

OSC
IN THE COMMUNITY



Protect Your Money

Eleanor Farrell, Office of the Investor

Allister Field, Enforcement Branch

Perry Quinton, Investor Education Fund

What the OSC does

- Makes rules for trading securities in Ontario
- Monitors for compliance with those rules
- Investigates misconduct
- Enforces the rules and imposes sanctions
- Provides investor education through the Investor Education Fund



Office of the Investor

- Engages with investors
- Goal is to better understand investors' perspective and ensure it is considered and addressed in policy and operational activities
- A better understanding of investors helps the OSC provide more effective protection from unfair, improper and fraudulent practices

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Fraud Prevention

Allister Field
OSC Enforcement Branch

Agenda - Fraud Prevention

- About the Enforcement Branch
- Investment fraud overview
- Types of scams
- Warning signs of fraud
- Tips for protecting your money

OSC Enforcement Branch

- Investigates and litigates breaches of Securities Act
- Seeks orders in public interest before adjudicative tribunals of the Commission and the courts
- Mixture of Investigators, Forensic Accountants, Lawyers and Support Staff
- Types of Team
 - Boiler Room Team
 - Insider Trading Team
 - Case Assessment Team

In cases of wrongdoing

- The OSC can issue reprimands, fines, suspensions or bans from the securities industry in administrative proceedings
- Can seek incarceration in quasi-criminal proceedings

2012

- Commenced 30 proceedings involving 71 individuals, 36 companies before tribunals – 15 cases involved fraud
- Concluded proceedings against 63 individuals, 37 companies
 - half of them faced fraud allegations
- Court sentenced 2 people to jail for breaches of Securities Act and Commission orders



OSC Website

www.osc.gov.on.ca

- A section for investors
- Online registration check
- Investor Warnings
- Investment fraud check list
- Avoiding frauds and scams

OSC Contact Centre

inquiries@osc.gov.on.ca

1-877-785-1555 (toll free)

Investment Fraud Overview

- 3 in 10 Canadians approached with a potential fraud
- 1 in 20 Canadians is an investment fraud victim
- Under-reported crime
- Impact on mental & physical health, relationships

Affinity Fraud

- Con artist finds a common interest with a group
- May target community groups:
 - Religious groups
 - Ethnic groups
 - Clubs
- Builds relationship, trust

Ponzi/Pyramid

- Investors are recruited & encouraged to recruit others
- Investment “returns” are paid using money from new investments – not earned from money that has been invested
- Scheme collapses when new investments stop

Boiler Rooms

- Unsolicited phone call
- Business appears legitimate:
 - Address in financial district
 - Website, toll-free number
- Caller uses pressure tactics:
 - Repeat calls
 - Limited-time offers
- You're left with worthless shares

Pump and Dump

- Unsolicited phone call or spam e-mail
- Encouraged to buy promising over-the-counter or penny stocks
- Con artists hold large blocks of shares:
 - Drives up sales, value increases
 - Con artists sell their shares, value plummet
- You're left with worthless shares

Double Dip – Repeat Scams

- 35% of fraud victims are defrauded more than once
- Con artists keep or sell lists of their victims
- “Initial investment will pay off if you send more money”
- A previous investment will pay off if rolled into a new one

Warning Signs

- Phone call or email from someone that you don't know
- High-return; low-risk
- Tax avoidance
- Company is about to be listed on an exchange
- High-pressure tactics – must act now
- Suggestion that you provide false financial information
- Encouragement to recruiting friends or family
- Unregistered seller

If you suspect a scam, report it

- OSC: 1-877-785-1555
inquiries@osc.gov.on.ca
- Local police
- Canadian Anti-fraud Centre (originally known as PhoneBusters)
1-888-495-8501

Before you invest

Check registration

- 1-877-785-1555

Check OSC web site

- www.osc.gov.on.ca

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Perry Quinton Investor Education Fund

Straight answers to your money questions

GetSmarterAboutMoney.ca
Answers to your money questions.

Home | Managing your money | Life events | Tools & Calculators | Blog | Education programs | Research | About IEF

Start by using the **RRSP savings calculator** now ▶

I will start planning for retirement.

