



INVESTOR PROTECTION CLINIC and LIVING LAB

2019 ANNUAL REPORT

OSGOODE HALL LAW SCHOOL
IGNAT KANEFF BUILDING



FAIR | Canadian Foundation for
Advancement of Investor Rights



SECTION 1. ABOUT US

OUR VISION AND MISSION

The Investor Protection Clinic, the first clinic of its kind in Canada, provides free legal advice to people who believe their investments were mishandled and who cannot afford a lawyer. The Clinic was founded together with the Canadian Foundation for Advancement of Investor Rights (FAIR Canada), an organization that aims to enhance the rights of Canadian shareholders and individual investors.

The Clinic received seed funding from the Law Foundation of Ontario, and from a cy-près award from a court-approved settlement in relation to a securities class action. The Clinic also receives support from Osgoode alumni, NEO Exchange and our pro-bono partner law firms and experts. The Clinic is grateful to these organizations and individuals for their support.

The Clinic has two primary purposes:

LEGAL ADVICE AND OUTREACH

Provide legal advice to people who believe they have suffered an investment loss because of someone else's wrongdoing

Develop investor education initiatives and educational resources through community outreach

RESEARCH

Act as a "Living Lab" to collect research data in an anonymized way to inform public policy debates

OUR PEOPLE

Clinic Operations:

The Clinic is staffed by Professor Poonam Puri of Osgoode Hall Law School, Adjunct Faculty Member Brigitte Catellier of Osgoode Hall Law School and Administrative Coordinator Ruby Soriano. Professor Puri and Professor Catellier co-direct the Clinic and oversee Clinic activities on a day-to-day basis, including assistance with file management, student supervision and seminar instruction.



Poonam Puri

Professor Puri is a Full Professor at Osgoode and Founding Academic Director of the Clinic.



Brigitte Catellier

Professor Catellier is an Adjunct Faculty Member at Osgoode and Co-Director of the Clinic.



Ruby Soriano

Ms. Soriano is the Clinic's Administrative Coordinator.

Clinic Caseworkers:

In 2018-2019, the Clinic was staffed by 15 student caseworkers. The students were paired with supervising lawyers from the Clinic's pro-bono partner law firms and assigned a diversity of client files. Students conducted initial intake interviews; then, together with the supervising lawyers, assessed if the Clinic could assist applicants; and, where possible, drafted and filed the necessary documents to pursue clients' complaints or claims. Students also participated in various community outreach events in partnership with the Ontario Securities Commission (OSC) to increase investor awareness and knowledge.

Pro-Bono Partner Law Firms:

The Clinic partnered with a number of leading business law firms including:



bakermckenzie.com



bennettjones.com



cmblaw.ca



groiaco.com



kmlaw.ca



rochongenova.com



siskinds.com



tyrllp.com

Referrals:

The Clinic receives referrals from industry stakeholders such as the OSC, the Investment Industry Regulatory Organization of Canada (IIROC), the Ombudsman for Banking Services and Investments (OBSI) and from our pro-bono partner law firms. Individual investors can also contact the Clinic directly.

SECTION 2. ACCOMPLISHMENTS

OUR WORK



3

Clinic Staff



8

Supervising Firms



15

Students



25

Intake Interviews

Investment Complaints Received:

- Suitability of investments
- Inadequate disclosure about products or fees
- Instructions not followed by financial advisors
- Misrepresentations by financial advisors
- Delays in buying or selling securities or transferring funds
- Fraud

Factors Considered in Selecting Files:

- Merits of an applicant's complaint
- Whether a complaint fell within the scope of the Clinic's mandate
- Income and personal assets of an applicant
- Adequate evidence and record keeping of communication
- Expiry of the limitation period
- Learning opportunity for the student caseworkers
- Clinic capacity

File Work Included:

- Preparing demand letters to investment firms
- Submitting several complaints to OBSI
- Pursuing civil claims and filing statement of claims
- Assisting with settlements
- Determining the standard of care required for recommending an investment
- Educating clients as to how various complaints processes work
- Investigating potential avenues for dispute resolution including alternatives to civil litigation

CLIENT FEEDBACK

"Thank you so much for all your assistance given with such professionalism and thoroughness. The clinic is such an invaluable resource especially for people like myself that cannot afford lawyers and have been done such an injustice."

