

ANALYSIS

# White-collar crime needs attention from Ottawa, investors group says

**Investors say victims suffering while Canada fails to gather data to get better handle on fraud**

By Jason Proctor, [CBC News](#) Posted: Nov 28, 2015 5:00 AM PT Last Updated: Nov 28, 2015 5:00 AM PT

Christine Dow invested about \$200,000 in a Ponzi scheme. She believes white-collar criminals should be punished more heavily..

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"You feel like a loser."

Even as Christine Dow says the words, you find yourself wanting to interrupt; to say "No you're not" to this woman who sits crying as she describes four years of hell that began with a phone call four years ago to say she'd lost \$200,000.

At least she and her husband had their jobs and their health, they told themselves. But then they lost their jobs. And her husband was diagnosed with esophageal cancer. He died in 2013. The stress didn't help.

"Yes, he was very stressed out," Dow says.

"We both were. We just couldn't believe it; our whole world fell apart: our jobs, our health; our money. Everything was taken from under us. It's like a carpet being pulled and you don't know where you're going to land."

## Wheel of bad fortune

She's not a loser — except in a way any victim of white-collar crime might understand.

We all make investments. We all know some people get ripped off. You perform what due diligence you're capable of. And yet trust is an essential component of the investment process. We just hope the wheel of bad fortune won't land on us. And if it does, we hope someone will take it seriously.

The Canadian Foundation for the Advancement of Investors Rights says Canada needs to do a better job at tracking and studying white-collar crime.

On that score Dow believes Canada could be doing a lot better.

"I just think white-collar crime should be punished more heavily," Dow says. "I just think people who seem to have an education — when they do something wrong — seem to get away with it much easier."

Like it or not, that perception is a common one. And like a lot of Canadians, Dow is hoping a change of government in Ottawa will bring sharper focus to an under-examined problem.

In a striking [report written in August 2014](#), the Canadian Foundation for the Advancement of Investor Rights tried to paint a picture of the scope of investment fraud in Canada in order to suggest regulatory improvements.

They reached some depressing conclusions: little data is kept and collated on victims and fraudsters; enforcement agencies don't talk to each other or the public enough; and as a result the public's reporting rate is "extremely low."

"There is no authoritative measure of the size of or scope of investment fraud in Canada," the report says. "The result of our research did not provide comfort that the Canadian system responsible for protecting investors against investment fraud is robust."

## Ponzi-scheme victims

The jury is out on how much Dow's experience is likely to add to that body of knowledge

She and her husband were among at least 200 investors caught up in a [\\$110-million Ponzi scheme](#) run by former Vancouver notary public Rashida Samji.

The B.C. Securities Commission (BCSC) [fined Samji \\$33 million](#) and permanently banned her from the province's capital markets last January. Samji also [faces 28 criminal charges](#) of fraud and theft, which she claims would amount to [double jeopardy](#) if a trial goes ahead. The court is set to hear that argument next February.

About 90 people — including Dow — put money into the scheme through former Coast Capital Savings financial planner Arvindbhai Bakorbhai Patel.

Rashida Samji was a notary public whom the B.C. Securities Commission fined for running a Ponzi scheme.

Patel reached a settlement with the BCSC that's [worth reading](#) if you're the type inclined to blame victims for their own misfortunes. Even some of his co-workers trusted him with their money. How was an ordinary customer to know?

"Patel was a registrant and a financial planner. Patel knew his clients were relying on him to provide investment and financial guidance," the agreement says.

"And yet he introduced them to the [scheme] with little to no due diligence of his own."

## **'They went to work for nothing'**

Dow and the other Coast Capital clients have reached settlements with the banks and Patel. But the details can't be divulged. That may not be unusual in the legal world, but where does more silence leave anyone trying to get a deeper understanding of how the system failed those investors?

Lawyer John Green represented about 45 families who invested through Patel. He believes white-collar crime needs to be taken more seriously in Canada, particularly where it relates to the roles of regulators and banks in scrutinizing financial transactions.

"Financial institutions in Canada are required to watch those transactions to determine whether they're suspicious. And the federal government has legislation to tell people within banks what makes a suspicious transaction," he says.

"In many Ponzi schemes, those signs exist. And either it's an issue of whether people had sufficient training or whether people knew about it and just turned a blind eye."

Green, like the investors rights organization, thinks sanction needs to be clear. The stakes must be high. And justice can't be glacial. Consider the multibillion-dollar fraud run by Bernie Madoff in the United States. He was tried and found guilty within a year. How likely would that be in Canada?

The investors advocates recommended Ottawa consider developing a national fraud agency to centralize reporting and enforcement relating to investment fraud.

Because his clients settled, Green never got to deliver the speech he was preparing for the opening of trial. He intended to lead with a simple truth about his clients: "They went to work for nothing, year after year after year."

So try telling them they're not losers.