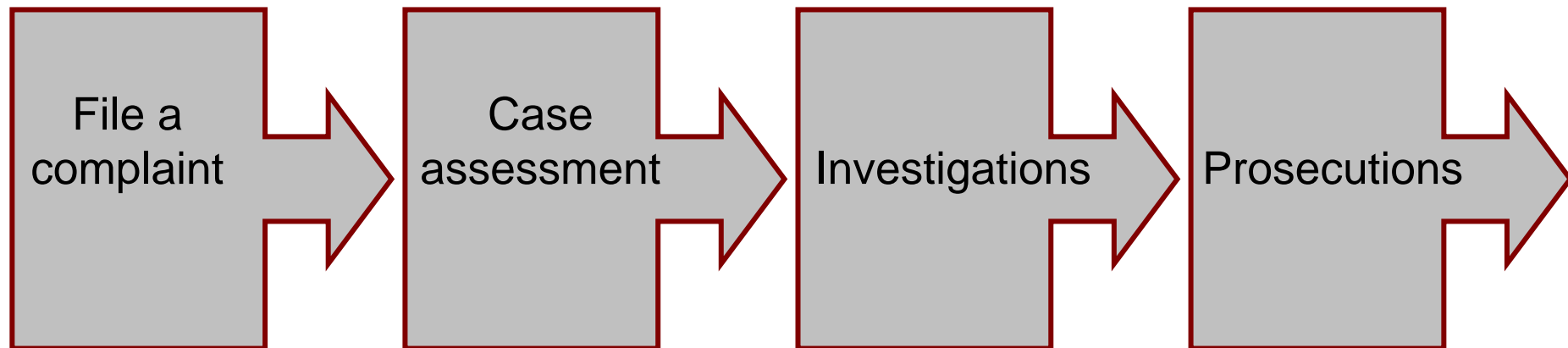
MFDA / IDA Who We Are

- ▶ The IDA regulates **214 investment dealers** and their **30,480 registered employees** in over 5,000 offices across the country
- ▶ The MFDA regulates **162 mutual fund dealers** and their **70,000 registered employees** across the country

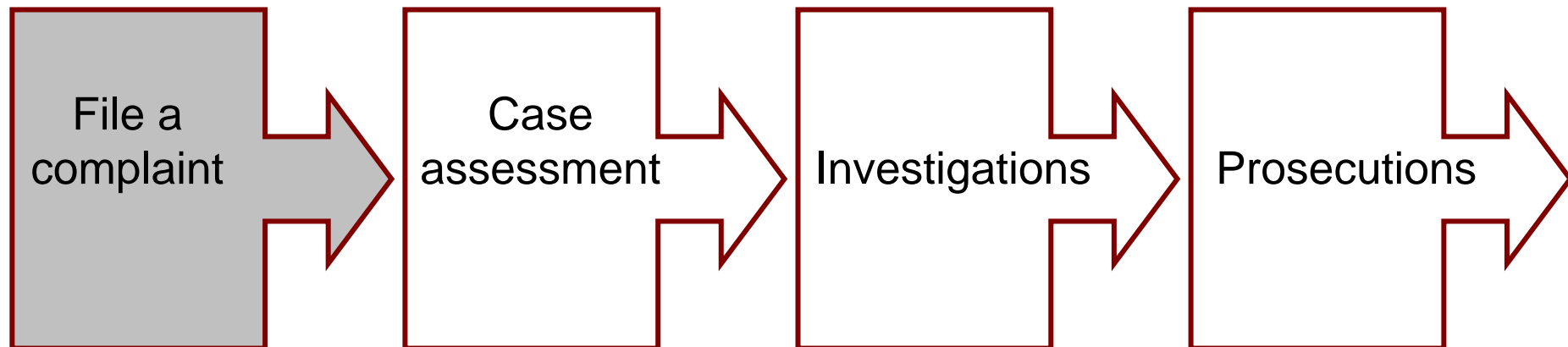
MFDA / IDA Who We Are

- ▶ The IDA's mission is to protect investors, foster market integrity and enhance the efficiency and competitiveness of the Canadian capital markets
- ▶ The MFDA's mission is to enhance investor protection and strengthen public confidence in the Canadian mutual fund industry