"We would like to thank everyone there who assisted us and for all the hard work you did on our behalf. Right from our first meeting you put us at ease. Without your help I don't think we would have even attempted to go after X."

"You students are nothing short of fantastic, if I didn't know better I would have assumed I was dealing with experienced lawyers throughout this entire process"

CLINIC FILES:

FRAUD

1. Mr. A

Mr. A is a client in his early 40s who entered a profit-sharing agreement with an individual (Mr. Z) he met at a conference. Despite being unregistered, Mr. Z presented himself as a financial expert to induce Mr. A to invest with him. There is some reason to believe that Mr. Z has been perpetrating a similar scheme on other victims. After Mr. A invested with him, Mr. Z disregarded Mr. A's instructions around his portfolio, resulting in substantial losses in his investments after Mr. A made several attempts to close his accounts. Mr. A approached the Clinic seeking advice. The Clinic assisted Mr. A in writing two demand letters to Mr. Z giving notice of commencing civil action, followed by filing a Notice of Application as well as a complaint with the OSC.

2. Ms. B

Ms. B is a client who, while helping her elderly father organize his affairs, uncovered a series of fraudulent activities carried out by her father's accountant. In 2008, the client's father was convinced to invest \$250,000 in a company that seemingly did not exist, and was promised a rate of return of 24 per cent a year. In supporting Ms. B, the Clinic was able to garner interest from CBC The National, who ran a story on both the nature of the IPC and Ms. B's struggles with bringing this case to the local police. The Clinic also assisted in presenting this case to law enforcement.

NEGLIGENCE

3. Mr. C

Mr. C is a client in his 60s who held investment accounts with a major financial institution for over ten years. During this time, his financial advisor became increasingly negligent in adequately assessing Mr. C's risk tolerance and preparing him for retirement. Mr. C's accounts suffered a total earning loss of \$800,000. The Clinic has assisted Mr. C in drafting and submitting a complaint letter to the internal compliance office of the major financial institution.

WINS FOR IPC

4. Ms. D

Ms. D is a client in her late 50s who invested \$8000 into a labour-sponsored venture capital corporation (LSVCC). Ms. D's ex-husband invested her money for her into this very risky asset that withholds earnings from investors for a minimum of nine years. Ms. D became unemployed and was desperate to recover her invested funds. The Clinic was able to submit a hardship disposition request on her behalf to the fund controlling her investment in the LSVCC, and recover \$1000 from her banking institution for fees incurred on her account over the last eight years.

5. Mr. E & Mrs. F

Mr. E and Mrs. F are husband and wife. In preparing for retirement, their financial advisor put them in unsuitable investments. Upon discovering this, both feared that they would lose their retirement savings, and they turned to the Clinic for help. The Clinic was able to assist them with an OBSI investigation, starting with a demand letter to their financial advisor's firm, and ending with an OBSI complaint. OBSI recommended compensation of over \$30,000 from the advisor's firm and the firm complied.

6. Mrs. G

Mrs. G had saved for her children's education in a Registered Education Savings Plan. Mrs. G was shocked when she discovered that the interest generated from her savings deposits was significantly less than what was represented to her. Mrs. G made several complaints to the financial firm, but her concerns were brushed away and they made it clear that she would not receive any compensation. Mrs. G then turned to the IPC. Clinic students assisted her in filing a more detailed, formal complaint to the financial institution. With the IPC on board, the firm reassessed its decision and the Clinic assisted Mrs. G in negotiating a settlement worth nearly \$33,000.

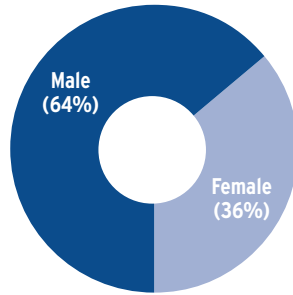
CLIENT DATA & DEMOGRAPHICS

The Clinic also serves as a research lab that collects data in an anonymized way in order to inform public policy debates in future years. As the only legal clinic of its kind in the country, the Clinic is in the unique position to develop a much-needed body of data that is unavailable in the Canadian capital markets today.

