

# OSGOODE INVESTOR PROTECTION CLINIC

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## WE'RE RAISING THE RED FLAG

**Osgoode's IPC continues to operate at the thin edge of the wedge, shedding light on evolving legal trends in the investment industry**

In our last newsletter, we told you that the number of Canadians seeking advice from Osgoode's Investor Protection Clinic had more than tripled during the COVID-19 pandemic. Another alarming trend has caught not only our attention, but that of the North American Securities Administrators Association (NASAA). Together, we're raising the red flag on crypto frauds and scams, which have become one of the most prevalent complaints received by our IPC team in recent months.

In fact, as you'll read in our ["What's trending?"](#) column, nearly half of our intake interviews between September 2021 and January 2022 involved investors who bet big on crypto-related scams and suffered losses as a result. What makes this story even more important is the fact that legal recourse is challenging. Prevention is often our best tool for protecting investors, which is why our students have created ["The Retail Investor's Guide to Avoiding Cryptocurrency Scams."](#)

On a more optimistic note, our team is celebrating the successful completion of both our [first IIROC arbitration file](#) and "Navigating the IIROC Arbitration Process," one of two new IPC [Points of Interest videos](#) (the second video explains civil litigation) funded by the Law Foundation of Ontario.

We're also profiling two [IPC alumni](#) who are using their client experiences as a springboard to two vastly different careers.

Last, but certainly not least (this is Poonam speaking now!), I urge you to read ["For the love of mentorship."](#) Associate Director Brigitte Catellier explains her role in the clinic, what she loves best about working with students and her vision for the IPC's future. I'm grateful to have her by my side as we navigate this ever-changing industry.

Of course, we're both pleased to also count on you, our clinic supporters.

Thank you all,

Poonam Puri  
Founding Academic Director

Brigitte Catellier  
Associate Director

## BIG BETS, EVEN BIGGER LOSSES

Crypto frauds and scams are the focus of a growing number of IPC intake interviews. Here's what the student caseworkers are doing about it.

Osgoode JD student Rhea Thakore wasn't surprised when the North American Securities Administrators Association (NASAA) declared crypto frauds and scams to be the leading threat to investors in 2022.

She is seeing it firsthand in her work as a student caseworker at Osgoode's Investor Protection Clinic. Of the 21 intake interviews conducted by the student team between September 2021 and January 2022, 43 per cent involved cryptocurrency scams where investors suffered significant losses.

### WITHOUT A TRACE

Thakore cites the case of a Canadian university professor who was keen to invest in bitcoin. He connected with a company he found on a Google search and transferred them upwards of \$100,000. When he got cold feet and tried to withdraw the money, the purported bitcoin fund representative told him that he had to deposit even more to cover the withdrawal fees. By the time the professor arrived at Osgoode's clinic, his money, his "adviser" and the alleged investment company were all gone without a trace.

***"It's easy to have a false sense of security when you're the one approaching someone about an investment and not the other way around,"*** offers Thakore.

She and her student colleagues have also seen instances where scammers pose as crypto investment advisers with a professional website and a convincing resume of credentials and connections. Thakore spoke to several investors who were approached via the WhatsApp instant messaging platform or on social media platforms like LinkedIn and Facebook.



Rhea Thakore

### TOUGH ROAD TO RECOVERY

Sadly, the Investor Protection Clinic was unable to help recoup any of the client losses to date.

***"In these situations, it's all but impossible to recoup the client's money,"*** explains Poonam Puri, the clinic's academic director. Litigation is also not a viable option because most fraudsters mask their identity. "We can't serve them with a statement of claim if we don't know who they really are or where they are located," Puri adds.

In the case of the WhatsApp scam for instance, the IPC students learned that the individual who represented himself as a registered Canadian adviser, was not in fact not registered in Canada. He was using an alias and a Washington phone number and supposedly working for a company based in Singapore.

"Our hands were tied," says Thakore.

## OPTIONS AFTER A LOSS

That doesn't mean victims of crypto fraud are completely without options.

The IPC conducts comprehensive intake interviews with every investor who approaches them for help. In some cases, says Thakore, the caseworkers are able to connect wronged investors with the RCMP's fraud division. If the perpetrator is still active, officials might be able to disable their website to prevent further losses.

The IPC also works closely with the Ontario Securities Commission (OSC), which, like most financial market regulators, is paying close attention to the crypto market and how to regulate it.

***“If a crypto asset is a security or derivative or is traded in a manner such that there is a security or derivative, the crypto asset trading platform must be registered with the OSC,”***

explains Lesley Byrne, OSC's manager of investor engagement and outreach. There are currently a few [crypto asset trading platforms](#) registered under securities laws in Ontario and others may join the list as the OSC continues its discussions and review of applications.