Save for retirement
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Test your knowledge
Money basics

MASTERS of MONEY

Financial Stress 2013 Part 1...
by Alison Griffiths on Feb 15, 2013

Retirement and Money Part 2
by Rob Carrick on Feb 14, 2013

FOR TEACHERS

InspireFinancialLearning.ca

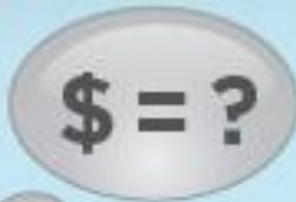
- Can we count you in? (video)
- Check out our curriculum-ready resources

Investor Education Fund is a non-profit organization founded by the Ontario Securities Commission that provides unbiased and independent financial tools to help you make better money decisions.

Financial Literacy in Schools | OSC Investor Alert | Calculators | Funny Money

Videos ▶ Newsletter Sign-up ▶ Media Room ▶ Upcoming Events ▶ Contact Us ▶ Established by the Ontario Securities Commission (OSC)

#1



**Know
your money
personality.**

Check your risk tolerance



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Risk profile quiz

When it comes to money, does the thought of losing it make you cringe?

While losing money is never an occasion to celebrate, everyone has a limit on how much they are willing to lose. Understanding your personal comfort level with risk and financial loss is critical to making informed financial decisions.

Take this quiz and learn your risk tolerance level.

Start the quiz 

#2

**Shop around to
get the best value
for your money.**



How to find an adviser

- Referrals: Family, friends, workplace, bank, other professionals
- Professional associations:
 - Investment Industry Regulatory Organization of Canada (IIROC) – www.iiroc.ca
 - Mutual Fund Dealers Association of Canada (MFDA) – www.mfda.ca
 - Advocis – www.advocis.ca
 - Financial Planners Standards Council – www.fpssc.ca
 - Portfolio Management Association of Canada – www.portfoliomanagent.org
- Online search engines

#3

**Care more about
your money than
anyone else does.**



What to ask when choosing an adviser

1. What are your qualifications?
2. Are you and your firm registered?
3. How much experience do you have?
4. What products and services do you offer?
5. Who are your clients?
6. What is your investment philosophy?
7. How are you paid?
8. How will you work with me?

Top 4 retirement financial planning tools

Mutual fund fee calculator

Mutual fund fee calculator

This calculator will show you how fees and other costs affect what you make investing in mutual funds. Use the tabs for Fund 1 and Fund 2 to compare different funds. You will need to enter four items:

- Investment amount
- The number of years the fund the fund was held
- The name of the fund company
- The name of the fund you want to check

We will provide the rest of the data for the funds you choose.

We will provide the rest of the data for the funds you choose.

Results: Based on this information, Fund 1 costs you \$0.00 in fees. [Learn how fees reduce your return.](#)

Fund costs vs. return

Legend: Total fees, Opportunity cost, Return after fees

*Any results or calculations displayed on this site are made available for informational purposes only, and do not constitute financial or legal advice. By using this calculator, you agree to the Investor Education Fund Website and Social Media Terms of Use and Privacy Policy. [View assumptions here.](#)

Pay down debt or invest

Pay down debt or invest calculator

If you have extra money, this calculator helps you decide whether to invest or pay off debt.

Your loan:

Interest rate on your loan: 1.00% to 50.00% (set at 10.00%)

Compounding period: Monthly

Marginal tax rate on your income: 0.00% to 90.00% (set at 35.00%)

Is your loan tax deductible? Yes

Your investment:

Marginal tax rate on your investment: 0.00% to 90.00% (set at 10.00%)

Calculate

Investment recovery calculator

Investment recovery calculator

This calculator will help you find out how long it will take for your investment to recover its value after a market downturn and identify how long it will take to get back on track to reach your original goal.

Recovering your money | **Get back on track**

What your investment was worth: \$ 25,000 on January 2011

Expected yearly investment return: 5.00% **RESET**

What your investment is worth today: \$ 10,000

What are your contributions? \$ 0 Monthly

Expected inflation rate: 1.00%

Calculate

Results: Adjusted for inflation, your original investment of \$25,000 will be recovered within 24 years if the investment return is 5.00% if your investment does better than estimated and you receive 6.00% return, your original investment will be recovered in 20 years. However, if the investment does not perform as planned and you receive 4.00% return, your original investment will not recover in 30 years. [Join the good asset club is important.](#)