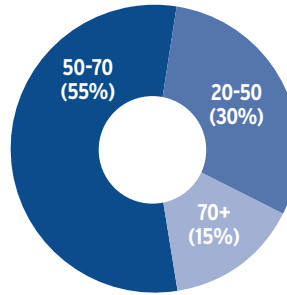
DEMOGRAPHICS

The Clinic's clients in 2018-2019 were diverse in gender, age, cultural background and occupation.

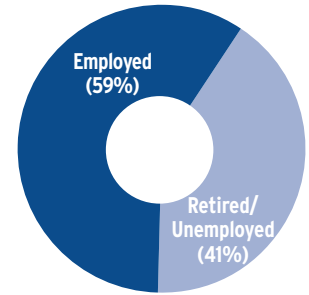
GENDER



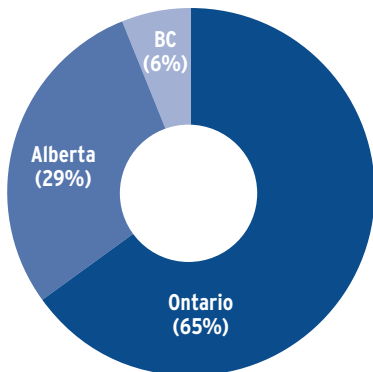
AGE



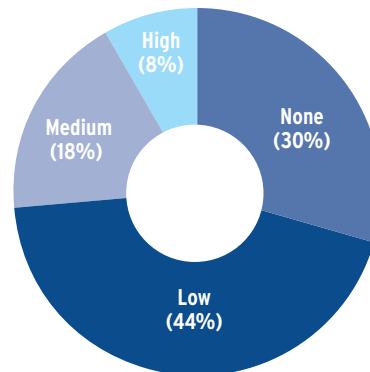
EMPLOYMENT



GEOGRAPHIC AREA



INVESTMENT KNOWLEDGE



LANGUAGE	English was a second language for some of our clients. The Clinic used our bilingual caseworkers to accommodate and translate. This year the Clinic had caseworkers who were fluent in eight different languages: French, Farsi, Somali, Ukrainian, Russian, Arabic, Mandarin and Italian.
CULTURAL & COMMUNITY TIES	In several cases, clients alleged that they were defrauded by a trusted member of their ethnic or cultural community.

SECTION 3. LESSONS & RECOMMENDATIONS

RECOMMENDATIONS FOR RETAIL INVESTORS

RECORD KEEPING

Many investors do not maintain adequate records for their investments. Evidence supporting an investor's claim is critical to a successful outcome.

Recommendation #1

First, you should maintain copies of any and all forms you sign, and keep notes of any conversations you have with your representative. For example, if you meet with your representative to discuss retirement options, you should record your meeting date, topic of meeting and a summary of the advice you received. Secondly, you should regularly review your account statements and trade confirmations. If there is anything that you don't understand, write to your representative right away or if you call, record notes of your conversation.

LIMITATION PERIOD

Many investors are unfamiliar with limitation periods and wait too long before making a claim. The limitation period for civil claims is generally two years after the date on which the claim was discovered. OBSI however, will investigate a claim up to six years after you knew or reasonably ought to have known of the issue giving rise to the complaint.

Recommendation #2

The start of the limitation period depends on the particular facts of your situation but it's important to act quickly, especially if you want to keep legal action as an option.

RECOMMENDATIONS FOR REGULATORS AND THE INDUSTRY

LACK OF KNOWLEDGE

Similar to our findings last year, most of our clients had low to medium knowledge about the capital markets and placed their trust in financial advisors to handle their investments wisely. In most cases, this trust was based on referrals and investors did not perform any further diligence, such as checking to see that the advisor was registered with a regulatory body, checking the advisor's disciplinary history and seeking a second opinion. Clients did not always fully understand the information on the documents provided to them.

Recommendation #1:

Increase public awareness of the importance of performing due diligence prior to investing. It is important to find out as much information as possible about the advisor, investment fund and investment itself. Moreover, the processes for conducting due diligence should be easy to understand and accessible.