MFDA / IDA Making a complaint



MFDA / IDA Making a complaint

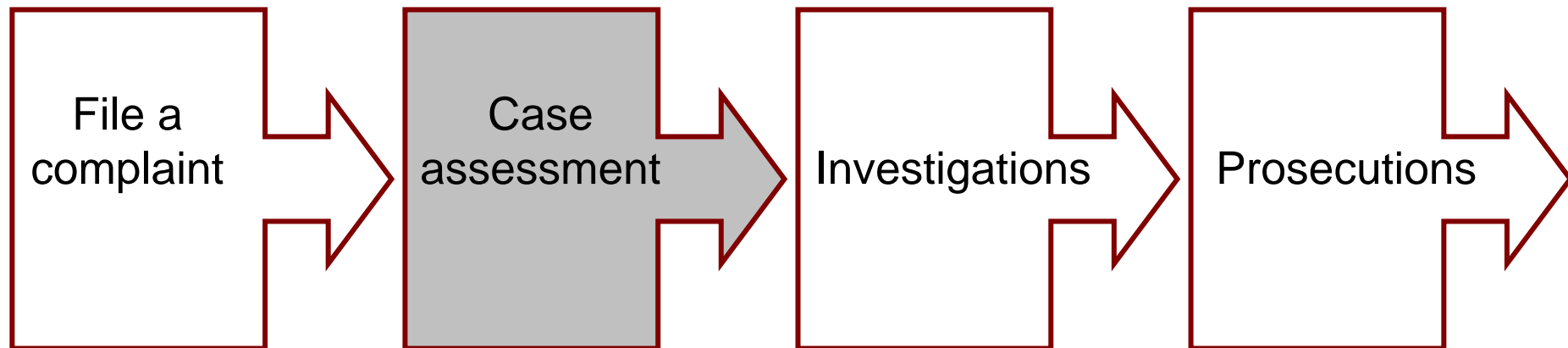


MFDA / IDA Making a complaint

- ▶ Our case assessment officers can help you make your complaint to us or direct you to another appropriate body

*Remember - you can file a complaint with the IDA or MFDA and your firm **at the same time***

MFDA / IDA Case assessment



MFDA / IDA Case assessment

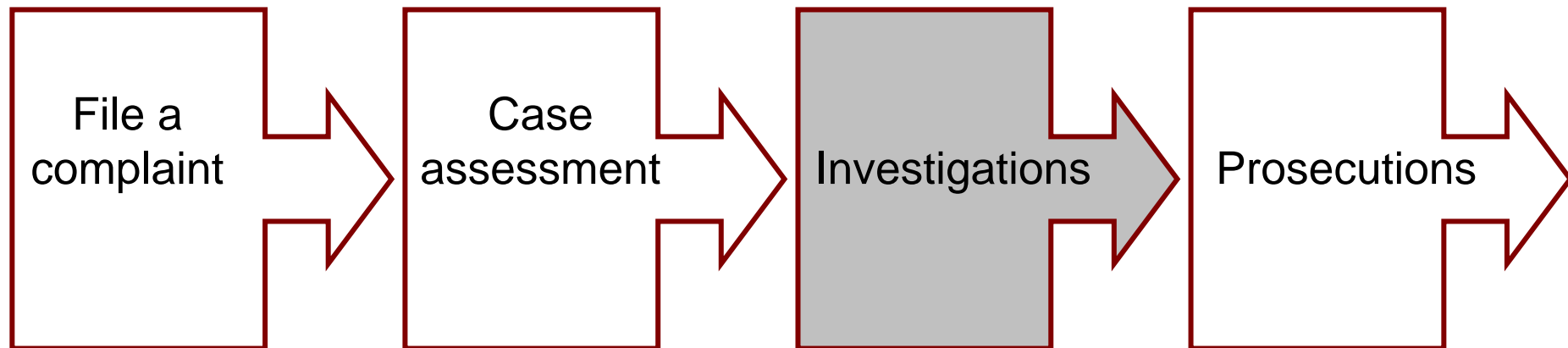
Keeping clients informed

- ▶ The IDA sends an acknowledgement letter within 2 days of receipt of the complaint (MFDA – 5 days)
- ▶ The IDA contacts the complainant every 45 days until the assessment is completed (MFDA – 60 days)

