

## CANADIAN COURTS HANDLING MORE SECURITIES CASES

Canada's securities regulators are turning more often to the courts to get bigger penalties in fraud cases, and Quebec is leading the charge on jail terms. A report on enforcement activity in 2010, published Tuesday by the Canadian Securities Administrators, said 64 securities cases were concluded in the courts last year compared with 35 in 2009.

The CSA, an umbrella organization for provincial securities commissions, said the 83 percent increase reflects a growing desire to seek tougher penalties to deter such crimes as Ponzi schemes and boiler-room frauds. "The public is looking for jail terms," **CSA chairman Bill Rice**, who is also **chairman of the Alberta Securities Commission**, said in an interview. "There is a sense that a stronger message should be sent to some of the wrongdoers and a stronger sanction held out as an example." Most of Canada's securities commissions have the option to prosecute cases as administrative hearings before tribunals, or to take cases to court. While tribunals can impose fines or bans on working in the industry or in trading securities, courts can impose stiffer penalties including jail sentences.

Quebec's securities regulator, the **Autorité des marchés financiers**, said Tuesday it accounted for 40 percent of the 174 cases concluded by securities commissions last year, and was responsible for 85 percent of the decisions rendered in court. **Nathalie Drouin, executive director of enforcement and legal affairs at the AMF**, said courts handed down 80 months of prison terms and fines of more than \$10-million last year for securities offences committed in Quebec. "When the AMF prosecutes offenders, stiff penalties are its priority," she said.

The CSA said 178 new cases were commenced across Canada in 2010 involving 301 accused individuals and 183 companies, marking a 44 percent increase from 124 cases in 2009. Quebec said in its release Tuesday that it accounted for one-third of the new securities cases launched last year. The CSA release did not detail enforcement numbers for other provinces, but Mr. Rice said Quebec has been noticeably aggressive for a number of years. "In looking at comparative numbers, I would say that Quebec does stand out as being a very active jurisdiction on the enforcement front," he said.

**Ontario Securities Commission enforcement director Tom Atkinson** said he could not reveal the portion of CSA cases concluded by the OSC last year, but said there is a greater commitment to using the courts across Canada. He said the rising numbers of cases prosecuted by securities commissions could be a reflection of the growing proportion of Canadians who are comfortable investing in securities, which has increased the potential pool of victims for fraudsters. "We're finding there are still a lot of them out there, so we've got to keep our foot on the accelerator and we're trying to shift these to criminal courts now to allow for better general deterrence," Mr. Atkinson said.

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