RISK OF FRAUD

Similar to our findings last year, many of the complaints we received involved unregistered advisors who convinced clients to invest a large proportion of their savings, and then absconded with the money. Many used family and community connections to gain trust. Typically, clients did not take steps to ensure that these individuals were registered with a regulatory body.

Recommendation #2:

Regulators should better promote the databases that retail investors can reference to determine whether an individual is a registered financial advisor and/or whether they have been subject to any disciplinary proceedings. Easy access to a single, centralized resource for checking an advisor's registration status, proficiency and disciplinary records would help make it easier for ordinary Canadians to conduct adequate research before investing their money.

RELIANCE ON THE OMBUDSMAN FOR BANKING SERVICES AND INVESTMENTS (OBSI)

Similar to our findings last year, many of our active files have resulted in a complaint to OBSI, with suitability of investments being a top issue. However, while the OBSI complaint process is free and accessible for most clients, its decisions do not have binding authority.

Recommendation #3:

We continue to believe that OBSI recommendations should be binding. With rising demand for Clinic services and limited free and effective mechanisms for seeking redress and compensation, retail investors need an ombudsman service that can issue binding decisions. In addition, OBSI could consider establishing a fraud compensation fund. Another consideration would be for IIROC arbitration to be made free for retail investors below certain financial thresholds.

SECTION 4. COMMUNITY OUTREACH



EVENT #1: OSC IN THE COMMUNITY

Location: Tamil Senior Centre, Toronto

Date: July 27, 2018

Caseworkers: Ilona, Susan, Trevor and Vahini

About this event: IPC caseworkers presented to an audience of approximately 100 seniors of Sri Lankan and Tamil origin. The OSC and IPC presented information on investor awareness and the Clinic's resources.



EVENT #2: THUNDER BAY LAW ASSOCIATION'S FALL CONFERENCE

Location: Victoria Inn, Hotel and Conference Centre, Thunder Bay

Date: October 18 and 19, 2018

Caseworkers: Paniz and Rishi

About this event: IPC caseworkers attended a conference where lawyers from Thunder Bay and surrounding areas met to discuss legal initiatives and developments. The caseworkers gave presentations on Clinic initiatives, objectives and training. They also held a booth where they spoke to lawyers one-on-one to introduce the Clinic.



EVENT #3: BELL PENSIONERS BI-ANNUAL MEETING

Location: Ottawa

Date: October 24, 2018

Caseworkers: Ayah and Awale

About this event: IPC caseworkers presented to over 100 members of the Bell Pensioner's Group on investor protection, focusing on the role of the Clinic in assisting retail investors recover financial losses.



EVENT #4: OSC IN THE COMMUNITY

Location: Delmanor Prince Edward, Toronto

Date: March 6, 2019

Caseworkers: Laura and Jaclyn

About this event: IPC caseworkers presented to an audience of approximately 40 seniors. The OSC and IPC presented information on investor awareness and how to utilize the Clinic's resources.



EVENT #5: OSC IN THE COMMUNITY

Location: North Kipling Community Centre, Toronto

Date: March 19, 2019

Caseworkers: Eric and Ellery

About this event: The IPC participated in the Rexdale Community Health Centre Active Living Information Fair For Older Adults who are 55+. The Clinic had a table and explained to participants how the Clinic assists those who believe they have had their investments mishandled. The Clinic worked alongside the OSC, who provided information on their "Get Smarter About Money" website.



EVENT #6: IPC OPEN'S THE NEO EXCHANGE

Location: Financial District, Toronto

Date: March 29, 2019

Caseworkers: The IPC Team

About this event: The IPC was invited by Joss Schmitt, founder of NEO, to open the NEO Exchange, a Canadian stock exchange based in Toronto. Marketed as Canada's New Stock Exchange, NEO aims to help companies, dealers and investors by creating a better listing experience, eliminating predatory market behaviours such as high-frequency trading, implementing a unique market making program to ensure liquidity and offering free real-time market data for all NEO-listed securities.