Assessing the complaint

- ▶ Does the complaint involve an IDA or MFDA firm or registrant?
- ▶ Is the complaint a regulatory matter (not service related)?
- ▶ Is there preliminary evidence of regulatory infraction?
- ▶ If yes to all, the complaint is sent to investigators

MFDA / IDA Investigations



Keeping clients informed

- ▶ The IDA sends a letter to the complainant notifying them that an investigation has begun within 5 business days (MFDA –1 day)
- ▶ The IDA contacts complainants 90 days after an investigation has been opened and every 60 days thereafter while the investigation is ongoing (MFDA – 90 days)

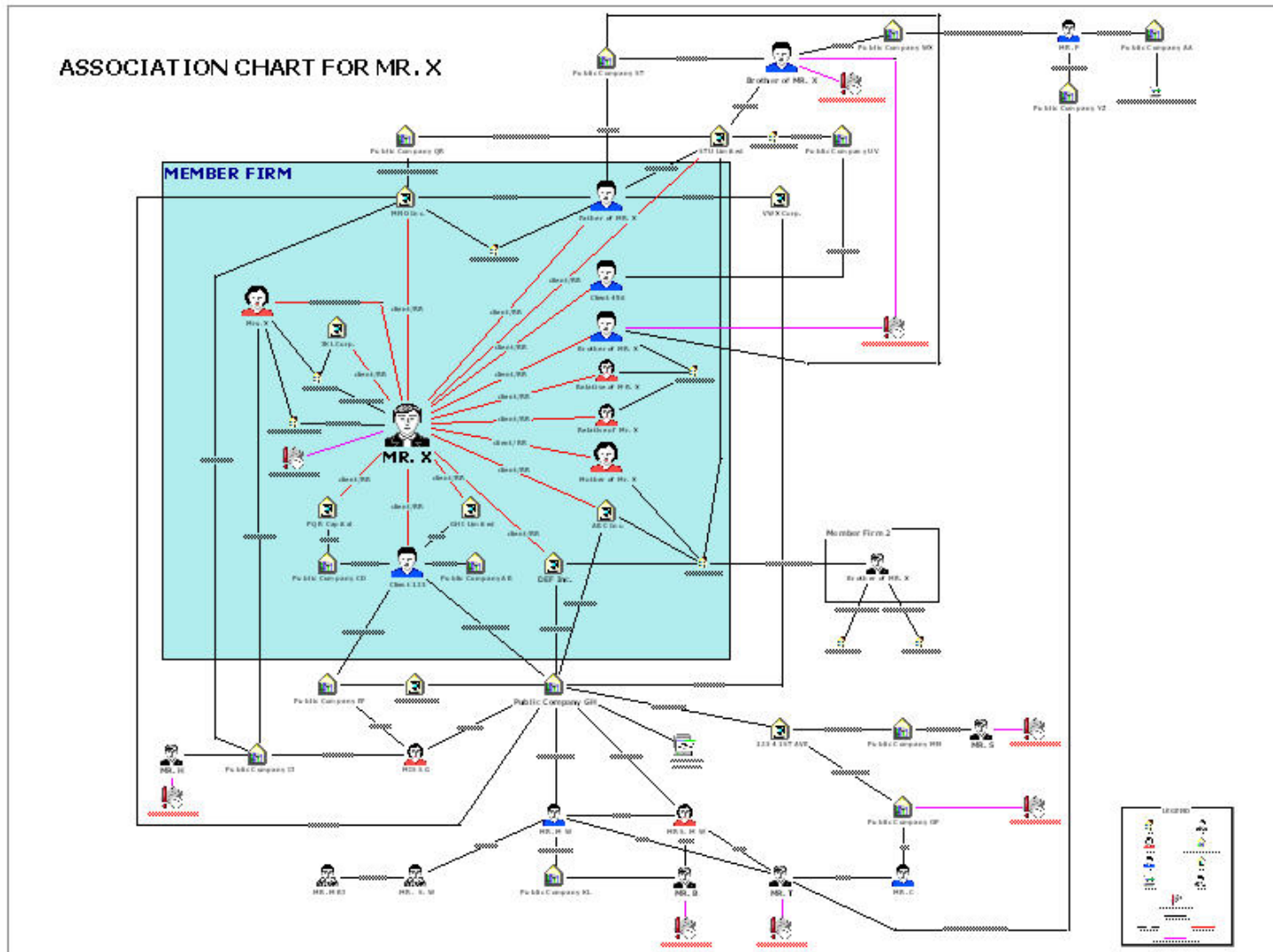
Collecting evidence

- ▶ Investigators review the file, interview witnesses and videotape testimony, request documents etc.
- ▶ *Example:* we had a case with 40 bankers boxes containing 225,000 documents

Using our resources

- ▶ Forensic accountants, lawyers, investigators, forensic handwriting examiners, custom designed software etc.

MFDA / IDA Investigations

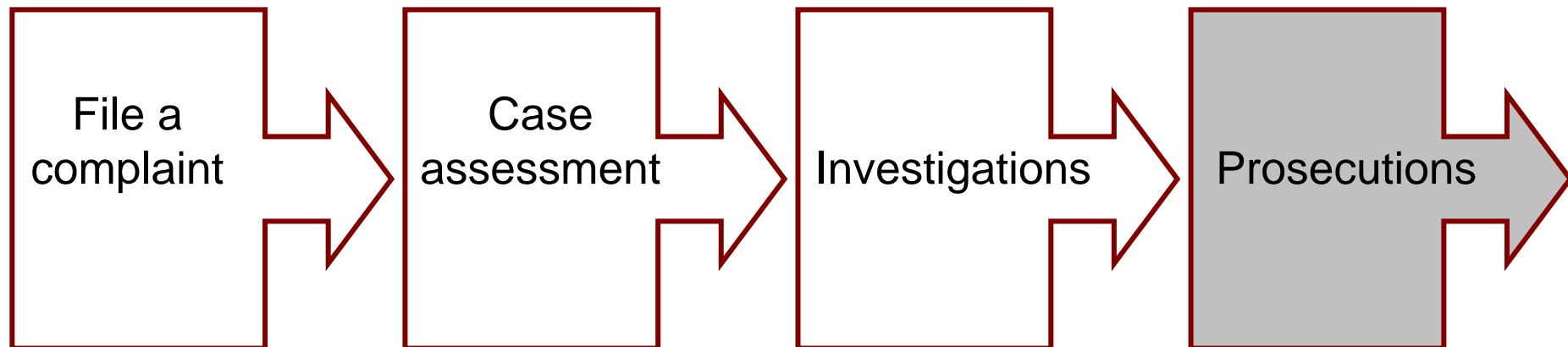


Working with other regulators

- ▶ Complex investigations can involve multiple jurisdictions and be international in scope
- ▶ We work with: police, provincial securities commissions, FBI, SEC, US Dept. of Justice

At any time, criminal activity (including fraud) is reported to the police or appropriate agency

MFDA / IDA Prosecutions



MFDA / IDA Prosecutions