Legend: Initial portfolio value, Current market value, Comeback year

Chart | **Print**

Retirement cash flow planner

Age	Calendar Year	Retirement year	Investment value at start of year	Change in investment value by end of year	Hate of return on investment \$	Routine deposit or withdrawal	Special deposit or withdrawal	Investment value at end of year	Cumulative performance	Annual withdrawal percentage
65	2033	1	\$ 100,000	\$ 5,220	5.22%	\$ (10,000)		\$ 95,220	5.22%	-10.0%
66	2034	2	\$ 95,220	\$ 4,970	5.22%	\$ (10,225)		\$ 89,965	5.22%	-10.7%
67	2035	3	\$ 89,965	\$ 4,696	5.22%	\$ (10,455)		\$ 84,207	5.22%	-11.6%
68	2036	4	\$ 84,207	\$ 4,396	5.22%	\$ (10,690)		\$ 77,912	5.22%	-12.7%
69	2037	5	\$ 77,912	\$ 4,067	5.22%	\$ (10,931)		\$ 71,048	5.22%	-14.0%
70	2038	6	\$ 71,048	\$ 3,709	5.22%	\$ (11,177)		\$ 63,580	5.22%	-15.7%
71	2039	7	\$ 63,580	\$ 3,319	5.22%	\$ (11,428)		\$ 55,471	5.22%	-18.0%
72	2040	8	\$ 55,471	\$ 2,896	5.22%	\$ (11,685)		\$ 46,681	5.22%	-21.1%
73	2041	9	\$ 46,681	\$ 2,437	5.22%	\$ (11,948)		\$ 37,169	5.22%	-25.6%
74	2042	10	\$ 37,169	\$ 1,940	5.22%	\$ (12,217)		\$ 26,892	5.22%	-32.9%
75	2043	11	\$ 26,892	\$ 1,404	5.22%	\$ (12,492)		\$ 15,804	5.22%	-46.5%
76	2044	12	\$ 15,804	\$ 825	5.22%	\$ (12,773)		\$ 3,856	5.22%	-80.8%
77	2045	13	\$ 3,856	\$ 201	5.22%	\$ (13,060)		\$ (9,003)	5.22%	-338.7%
78	2046	14	\$ (9,003)	\$ (470)	5.22%	\$ (13,354)		\$ (22,828)	5.22%	148.3%
79	2047	15	\$ (22,828)	\$ (1,192)	5.22%	\$ (13,655)		\$ (37,674)	5.22%	59.8%
80	2048	16	\$ (37,674)	\$ (1,967)	5.22%	\$ (13,962)		\$ (53,603)	5.22%	37.1%
81	2049	17	\$ (53,603)	\$ (2,798)	5.22%	\$ (14,276)		\$ (70,677)	5.22%	26.6%
82	2050	18	\$ (70,677)	\$ (3,689)	5.22%	\$ (14,597)		\$ (88,964)	5.22%	20.7%
83	2051	19	\$ (88,964)	\$ (4,644)	5.22%	\$ (14,926)		\$ (108,534)	5.22%	16.8%
84	2052	20	\$ (108,534)	\$ (5,665)	5.22%	\$ (15,262)		\$ (123,461)	5.22%	14.1%

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Working with an adviser

- What to expect
- Your responsibilities
- Questions to ask
- Assessing your adviser
- If you have a complaint



Your adviser should:

- 1 Give clear, specific advice**
- 2 Explain the risks**
- 3 Answer your investing questions**
- 4 Protect your personal information**
- 5 Get permission before buying or selling**
- 6 Send regular statements and updates**

You have a responsibility to:

- Be open and honest about your finances
- Understand what you're investing in
- Ask questions

Questions to ask about your investments:

- How does this investment work?
- Why should you buy it?
- How will it help you reach your goals?
- What is the level of risk?
- What are the costs to buy, hold and sell the investment?
- When can you sell your investment?
- Will you pay fees or penalties if you need to get your money out sooner?

Assessing your adviser

- 1 Understand your total return over time**
- 2 Calculate your total costs each year**
- 3 Compare your results to benchmarks**
- 4 Assess the value your adviser provides**
- 5 Decide if you're happy with results over time**

Consider making a complaint if:

- You rarely hear from your adviser
- Your adviser's suggestions don't seem to match your goals
- Your adviser makes frequent or unusual trades
- You feel pressured to invest

How to make a complaint

- 1** Talk to your adviser and their manager
- 2** Write a letter
- 3** Contact the Ombudsman for Banking Services and Investments (OBSI)

www.obsi.ca

1-888-451-4519

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Protect Your Money Audience Q&A

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Thank you from the OSC

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