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Ottawa vows crackdown on white-collar crime

Fraudsters would face mandatory minimum sentences and confiscation of assets under proposed legislation

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Fraudsters and other white-collar criminals would face mandatory minimum jail sentences and confiscation of assets under new legislation the Harper government plans to introduce this fall.

Justice Minister Rob Nicholson made the announcement Tuesday, flanked by victims of financial crime, including the Bre-X stock manipulation and the alleged Earl Jones Ponzi scheme.

Mr. Nicholson did not reveal the range of minimum sentences he plans to propose or when the legislation is to be introduced.

But he said future announcements will include measures to ensure that white-collar criminals do not get special treatment in terms of expedited parole.

Earlier, representatives of about a dozen victims groups descended on Ottawa to press their case in a meeting with Prime Minister Stephen Harper that more needs to be done than increased sentences.

They claimed incidents of fraud are increasing and that the RCMP and other police forces appear to be overmatched by clever Ponzi schemes and stock manipulations.

Financial analyst Diane Urquhart, who is teaming up with former Toronto police fraud detective Gary Logan in pressing for more enforcement, said she agreed with the stiffer sentences. But she added that Quebec's decision to spend \$6-million on enforcement was more effective.

"These sentences mean nothing unless [enforcement] is stepped up," she said. "I'm highly confident with experts that are given the authority to go at these fraudsters at every level, that's what's required to be effective."

Victims groups called on Ottawa to establish and fund an independent Securities Crime Unit. They also urged provincial governments to sign on to the federal government's national regulator proposal so that fraudsters can be more easily detected.

The renewed focus on white-collar crime comes after Montreal investment dealer Earl Jones was charged with fraud in July for allegedly operating a Ponzi scheme that swindled about 150 investors of at least \$30-million.

As well, two Alberta men were charged Monday with operating another Ponzi-type scheme that netted about \$100-million in investments.

Joey Davis, whose mother lost \$200,000 by investing with Earl Jones, said he was angry it had taken the government so long to take note of the impact of white-collar crime.

"We're not just thousands, we're millions, millions of Canadians who have been defrauded."