- ▶ If there is enough evidence to support that a violation of our by-laws has occurred, the matter goes to prosecutions

Keeping clients informed

- ▶ Whenever we anticipate a hearing a Notice to Public (NTP) is posted on the website
- ▶ When we impose a discipline penalty on a firm or one of its registered employees, a media release, Settlement Agreement and Decision are posted on the our websites
- ▶ Discipline hearings are open to the public, except when a Hearing Panel Determines otherwise

Firms:

- ▶ a written reprimand
- ▶ fines, up to a maximum of \$5 million per contravention
- ▶ suspension or termination of rights and privileges
- ▶ terms and conditions on continued Membership
- ▶ expulsion of membership
- ▶ any other fit remedy or penalty

Registered employees:

- ▶ a written reprimand
- ▶ fines, up to a maximum of \$1 million per contravention (MFDA - \$5 million)
- ▶ suspension of approval and upon any conditions or terms
- ▶ terms and conditions or prohibitions on continued approval
- ▶ revocation of approval or permanent bar from approval with the IDA or MFDA
- ▶ any other fit remedy or penalty (often includes re-writing of licensing courses)

IDA Timely complaint handling

Case assessment

- ▶ IDA - to resolve **80%** of the closed files within **75 days** of receipt of the complaints. The 80% benchmark was surpassed at a national level for the past two years, and was in fact overachieved in 2006.

