

Hello Larry,

The office of the Public Interest Commissioner (PIC) has completed its analysis of the complaint of wrongdoing you submitted against the Alberta Securities Commission (ASC) and we were unable to establish jurisdiction in the matters you outlined. As a result, our office is unable to investigate.

On April 15, 2019, we received an email from you (dated two days prior) containing the following six allegations (followed by a sixteen page supporting document on May 6):

1. Allegation 1: Ignoring public protective principles, rules or laws thereby effecting the enrichment of the financial industry at public expense.
2. Allegation 2: Granting industry members permission to skirt the laws without public notice about the removal of public protective laws, without transparent public process, and without public warning to investors who invest with advisors or investments which are “exempt” from the law.
3. Allegation 3: Evidence of refusal to interact with the public and instead referring the public to industry-funded “self-regulating” bodies with the effects of adding layers and barriers between the public interest and impartial protection of the public.
4. Allegation 4: Reluctance or refusal to enforce certain Securities Act laws, even when the ASC is notified of financial industry or ASC violations that are harming the public.
5. Allegation 5: Altering documents on ASC websites and redacting public informative terms and definitions. Revision and deletion of historical records to benefit industry participants while adding confusion to the information given to the public.
6. Allegation 6: Use of industry-funded advertising campaigns, encouraging the public to assume that the ASC is protecting investors while the ASC misleads the public by deliberate omission of the most crucial details.

During our June 7, 2019 telephone conversation, I informed you that our office could not establish jurisdiction over any of the six allegations as they either did not meet the definition of a wrongdoing under the Act (allegations 3 and 5) or they did not provide sufficient details as required by PIDA s.13 (allegations 1,2,4,6). We agreed at that time that you would provide one or two examples for each of the allegations you wished to pursue so that our office could continue with the complaint analysis.

On June 19, 2019, you sent us an email with a twenty-seven page attachment with the subject line, “FALSIFIED ADVISORS.” The document contained twelve allegations, whose wording varied from that of your April 13 allegations. Below is our analysis of the June 19 allegations. Given the similarities between a number of the allegations, they have been summarized and grouped per the following:

1. **Allegations 1,2,3,8:** The ASC allows Dealing Representatives to misrepresent themselves as advisers to Alberta investors in

misrepresent themselves as advisers to Alberta investors in contravention of s.100 of the Alberta *Securities Act*.

- a. The complaint does not include sufficient details that describe a potential wrongdoing further to section 13 of the *Public Interest Disclosure (Whistleblower Protection) Act* (PIDA). Financial or investment advisors are not required to register as advisers under the *Securities Act* if they do not provide advice on securities and derivatives. There was no concrete example provided of the ASC allowing a non-registered adviser / advisor who was giving advice on securities or derivatives in Alberta in contravention of the sections 75 or 100 of the *Securities Act*.
  - b. While there is no definition of “dealing representative” in the current version of the *Securities Act* (i.e., current since November 19, 2018) the definition of “dealer” (p.12) refers to a person or company in the business of “trading in securities or derivatives.” The definition of “trade” on p.24 refers to the sale or purchase of securities. Therefore, the selling function (or as you describe it, the “salesperson descriptor”) of dealers is clear under that Act.
  - c. PIC has no mandate to investigate professional standards and qualifications (Dealing Representative vs Adviser).
  - d. The ASC website provides a tool for investors to use to verify if and how a professional is registered under the *Securities Act*.
2. **Allegations 4,5:** The ASC has failed to inform Albertans that it is industry-funded as opposed to a public-funded.
- a. This is not a wrongdoing as defined by PIDA s.3. Moreover, on its website the ASC publicly states it receives funding from market participants and its own investments.
3. **Allegations 6,7:** The ASC has ignored the deception and misrepresentation surrounding high industry investment fees and commissions in Alberta, and opaque professional titles.
- a. The complaint does not include sufficient details that describe a potential wrongdoing further to section 13 of PIDA. The complaint did not make clear how ASC is responsible for regulating Alberta securities industry fee structures and how they have grossly mismanaged their execution of that duty.
4. **Allegation 9:** The ASC has engaged in advertising campaigns that serve to misinform investors.
- a. The complaint does not include sufficient details that describe a potential wrongdoing further to section 13 of PIDA. While your disagreement with the ASC’s messaging is clear, the examples provided do not support the allegation of a deliberate ASC misinformation campaign.
5. **Allegation 10:** At the highest levels in Canada, police (RCMP) are working “within” the offices of Securities Commissions and I believe police are unaware that they are seeking assistance from persons who are paid and influenced by private financial interests who profit to a greater extent when laws can be ignored and laws can be exempted for those private financial interests.
- a. The allegation is based on an opinion and does not include

sufficient details that describe a potential wrongdoing further to section 13 of PIDA. The supporting details included Ontario and federal examples, but none were specific to the ASC.

6. **Allegations 11, 12:** Investment industry operators are allowed to purchase exemptions under the *Securities Act* in order to reap higher profits (the complainant intends to pursue this allegation in a future complaint of wrongdoing to PIC).
  - a. Allegation 11 appears to be a pending, separate complaint and is not supported by a factual example.
  - b. Allegation 12 does not include sufficient details that describe a potential wrongdoing further to section 13 of PIDA. Exemptions are allowed under the Securities Act – they are mentioned 48 times and broad discretion has been given to the ASC in their use. There were no supporting details as to how the ASC has tolerated the abuse of exemptions under that Act. The comparison to deferred prosecution agreements is confusing as they are a legal mechanism described as remedial agreements under Part XXII.1 of the Criminal Code of Canada.

Some of the examples you provided refer to matters in other provinces or at the federal level over which our office has no jurisdiction. We only have jurisdiction over Alberta public sector organizations, including the ASC but not private industry organizations or individuals.

Thank you for taking the time and effort to bring your concerns to us. We now consider this case to be closed and we wish you well as you pursue your concerns via other avenues.

Kind Regards,

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