SECTION 5. IPC MEDIA COVERAGE

Canadian Lawyer Magazine - October 10, 2018

Alexia Kapralos (Assistant Editor/Videographer) interviewed Professor Poonam Puri and Vahini Sathiamoorthy about the IPC report, trends and observations from year one. Together they discussed the importance of the Clinic. See below:

<https://www.canadianlawyermag.com/legalfeeds/author/alexia-kapralos/investor-protection-clinic-data-reveals-barriers-access-to-justice-issues-for-securities-law-16357/>

Globe & Mail - Rob Carrick - October 16, 2018

Rob Carrick featured the IPC Annual Report in his October 16, 2018 newsletter.

<https://www.theglobeandmail.com/investing/personal-finance/household-finances/article-this-retirement-advice-should-be-retired/>

Investment Executive - October 16, 2018

James Langston wrote an article which reflected on IPC's 2017-2018 Annual Report. See below:

<https://www.investmentexecutive.com/news/industry-news/retail-investors-need-ombudservice-that-can-issue-binding-decisions-report/>

Moolala Radio Show, Bruce Sellery - November 13, 2018

Adam Voorberg and Professor Poonam Puri were featured on the Moolala Radio Show podcast. It aired on the SiriusXM Radio Canada Talks on channel 167. The podcast is available for download on iTunes, see below:

<http://podcasts.moolala.ca/segments/where-to-turn-when-your-investments-are-mishandled/>

CBC-TV - November 15, 2018

Professor Poonam Puri and students Max Ledger and Eric Cheng of the Clinic were featured on the CBC News Go Public. Together, they talked about the Clinic's work in assisting an alleged victim of an investment scam. See below:

<https://www.cbc.ca/news/canada/toronto/senior-loses-retirement-savings-police-unwilling-to-investigate-1.4914940>

Metro Morning with Matt Galloway - November 28, 2018

Professor Poonam Puri spoke with Matt Galloway on CBC Metro Morning. See below:

<https://www.cbc.ca/listen/shows/metro-morning/segment/15638679>

SECTION 6. GUEST LECTURES & INDUSTRY PROFESSIONALS

DEBORAH LECKMAN

IPC Role: Deborah Leckman has been integral to the success of the IPC this past year. She has generously participated in team meetings in an advisory role. Through her deep expertise on the client and advisor relationship and knowledge of regulations, she has provided assistance, support and recommendations to caseworkers on how to manage and handle their files.



Biography: Deborah Leckman was appointed to the OPTrust Board of Trustees by the Government of Ontario in January 2019.

Ms. Leckman is a senior investment professional with over 30 years of experience in the pension fund and retail wealth industries. Most recently, Ms. Leckman completed a six-year term as Commissioner, Director and Adjudicator at the OSC.

Quote on IPC

"Working with the IPC has been a rewarding experience. I was very impressed with the students' knowledge of investor protection issues, their professionalism and their commitment."

SUSAN WOLBURGH JENAH

IPC Role: Susan Wolburgh Jenah served as a guest lecturer to train IPC caseworkers on Organizational Compliance Mechanisms and IROC Arbitration. The caseworkers found her presentation to be incredibly insightful and applicable to the nature of the files and disputes they work on. The IPC is grateful for her continued support, contributions and mentorship.



Biography: Susan Wolburgh Jenah was President and CEO of the IROC and its predecessor Investment Dealers Association (IDA) from 2007 to 2014. She is currently a director on the boards of many public and private sector organizations.

Quote on IPC

"The IPC provides a much needed public service. I am deeply impressed by the commitment and passion that IPC caseworkers are bringing to their role. I have no doubt they can help investors achieve timely and fair resolution of their complaint with the benefit of practical and balanced legal assistance and advice."

MALCOLM GILROY

IPC Role: Malcom Gilroy has participated in the training and development of the IPC for two consecutive years. This year he led an insightful seminar for caseworkers entitled "Understanding Risk Management Processes in Portfolio Management". He has also graciously assisted with financial evaluations and damage assessments with IPC files.



Biography: Malcolm is a seasoned executive in the financial services industry, having held senior management positions in North America, Europe and Africa. Malcolm is currently working on assignments in Nigeria and East Africa. He resides in Toronto and is the Chair of the Investment Committee for Logan Wealth Management. He sits on the boards of directors for The Jane Goodall Institute, Global and Lupus Canada.