Investigations

- ▶ IDA - to resolve **60%** of the closed files within **365 days** of receipt of the investigation. The 60% benchmark has been surpassed at a national level for the past four years.

Case assessment

- ▶ MFDA - 80% of all cases to be closed or escalated to the Investigations group within 120 days of case The benchmark has been met or surpassed in every year since it was introduced.

Investigations

- ▶ MFDA - 80% of all cases to be closed or escalated to the Litigation group within one year of escalation from Case Assessment. The benchmark has been surpassed since it was introduced.

Prosecutions

- ▶ IDA - to resolve **60%** of the files within **six months** of receipt. The 60% benchmark has been met in the past three years, and surpassed in the past two years.
- ▶ MFDA - **80%** of files to be closed or the subject of a Notice of Hearing or Settlement Hearing within **ten months** of escalation from Investigations. The MFDA has surpassed this standard since it was introduced.

OSC Who We Are

- ▶ The regulatory body responsible for overseeing the capital markets in Ontario
- ▶ Administers and enforces the provincial *Securities Act*, the provincial *Commodity Futures Act* and certain provisions of the provincial *Business Corporations Act*
- ▶ A self-funded Crown Corporation accountable to the Ontario legislature

OSC Who We Regulate

- ▶ The OSC regulates various types of capital market participants including:
 - persons or companies advising or trading in securities or commodities futures (unless under an exemption)
 - public companies
 - investment funds
 - self-regulatory organizations
 - clearing agencies and marketplaces (including exchanges, alternative trading systems and quotation and trade reporting systems)

OSC Inquiries & Contact Centre

- ▶ Provides information and educational resources
- ▶ Assists you in understanding the complaint process
- ▶ Acknowledges complaints and responds within 15 - 20 days of receipt
- ▶ Publishes Investor Alerts to help investors learn about the latest frauds and scams
- ▶ Maintains an online Tips form that allows investors to send tips anonymously

OSC Enforcement

- ▶ Deals with matters involving the public interest
- ▶ Investigates matters which involve broad market issues and impact market integrity (e.g. insider trading, disclosure by public companies, accounting and auditing issues, takeover bid issues, illegal distributions)
- ▶ Investigates complaints against dealers and advisers that are not members of the IDA or MFDA
- ▶ Works cooperatively with other securities regulators, SROs and external agencies in Canada and abroad

OSC Case Selection

► Approach

- Select cases posing greatest threat to market integrity
- Most effective use of resources

► Considerations

- Nature of conduct or activity
- Market participants involved
- Impact on investors and the market
- Urgency – ongoing activity
- Jurisdiction
- Limitation

OSC Enforcement Process

Case Assessment and Surveillance:

- ▶ Conduct initial analysis and assessment
- ▶ Refer matters involving serious breaches to Investigation

Investigation:

- ▶ Conducts investigations
- ▶ Refers appropriate matters to Litigation

Litigation:

- ▶ Negotiates settlements and conducts proceedings before the Commission and the Courts

OSC Communication

During an investigation:

- ▶ Enforcement may contact complainants through questionnaires, telephone or interviews
- ▶ Limits on communication e.g. privacy law, confidentiality restrictions imposed by the OSA, potential prejudice to the investigation and to parties under investigation, reveal market sensitive information
- ▶ **Exceptions**
 - investor protection outweighs non-disclosure concerns
 - conduct or issues substantially in the public realm
 - to correct the public record

After an investigation:

- ▶ Public disclosure is made when proceedings are initiated

OSC Timelines

- ▶ **Challenges**
 - complex and document intensive
 - specialized knowledge and forensic tools
 - multiple/offshore jurisdictions
 - legal obstacles