“The OSC has also launched enforcement actions against several crypto asset trading platforms,” says Byrne. “It's wise to check if a crypto asset trading platform has any investor alerts or warnings issued against it on the OSC's [investor warnings and alerts](#) page.”



Lesley Byrne

## PREVENTION THROUGH EDUCATION

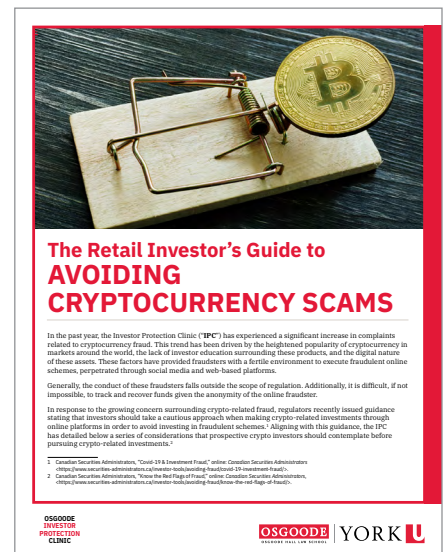
The OSC and IPC are also both committed to preventing investment fraud through education.

Byrne points to the OSC's [Get Smarter About Crypto](#) website, articles on topics such as [recovery room scams](#) and a Valentine's Day social media campaign to help prevent dating scams dubbed “CryptoRom.” She also says if people have any questions about crypto assets or want to report a suspected fraud, they can call the OSC at 1-877-785-1555 or email [inquiries@osc.gov.on.ca](mailto:inquiries@osc.gov.on.ca).

Osgoode's IPC students, meanwhile, have published [“The Retail Investor's Guide to Avoiding Cryptocurrency Scams”](#) and they are planning to produce an informational video on the topic as part of the clinic's [Points of Interest](#) series funded by the Law Foundation of Ontario.

“It's a quickly growing area,” says Thakore. “We need to keep talking about it and asking how we can help protect vulnerable investors before even more people walk through our doors.”:

To learn more about crypto fraud or book an investor education seminar on the topic, contact the IPC at [ipc@osgoode.yorku.ca](mailto:ipc@osgoode.yorku.ca) or 416-736-5538



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## A “MOMENTOUS EXPERIENCE”

### Osgoode’s IPC caseworkers celebrate the successful completion of their first IIROC arbitration file

Osgoode’s Investor Protection Clinic has achieved another important milestone. The clinic’s student caseworkers and their supervising lawyer successfully negotiated a financial settlement for an investor using the Investment Industry Regulatory Organization of Canada (IIROC) arbitration program.

***“This case represented a unique opportunity for us to help a client who had experienced a major loss and had nowhere else to turn, while also exposing our students to another path to justice,”*** says Poonam Puri, IPC’s academic director.

One of several pathways to recourse available to investors in Canada, IIROC’s arbitration program is similar to going to court, but with less formality and often fewer expenses and a shorter time frame. IIROC-registered investment firms are required to participate when the client initiates the process and, unlike complaints filed with the Ombudsman for Banking Services and Investments (OBSI), arbitration decisions are final and binding. Osgoode’s IPC students summarize the process in a recently published [Points of Interest video](#), created in partnership with IIROC and funded by the Law Foundation of Ontario.

“IIROC arbitration was our client’s last option,” says Karen Randhawa, a student caseworker on the file with supervising lawyer Anthony O’Brien, a class actions partner at Siskinds LLP.

The client initiated settlement discussions with her investment firm after losing her life savings in what she claimed was a series of missteps on the part of her adviser. When those talks broke down some time later, she filed a complaint with IIROC and was introduced to the IPC for free help and advice on how to navigate the arbitration process.

“This was an amazing opportunity to develop our relationship with Osgoode’s Investor Protection Clinic and to teach the students about IIROC, regulation of the investment industry and arbitration,” says Tatsiana Okun, IIROC’s associate general counsel, litigation, who referred the case to the IPC. “IIROC is committed to protecting investors and market integrity as well as building Canadians’ trust in financial regulation and the people managing their investments.”



Karen Randhawa

A significant number of IPC cases are resolved through private settlement discussions, small claims court or the free OBSI complaint process. Clients who choose to pursue IIROC arbitration may have to pay administrative fees, which typically include a filing fee and the arbitrator’s fees.

For this client, though, the end result made it all worthwhile. After receiving her financial settlement last fall, she sent an emotional email to the IPC student team. “From the bottom of my heart, I would like to say thank you all for your great help.”

