

September 11, 2009

Honourable Minister Peter Van Loan  
Federal Minister of Public Safety  
House of Commons  
Ottawa, Ontario, K1A 0A6  
E-mail: VanLoP@parl.gc.ca

RE: Securities Crime Unit

Dear Honourable Minister Peter Van Loan:

Securities fraud complaints intake, investigation and prosecution are securities crime policing functions that enforce the Federal Criminal Code. Structures and budgets for securities crime policing are determined by police services boards and government ministries under the general supervision of the Provincial and Territorial Public Safety Ministers and the Federal Public Safety Minister. As noted in APPENDIX A, the National Pensioners and Senior Citizens, United Senior Citizens of Ontario, Diane Urquhart or Gary Logan, former Detective Sergeant of the Toronto Police Services Fraud Squad have been communicating with you and other Federal Government officials since April 2007 on the need to reform how securities crime policing is done in Canada.

### **Progress Report and the Next Steps**

You have replied to our letters and e-mails with an invitation to continue our dialogue with you, Ministry of Public Safety bureaucrats and RCMP IMET officials. The purpose of this letter is to give you a progress report on our communications with various Public Safety, Finance and Justice officials across Canada. We are pleased to share with you in APPENDIX B letters that we have received from every Province and Territory, except Nova Scotia and Nunavut, that in our minds show broad-based support for the proposed Securities Crime Unit.

In new Federal-Provincial co-ordinating agencies, it usually takes the Federal Government to begin the reform process and to provide its share of the funding. Fortunately, we see the price tag of what the Federal Government needs to contribute for the Securities Crime Unit to be only about \$4 million annually. We are asking you to commit to this Federal funding and to call a Federal-Provincial Public Safety Ministers meeting to discuss how the SCU could be implemented and governed for accountability to the public.

### **Broad Agreement on the Basic Features of Reform**

We have found broad agreement with the basic features of the reform model for successful securities crime policing in Canada:

- (1) a core group of securities fraud police experts assessing securities crime complaints from the investing public and whistleblowers and co-ordinating police services' securities crime investigations;

- (2) all Federal, provincial and local police services engaged in the investigation and prosecution of securities crime according to predetermined jurisdictional protocols, with the RCMP Integrated Market Enforcement Team no longer having virtual exclusive jurisdiction for securities crime policing functions; municipal, regional and provincial police services' support is contingent upon the Federal Government, Provinces and Territories providing new special funding for securities crime investigations and prosecutions conducted by the municipal, regional and provincial police services' fraud and anti-rackets divisions.
- (3) the Securities Crime Unit and police services able to operate independently of investment industry and political influence, without the Federal Government obligation to report securities crime complaints to and receive recommendations on criminal investigations from the Joint Consultative Group (JCG). The JCG comprises of representatives from the Investment Industry Self Regulatory Organizations, the Investment Industry Regulatory Organization of Canada and Mutual Fund Dealers Association of Canada, and from the Ontario Securities Commission and other Provincial Securities Commissions (See APPENDIX C);
- (4) the new Securities Crime Unit to operate under a governance structure that ensures accountability to the public on the amount and quality of securities criminal investigations and prosecutions and the integrity of who is investigated up to the highest levels of personnel in the Canadian investment industry and in government handling investment matters. The RCMP IMET works for the only major police service in Canada that does not have a police services board.

#### **Securities Crime Unit Creation Unrelated to National Securities Commission Initiative**

The proposed Securities Crime Unit is a necessary change in addition to the proposed new single National Securities Commission. The SCU should be in place whether the new single National Securities Commission is implemented or not. The SCU should not wait for implementation of the National Securities Commission as it serves a different purpose and should not be integrated with securities regulation enforcement, in any case. The Securities Crime Unit improves the effectiveness of securities crime policing in the enforcement of the Federal Criminal Code. The new single National Securities Commission is an effort to improve the effectiveness of securities regulation and its enforcement under a single new National Securities Act. Securities regulation is currently fragmented amongst thirteen Provinces and Territories. There is unlikely to be constitutional challenges to stop the implementation of the Securities Crime Unit since it is a Federal-Provincial co-ordinating agency and so it can be implemented immediately.