- ▶ **2006/07**
 - Intake Units
 - average of 2 months to complete files

 - Investigation
 - average of 9.5 months to complete files

OSC Litigation Options

- ▶ Settlement
- ▶ Commission hearings
- ▶ Court proceedings
- ▶ Other actions:
 - Interim Relief (e.g. Cease Trade Orders)
 - Court Applications (e.g. Freeze Directions)
 - Receivership Applications

► **Appendix**

OBSI / IDA / MFDA / OSC

- Contact Information
- Customer Complaint Forms Samples

OBSI Contact information

- ▶ Phone: 1-888-451-4519
- ▶ Fax : 1-888-422-2865
- ▶ Email: ombudsman@obsi.ca
- ▶ Online complaint form: www.obsi.ca
- ▶ Mail: OBSI, P.O. Box 896, Station Adelaide, Toronto, ON M5C 2K3

If you have a complaint you can:

- ▶ call the toll-free Information/Complaint Line
 - 1-877-442-4322 (IDA)
 - 1-888-466-6332 (MFDA)
- ▶ email the IDA at enforcement@ida.ca or the MFDA at complaints@mfsa.ca
- ▶ Email or fax a Customer Complaint Form
- ▶ Complete a Online Customer Complaint Form

OSC Contact Information

- ▶ Phone: 1-877-785-1555
416-593-8314
- ▶ Fax: 416-593-8122
- ▶ E-mail: inquiries@osc.gov.on.ca
- ▶ Online: www.osc.gov.on.ca
- ▶ Mail: 20 Queen St., West, Box 55, 19th Floor
Toronto, ON M5H 3S8
Attention: Inquiries & Contact Centre

OBSI Customer Complaint Form



Complaint form

If you have any questions, visit our website at www.obsi.ca to find our Frequently Asked Questions (FAQs) and other resources. You can also call us at 1-888-451-4519.

After filling out this form, either mail or fax it to us – with any supporting documents you want to include – at the address on page 3.

If you are submitting a complaint on behalf of someone else, please complete this section with your contact details. Fill out the rest of the form with complaint and contact information for the person on whose behalf you are acting.

Title: _____ *First Name: _____ *Last Name: _____
Street/PO Box/RR: _____
City: _____ Province: _____
Postal Code: _____ Country: _____
*Daytime Phone: _____ *Evening Phone: _____
Email Address: _____

Please describe your relationship to the person for whom you are making a complaint:

Section A: Your contact information

Person # 1 Person # 2 (if applicable)

Title: _____ Title: _____
*First Name: _____ First Name: _____
*Last Name: _____ Last Name: _____
*Daytime Phone: _____ Daytime Phone: _____
*Evening Phone: _____ Evening Phone: _____
Email Address: _____ Email Address: _____

**Required information*

Page 2 of 3

Mailing Address

*Street/PO Box/Route: _____
*City: _____
*Province/State: _____
*Postal Code: _____
*Country: _____

Section B: Details of your complaint

You must complete all sections marked with an *.

1. *Type of account this complaint is about: ☐ Personal
☐ Small Business
☐ Both
2. *Name(s) of the firm(s) your complaint is against: _____
3. *Summary of your complaint: _____

**Required information*

Page 3 of 3

4. *Have you completed the complaints resolution process at your firm? Yes ☐ No ☐

If NO, please explain:

5. *Have you started legal proceedings? Yes ☐ No ☐

If YES, please explain:

Additional information (not required)

6. How did you hear about OBSI? ☐ Link from another organization's Website
☐ Your Firm
☐ Friend/colleague
☐ Search Engine (i.e. Google)
☐ Other

If other, please provide details: _____

Section C: Send us the complaint and supporting documents

Send this completed form to us at the address or fax number below. If you have completed the complaint resolution process at your firm, please include its final letter to you along with any other supporting documentation.

Mail: Ombudsman for Banking Services and Investments
PO Box 896, Station Adelaide
Toronto, ON M5C 2K3

Fax: 1-888-422-2865

**Required information*

Please use this form to file a complaint with the Case Assessment Department of the Investment Dealers Association of Canada (IDA). We require a written complaint from the owner of the account(s) in question, indicating the subject of the complaint, the issues involved and specific information regarding times, dates and events. While an individual may file a complaint on behalf of someone else, we require written authorization from the owner of the account in order to proceed with our review of the complaint. Receipt of your complaint will be acknowledged and if further information is required a Complaint Inquiries Officer will contact you.