It was a “momentous experience,” says Randhawa. “Working toward a common goal with someone who needs our help builds my appreciation for the law and how it can change lives.”

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To learn more about pathways to justice through the Investor Protection Clinic visit [Points of Interest](#) on YouTube or contact the IPC at [ipc@osgoode.yorku.ca](mailto:ipc@osgoode.yorku.ca) or 416-736-5538.

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## FOR THE LOVE OF MENTORSHIP

### IPC's associate director talks strategy, tricks and her vision of growth

Brigitte Catellier has a stack of student applications in her inbox nearly 80 files deep, and she couldn't be happier.

As associate director of the Investor Protection Clinic, she and Academic Director Poonam Puri are in charge of selecting the next class of student caseworkers from what is a large applicant pool among Osgoode's intensive programs.

"I go through each one and wonder how we're going to make our decisions. They're all so good," Catellier says of the annual selection process.

It's her favourite part of the job she's held for nearly four years. Catellier reached out to Puri in 2018 to see if she might teach corporate governance, an expertise she has amassed over three decades as a general counsel and corporate secretary at regulated organizations, including three major financial institutions. Catellier is currently the vice president of corporate governance at Meridian Credit Union.

Puri asked her to help lead the IPC instead.

"It's not technically teaching," Catellier says, "but the mentorship really gets me going. I love spending time with students talking file strategy and sharing tricks like always putting yourself in the client's shoes, strong record-keeping and active listening. That's the most important thing—when you stop to listen, you can sometimes come up with different options based on what you've heard."

Catellier reviews the active case files and meets with the student caseworkers weekly to talk about next steps with input from the supervising lawyers. She encourages all the students to contribute their ideas and they decide as a team whether or not to take on new files.

After five years and in the face of growing demand, she believes the time is right to leverage the clinic's processes and technologies to take on even more files—and maybe even a second team of students.



Brigitte Catellier

***"I think we could easily grow to that capacity. Our regulatory framework is such a maze for investors to navigate. We want them to know the IPC is here to help. We're an essential part of the whole system. We add value and we should continue to grow from that."***

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To learn how you can support Osgoode's Investor Protection Clinic as a supervising lawyer or donor, contact the clinic at [ipc@osgoode.yorku.ca](mailto:ipc@osgoode.yorku.ca) or 416-736-5538

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## INSPIRED CAREERS

### Osgoode IPC alumni Ilona Larionova and Max Ledger each credit their career decisions to a memorable client

Two Investor Protection Clinic cases involving elderly investors who lost their nest eggs are impacting the careers of two IPC alumni working in disparate facets of the legal system.

Ilona Larionova, JD'20, was an IPC student caseworker in 2018/19 when she helped a senior couple recoup a portion of their losses through the Ombudsman for Banking Services and Investments (OBSI) complaints process.



*Ilona Larionova*

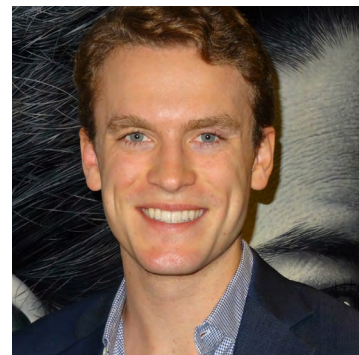
That “triumphant” moment inspired her to bridge her previous experience in social work with her passion for law. The former crisis counsellor pursued a career with the Ontario Securities Commission, first as a summer student with the Investor Office and now as legal counsel with the Compliance and Registrant Regulation branch.

“I’m always thinking about the individual,” Larionova says.

***“I’ve seen the way that people are personally affected by not being able to have control over their finances. Being able to put a face to those people and dig into that from a policy angle was the moment when I realized it had come full circle for me.”***

Max Ledger, JD-MBA'20, had a similar ah-ha moment as a corporate associate at Torys LLP. Despite working primarily with corporate clients, he has realized the benefit of listening and putting yourself in the client’s shoes.

“It’s always a balance. I want to take on the role of the advisor who is practical and pragmatic, while also listening to clients and appreciating why they’re asking me to act in a certain way.”



*Max Ledger*

He first learned the value of understanding his client while working at the IPC in 2018/19. Ledger and his fellow student caseworkers represented the daughter of an elderly investor who was coerced to invest his life savings in a company that didn’t exist. When it became clear that financial recovery was unlikely, the client asked to leverage her father’s story to help others. Ledger connected her to a communications firm and the family’s story became the focus of a CBC TV news story.

***“When you understand the perspective each client brings to the table, you become invested in doing what you can to help,”*** Ledger says.

It’s a lesson both he, Larionova and their IPC clients aren’t likely to forget anytime soon.

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