



SIPA

SMALL INVESTOR PROTECTION ASSOCIATION

A Voice for Small Investors
Seeking Truth and Justice

April 13, 2015

CSA Chair Louis Morisset
CSA SECRETARIAT
Tour de la Bourse
800, Square Victoria, Suite 2510
Montreal, QC, H4Z 1J2

Dear Mr. Morisset;

We are concerned about two primary issues that are the root cause of so many Canadians losing their savings due to investment industry wrongdoing. They are deception and lack of fiduciary duty.

The deception issue is of fundamental importance as our society is based on trust. People trust Doctors, Dentists, and "Financial Advisors". They believe all are professional, regulated, and dedicated to looking after people. Most Canadians, including financial journalists and news editors, believe Adviser and Advisor are the same word. Dictionaries indicate this is true. However "Financial Advisor" is considered by the investment industry as an unregulated business title and the regulators allow industry to call sales people "Financial Advisor" to gain trust. The fact that media allows style to supersede truth when they fail to use the spelling "Advisor" when required for meaning reinforces the deception.

The "Advisor" deception practice along with deceptive advertising is misleading Canadians into placing their trust and their life savings with a commission driven (commission grid) sales person. Many Canadians later learned that they have been sold products paying the highest commissions and have been leveraged which resulted in extreme life-altering loss. However, it is too late after their savings are decimated. Victims are devastated.

If the regulators truly intend to protect investors, they must ensure that registered representatives are required to disclose whether they are in fact a sales representative, an advising representative, or a portfolio manager and to use their registration in all advertising. Truth is imperative.

The second fundamental issue is lack of fiduciary duty. Canadians believe their representative titled "Financial Advisor" is a fiduciary. A fiduciary duty needs to be required of all firms and representatives offering financial products or advice. It is unfortunate when regulators are persuaded by the industry to avoid imposing fiduciary duty on the basis of argument that appears to be unreasonable.

If the present deceptive practices coupled with the lack of fiduciary duty are allowed to continue, many Canadians will continue to lose their life savings every year. This is intolerable. The Canadian Securities Administrators must act to prevent this from happening.

Yours truly

Stan Buell

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