1. Customer Information

Mr / Mrs / Ms. / Miss / Dr.

Address _____

City: _____ Province: _____ Postal Code: _____

Home Telephone: () Business Telephone: ()

Fax Number: () _____ E-Mail Address: _____

Preferred time and telephone number to be contacted: _____

2. Account Information

Name of Firm: _____

Firm's Complaint Reference Number: _____

Name of Registered Representative: _____

Name of Branch Manager: _____

Branch Address: _____

City: _____ Province: _____ Postal Code: _____

Account Number:	Account Type:
-----------------	---------------

Account Number: Account Type:

Account Number: _____ Account Type: _____

Page 1 of 5

A. Does your complaint involve a particular investment?	
If yes, please provide the name of the security and applicable date in the space provided below.	
Name of Security	Date
Name of Security	Date
Name of Security	Date

B. What documentation are you able to provide regarding your complaint?	
Please indicate below, the documentation that you are able to provide to substantiate your complaint. Please attach copies of these documents to this form.	
<input type="checkbox"/> Yes/Under Application Forms <input type="checkbox"/> Internal Account Statements <input type="checkbox"/> Advertising and Marketing Materials <input type="checkbox"/> Subject's Agreement <input type="checkbox"/> Correspondence with Registered Representative <input type="checkbox"/> Correspondence with Firm	<input type="checkbox"/> Trade Confirmation <input type="checkbox"/> Canceled Cheques <input type="checkbox"/> Prospectus/Offering Memorandum <input type="checkbox"/> Name/Type correspondence telephone records <input type="checkbox"/> Correspondence with Branch Manager <input type="checkbox"/> Other

A. Contact with Registered Representative, Branch Manager and/or Member Firm

Typically, the first step you can take in resolving your complaint is contacting the member with whom the firm, its agent, or member firm located your securities or services in the firm, you are lodging a complaint with the SEC.

Have you contacted your Registered Representative in writing regarding this complaint? ☐ Yes ☐ No

Have you contacted your Branch Manager in writing regarding this complaint? ☐ Yes ☐ No

Who? Please Print

Have you contacted the firm's Compliance Officer in writing regarding this complaint? ☐ Yes ☐ No

Who? Please Print

Have you contacted the firm's Head Office in writing regarding this complaint? ☐ Yes ☐ No

Who? Please Print

Have you received any correspondence from the firm (If yes, please attach copy) ☐ Yes ☐ No

6. Other Regulatory Contact	
If you have contacted your personal location ("connections")	a. Yes b. No
If you have contacted any other contacts with respect to this complaint?	a. Yes b. No
If yes, when did you last contact _____	Date _____
7. Arbitration Powers / Legal Action	
If your dispute cannot be resolved through regular administrative channels within the member limit, the EIA has launched a process, independent and impervious to influence pressure, available to all EIA member firms. Candidates may also go to the Arbitration / Binding Service and Investment. All other claims for compensation must be passed through the said process as provided to people.	
Are you currently participating in the Arbitration process?	a. Yes b. No
Are you currently participating in the "Arbitration process"?	a. Yes b. No
Are you currently passing legal action through the civil court system?	a. Yes b. No
8. Your Cooperation	
The EIA's Information Department may conduct an investigation of a member firm or a registered employee as a result of your complaint. In order to complete the investigation, you may be contacted by telephone, mail, or in person and may be provided additional documentation. Please indicate whether you are willing to cooperate with EIA staff with respect to the ongoing investigation of your complaint.	
Are you willing to testify?	a. Yes b. No
9. Complaint Summary	
Please provide a complete chronological summary of your complaint. Attach additional details as required. Further details may be requested from you later in the complaint process.	