#### **Securities Crime Policing and Regulation Enforcement in One National Enforcement Agency is Wrong**

The proposed Securities Crime Unit is in the opposite direction to the Investment Industry plan for the RCMP IMET and Securities Regulation Enforcement to be merged into a single National Enforcement Agency. In the Investment Industry plan, the National Enforcement Agency becomes a division of the single National Securities Commission. Merging securities crime policing with securities regulation enforcement is wrong and the merged structure will be ineffective in the deterrence of securities

crimes for the reasons clearly outlined by Gary Logan, the former Detective Sergeant of the Toronto Police Services Fraud Squad.

**The Budget is Minimal and Not Fixing Securities Crime Policing is Tantamount to Accepting Fraud**

Gary Logan and I have estimated that the budget requirement for the proposed SCU is about \$4 million annually. Not to spend this money on the proposed SCU is to make a Minister's decision to accept the way securities crime policing is done today. This is not fulfilling the Minister of Public Safety's mandate to provide for the safety of Canadians, which in this instance is the protection of the money Canadians need to live. Loss of pensions and personal retirement savings caused by securities fraud is now costing over \$20 billion annually in both systemic investment product fraud and rogue financial advisors and investment managers. To accept the current virtual exclusive jurisdiction of the RCMP IMET for securities crime policing, conducted on an integrated basis with the Investment Industry and operating without a Police Services Board, is acceptance of a system that is opportune for corruption. Sound administration of the rule of criminal law and independent criminal policing are core features of a working democracy. Without it, the integrity of capital markets is compromised, and financial stability cannot be achieved. Then, more Non Bank ABCP debacles, rogue Ponzi Schemes and pension fund crises will become commonplace.

Your sincerely,

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and

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**CC:**

Title	First Name	Last Name	Company	Business Phone	Email Address
Honourable Minister	Fred	Lindsay	Alberta Minister of Public Security & Solicitor General	(780) 415-9406	Fred.Lindsay@gov.ab.ca
Honourable Minister	Rich	Coleman	British Columbia Minister of Safety & Solicitor General	(250) 356-7717	SG.Minister@gov.bc.ca
Honourable Minister	Peter	Van Loan	Federal Minister of Public Safety	(613) 996-7752	VanLoP@parl.gc.ca
	Barry	MacKillop	Federal Ministry of Public Safety and Emergency Preparedness	(613) 991-4281	barry.mackillop@ps-sp.gc.ca
	Yves	Leguerrier	Federal Ministry of Public Safety and Emergency Preparedness	(905) 990-2715	yves.leguerrier@ps-sp.gc.ca
Honourable Minister	Dave	Chomiak	Manitoba Attorney General & Minister of Justice	(204) 945-3728	minjus@leg.gov.mb.ca
Honourable Minister	John	Foran	New Brunswick Minister of Public Safety & Solicitor General	(506) 453-7414	john.foran@gnb.ca
Honourable Minister	Kevin	O'Brien	Newfoundland & Labrador Minister of Government Services	(709) 729-4712	kevinobrien@gov.nl.ca
Honourable Minister	Dianne	Whalen	Newfoundland & Labrador Minister Responsible for Emergency Preparedness	(709) 729-3048	dianne.whalen@gov.nl.ca
Honourable Minister	Jackson	Lafferty	Northwest Territories Attorney General & Minister of Justice	(867) 669-2399	Jackson_Lafferty@gov.nt.ca
Honourable Minister	Ross Lorne	Landry	Nova Scotia Attorney General & Minister of Justice	(902) 424-4044	justmin@gov.ns.ca
Honourable Minister	Quassa	Kusugak	Nunavut Minister of Community and Government Services	(867) 645-866	kusugak@gov.nu.ca
Honourable Minister	Rick	Bartolucci	Ontario Minister of Community Safety and Correctional Services	(416) 325-0408	rbartolucci.mpp@liberal.ola.org
Honourable Minister	Carolyn	Bertram	PEI Communities, Cultural Affairs and Labour	(902) 368-5250	cibertram@gov.pe.ca
Honourable Minister	Jacques	Dupuis	Quebec Ministère de la Sécurité Publique	(418) 643-2112	ministre@msp.gouv.qc.ca
Honourable Minister	Darryl	Hickie	Saskatchewan Minister of Corrections, Public Safety & Policing	(306) 787-4377	dhickie.mla@sasktel.net
Honourable Minister	Archie	Lang	Yukon Minister of Community Services	(867) 667-5811	archie.lang@gov.yk.ca
	David	Sweet	MP for Ancaster—Dundas—Flamborough—Westdale	(613) 996-4984	SweetD@parl.gc.ca

