

I would like to thank the committee for the opportunity to appear here today.

My name is Gloria Hutton.

I am an Ontario investor who has lost faith in our investment industry and its regulatory authorities, overseen by the Ontario Securities Commission.

These authorities include the Investment Dealers Association (IDA) and the Canadian Investors Protection Fund (CIPF).

More than four years ago my husband Ron and I saw our life savings disappear in a multi-million dollar fraud perpetrated by an investment broker we thought to be a family friend. He was subsequently convicted of fraud and jailed.

Our loss included a \$500,000 "locked-in" pension, which vanished from an account held "in trust" by the Toronto Dominion Bank. It was removed without proper authorization or documentation and deposited into a worthless company operated by the broker. The broker, we later learned, had a business arrangement and regular dealings with the bank.

In its investigation, the IDA found bank procedures wanting but lacked authority to act other than to lift the broker's licence and to levy a substantial fine. We believe the fine remains unpaid.

An initial claim of loss by Ron and I was arbitrarily rejected by the CIPF. That authority and certain board members dismissed us as victims of our own stupidity. After seeking legal support, we were eventually reimbursed by the CIPF for the base value of the pension (almost two years after it was lost???) But we were required to waive any right to legal action against the IDA, CIPF or the bank. Reimbursement by the CIPF was written on a cheque from the TD Bank.

Lacking any savings to secure our future in retirement, we found it necessary to sign away our legal rights under duress.

Meanwhile, the CIPF asserted that it had been unnecessary for us to hire a lawyer to win our claim.

I will not burden you with the ordeal of additional painful dealings with the Law Society of Upper Canada and the (Association of Chartered Accountants of Canada???). Those matters are for another day.

But I think you can appreciate that we were sadly coming to the conclusion that rather than protecting the investor, Ontario's investment industry seemed to have a greater interest in protecting itself.

We wanted answers. Specifically: How was our pension held in trust by the TD Bank removed without proper authorization and documentation? We posed the question to (Ontario Banking Ombudsman???, later the Canadian Ombudsman for Banking and Investment???)

Following initial inquiries in which the bank claimed itself to be a victim of the broker's fraud, the Ombudsman said he could not pursue the matter. He cited our agreement with the CIPF not to hold the bank legally accountable. We said we were simply seeking an answer to our question. But he would not move further.

Subsequent appeals to the Ontario Securities Commission and the (Federal Banking XXXX????) were rejected as being beyond their mandate.

In the early days of our ordeal, we learned that the OSC had conducted an audit of the IDA operations in 1999 (???) and found a number of its practices wanting.

Curious to know whether flawed oversight by the IDA might have contributed to our investment losses, we sought a copy of the audit.

We were told by the OSC that we could not have it because it was a confidential document. We went to Ontario's Commissioner of Freedom of Information and Personal Privacy.

On numerous occasions the Commissioner's office has ruled that the OSC must release the audit to us, only to be stonewalled at the last minute. Most recently, the OSC won a stay of the Commissioner's ruling pending a judicial review, which has yet to be heard. Meanwhile, the time for potential legal action – already a debatable recourse – is running out.

The OSC, which claims to have investors' interests at the top of its priorities, insists release of the document would jeopardize its ability to draw candid responses to questions from staff of the IDA and civil servants.

We dismiss this as a weak attempt by the OCS to shield the IDA and itself from public scrutiny. We argue that staff and civil servants have an inherent obligation to deal forthrightly with matters adversely affecting investor interest and confidence.

Meanwhile, a similar audit of the IDA in British Columbia was made public. Which raises the question: If the OSC morphs into a national securities agency, will the interests of Canadian investors be submerged by other financial considerations? Or will transparency in the Canadian investment industry become a new way of doing business?

I greatly appreciate the time you have allotted to me to make our experience known to you. No words, however, can adequately describe the enormous

trauma all of this has caused me and my family. The last four years have been hell, made no less easy by regulatory agencies supposedly committed to our protection.

I have brought with me today a comprehensive file on the experience of my husband and I over the past 4 1/2 years. I will leave it with you for detailed study and reflection.

I would ask you to consider whether this is the way you want Ontario's investment industry to work. Whether the OSC cares sufficiently about individual investors to act more rigorously, and openly, in their behalf.

I would ask you to initiate changes to ensure that regulators fulfil their stated objective of protecting the interests of investors in this province.

Thank you for your time.