Quote on IPC

"I am honoured to be of service to a team of such bright and committed young people who are filling a void, helping people unable to afford legal counsel get representation in an environment in which they are unfamiliar. It is understandable that people are often reluctant or unable to challenge the adverse outcome of advice that may have gone against their interests. This is a field of great complexity, occupied by powerful players. It is encouraging to see the care and dedication with which this group is addressing this need."

JOS SCHMITT

IPC Role: Jos Schmitt led a seminar entitled "Innovation and Competition in the Capital Markets: The Case of Stock Exchanges". Through his expertise, he taught IPC caseworkers how the markets have changed over time, the rise of multiple markets and complexity of trading today, and the role of stock exchanges in market surveillance. He has also graciously invited us to open the NEO Exchange on March 29, 2019!



Biography:

Jos Schmitt is one of the founders and President & CEO of the Aequitas NEO Exchange, a stock exchange he formed with the support of a number of blue chip financial institutions.

CHRISTOPHER MCKENNA

IPC Role: Christopher McKenna has been involved with IPC since its inception. This year he has participated with the training of the caseworkers along with acting as a supervising lawyer on Clinic files. His seminar was entitled "Understanding the First Steps in the Client Process", which dealt with understanding the Rules of Professional Conduct, managing conflicts, reviewing costs and limitations and managing client expectations.



Biography: Christopher McKenna is a lawyer at Bennett Jones LLP and is responsible for the overall operation and administration of the Toronto Student Program, including the recruitment and development of Summer and Articling Students. Christopher is also a member of National Association of Law Placement (NALP) and is currently a member of the OCI Advisory Committee.

Quote on IPC

"Assisting with the excellent law students at the Osgoode IPC has been an extremely fulfilling experience these last two years. The dedication, legal analysis and judgment these students have shown in their work and client service is a testament to their sound legal education and their profound appreciation for the role young advocates have in promoting access to justice in the Province of Ontario."

STUDENT CASEWORKERS

Year 2 (2018-2019):



Laura Abate



Ayah Al-Sharari



Eric Cheng



Awale Deria



Emraan Dharsi



Trevor Fairlie



Paniz Ghazanfari



Ilona Larionova



Max Ledger



Susan Mansuri



Ellery O'Hara



Shruti Ramesh



Vahini Sathiamoorthy



Adam Voorberg



Jaclyn Wang

STUDENT CASEWORKERS

Year 3 (2019-2020):



Anxhela Adhamidhis*



Jessie Armour



Ashley Beaulieu



Marco Castelli



Crystal Gao



David Heppenstall



Shengjie (Victoria) Li



Tyler Lin



Aryan Pour-Bahreini



Thomas Prentice



Luigi Rulli



Maxwell Schwartz-Label

* 2019 Summer intern at the Clinic.

SECTION 7. LOOKING AHEAD

The Investor Protection Clinic needs to be prepared for even greater demand for assistance.

In Year 3, the Clinic plans to improve and expand its operations by:

- Implementing the Alumni Network - A resource for caseworkers to reach out to alumni of the Clinic for assistance, mentorship and future volunteer opportunities
- Launching our IPC podcast
- Seeking additional revenues for funding
- Continuing to build high-quality Clinic processes that reflect best practices
- Providing investor education and resources to better engage with diverse communities, and further increase Clinic visibility
- Continuing to establish new partnerships with regulators, law firms and community organizations
- Raising awareness and improving access to justice by using results from the Living Lab to inform public policy debates

How can you get involved?

The IPC is a student run free legal service and we are always looking for donations and support. If you are interested in donating please email us at ipc@osgoode.yorku.ca!

The IPC is looking for industry professionals to lead seminars to give our caseworkers a competitive edge. Please reach out to us at ipc@osgoode.yorku.ca if you would like to get involved!

Spread the word! We appreciate the referrals and the promotion of our services.

Interested in our services?

- Do you believe that your investments have been mishandled? Have you been a victim of fraud? Reach out to us, IPC wants to hear from you!
- If you believe you could benefit from our services, apply online:
<https://www.osgoode.yorku.ca/community-clinics/investor-protection-clinic/the-clinics-process/>





CONTACT US

416-736-5538

IPC@osgoode.yorku.ca

osgoode.yorku.ca/IPC