## APPENDIX A

<b>Date</b>	<b>Nature of Communication</b>	<b>Who Was Communicating</b>
<b>April 26, 2007</b>	National Pensioners & Senior Citizens Federation media conference in Ottawa on failing securities regulation and securities crime policing	Politics and News Media President of NPSCF, Art Field Diane Urquhart
<b>October 26, 2007</b>	National Pensioners & Senior Citizens Federation Annual Conventions Resolutions on RCMP Securities Crime Policing	NPSCF Annual Convention Attendees
<b>December 4, 2007</b>	NPSCF Letter to Public Safety Minister on RCMP Securities Crime Policing & Request for Meeting	Former Public Safety Minister Stockwell Day President of NPSCF, Art Field
<b>March 11, 2008</b>	Meeting with Ministry of Public Safety bureaucrats and RCMP IMET Director	Director General Barry McKillop Senior Policy Analyst Yves Leguerrier Policy Analyst Matt Boldt President of NPSCF, Art Field Diane and Hugh Urquhart
<b>October 30, 2008</b>	Letter to Public Safety Minister on securities fraud enforcement	Public Safety Minister Peter Van Loan Diane Urquhart
<b>January 16, 2009</b>	Presentations to the 30th Annual McMaster World Congress On Economic Crime	Former Detective Sergeant TPS, Gary Logan Diane Urquhart
<b>January 22, 2009</b>	Letter from Public Safety Minister committed to enhancing RCMP IMET	Public Safety Minister Peter Van Loan
<b>February 7, 2009</b>	E-mail to Chairman and Clerk of Hearing by Committee of Public Safety and National Security on Securities Crime and the Current Economic Crisis	Chairman Garry Breitreuz Clerk Roger Préfontaine
<b>March 13, 2009</b>	Letter and Securities Crime Unit DVD to Public Safety Minister	Public Safety Minister Peter Van Loan Former Detective Sergeant TPS, Gary Logan
<b>March 30, 2009</b>	Meeting with Ministry of Public Safety bureaucrats & Conservative MP on Securities Crime Unit	Director General Barry McKillop Senior Policy Analyst Yves Leguerrier Conservative MP David Sweet Former Detective Sergeant TPS, Gary Logan Diane and Hugh Urquhart
<b>March 30, 2009</b>	Meeting with Liberal Public Safety Critic on Securities Crime Unit	Liberal Public Safety Critic Mark Holland Former Detective Sergeant TPS, Gary Logan Jim Hayes, NPSCF Ken Cunningham, USCO Diane and Hugh Urquhart

<b>Date</b>	<b>Nature of Communication</b>	<b>Who Was Communicating</b>
<b>March 30, 2009</b>	Presentation to Full NDP Caucus on Securities Crime Unit	NDP Leader Jack Layton Former NDP Public Safety Critic Jack Harris NDP Justice Critic Joe Comartin NDP Finance Critic Thomas Mulcair Other NDP Caucus MP's Former Detective Sergeant TPS, Gary Logan Diane and Hugh Urquhart
<b>April 23, 2009</b>	Presentation by the United Senior Citizens of Ontario to the House of Commons Standing Committee of Finance on "Measures to Enhance Credit Availability and the Stability of the Canadian Financial System."	Standing Committee of Finance Marie Smith, President of USCO Diane Urquhart
<b>May 20, 2009</b>	Follow-up E-mail to Public Safety Minister with digital version of Securities Crime Unit	Public Safety Minister Peter Van Loan Gary Logan, Former Detective Sergeant TPS Diane Urquhart
<b>May 27, 2009</b>	E-mail with link to May 26, 2009 Webinar on Securities Crime Unit: Role of Police Services and Police Services Boards	Public Safety Minister Peter Van Loan Diane Urquhart
<b>Aug. 14-16, 2009</b>	Canadian Association of Police Boards Annual Meeting Networking	Diane and Hugh Urquhart
<b>August 15, 2009</b>	Informal meeting with Federal Ministry of Public Safety Director General Barry MacKillop Requesting Federal/Provincial/Territorial Working Group be established on improved securities crime policing in Canada	Diane Urquhart
<b>August 15, 2009</b>	Informal meeting with Nova Scotia Attorney General and Minister of Justice Ross Landry and Deputy Minister of Justice Robert Purcell requesting support for SCU	Diane and Hugh Urquhart
<b>August 25, 2009</b>	Meeting with Daryl Kramp, Federal MP Prince Edward-Hastings, Member of House of Commons Standing Committee of Finance	Gary Logan, Diane and Hugh Urquhart