Complaint Summary – continued

18. Your Signature	
Signature: _____	Date: _____
19. Your complaint may be filed by mail or by fax	
If you live in British Columbia, Alberta, Saskatchewan, Manitoba, Northwest Territories, Ontario or Yukon	Case Assessment Department, Western Canada Investment Taxpayers Association of Canada Suite 2201, 315 4 th Avenue S.W. Calgary, Alberta T2P 0S1 Fax: (403) 244-0801
If you live in Ontario, New Brunswick, New Scotia, P.E.I. or Newfoundland	Case Assessment Department, Ontario & Atlantic Region Investment Taxpayers Association of Canada Suite 1005, 121 King Street West Toronto, Ontario M5H 1Y1 Fax: (416) 364-2006
If you live in Quebec:	Case Assessment Department, Quebec Region Investment Taxpayers Association of Canada Marquis 2001, 1 Place Villeray-Martin Montreal, Quebec H3B 0K4 Fax: (514) 476-3601

MFDA Customer Complaint Form



Mutual Fund Dealers Association of Canada
Enforcement Department
Association canadienne des courtiers de fonds mutuels
121 King Street West, Suite 1000, Toronto, Ontario, M5H 3T9
TEL: 416-361-6332 FAX: 416-361-9073 WEBSITE: www.mfda.ca

Please use this form to file a complaint with the Enforcement Department of the Mutual Fund Dealers Association of Canada. While an individual may file a complaint on behalf of someone else, we require written authorization from that person in order to proceed with our review of the complaint. Receipt of your complaint will be acknowledged and if further information is required a Case Assessment Officer will contact you.

1. Your Information

Mr / Mrs / Ms / Miss / Dr: _____
Please Print Name in Full

Address: _____

City: _____ Province: _____ Postal Code: _____

Home Telephone: () _____ Business Telephone: () _____

Fax Number: () _____ E-Mail Address: _____

2. Account Information

Name of Dealer: _____

Name of Approved Person (Mutual Fund Salesperson): _____

Number of Accounts at Dealer: _____

If you are filing this complaint on behalf of another person please provide that person's name and address:

3. Complaint Summary

Please provide a brief, chronological summary of your complaint. Please attach any relevant documentation you may have. Further details may be requested from you at a later date.

4. Contact with the Salesperson, Dealer Head Office and/or Other Regulator

Knowing the history of your complaint can help us deal with your complaint more effectively.

Have you contacted your approved person in writing regarding this complaint? ☐ Yes ☐ No

Have you contacted the dealer's head office in writing regarding this complaint? ☐ Yes ☐ No

Have you contacted your provincial Securities Commission? ☐ Yes ☐ No

5. Your Signature

Signature: _____ Date: _____

If you are filing this complaint on behalf of another person, please have the person(s) sign below:

Signature: _____ Date: _____

Signature: _____ Date: _____

Your complaint form can be mailed or faxed to the address and number below:

Mutual Fund Dealers Association of Canada
Enforcement Department, Case Assessment
121 King Street West, Suite 1000
Toronto, Ontario, M5H 3T9
Fax: (416) 361-9073

OSC Complaint Form

ONTARIO SECURITIES COMMISSION COMPLAINT FORM

Use this form to make a complaint about a public company, an investment product, salesperson or firm.

Fields marked with a "*" are required.

Your information

Name: _____

Address: _____

City: _____

Province: _____

Postal Code: _____

Telephone Number: _____

Email Address: _____

Tell us about your complaint

Company or Investment Firm:
Officer, Advisor, or Salesperson:
Account Numbers(s), if applicable:

*Please give a brief, chronological, description of your complaint. You may also wish to include information from relevant documents (e.g. correspondence with the company, your advisor's compliance officer, statements of account etc.).

Date: _____

Signature: _____

(Date and Signature are not applicable for online submissions)

Notice of Collection and Use of Personal Information
(Pursuant to the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, as am.)

Collection, Use, and Disclosure of Personal Information

Section 3.11 of the *Securities Act* authorises the OSC to collect personal information for the purpose of carrying out its duties and exercising its powers under the *Securities Act* and other legislation. The information you have provided will be treated in confidence and will not be disclosed except as required by law or as may be necessary to investigate your complaint. Any questions about the collection and use of your information may be directed to the Manager, Inquiries and Contact Centre, Ontario Securities Commission, by telephone at 877-785-1555 or 416-593-8314, by fax at 416-593-8122, or by e-mail at inquiries@osc.gov.on.ca.