

May 31, 2012

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**Maple Group proposal for monopolistic price gauging, unethical and unpatriotic conducts**

Dear Sarah

Thanks for requesting comments to Maple Group's indecent proposal. Common sense of the common people find it an evil plan against the public interest while Maple try to hide this naked truth by dressing it up with dollars to look good.

**Forbid Canadian big banks having any control of stock exchanges - Investors already hurt in billions!**

A review of past US/ EU regulatory enforcements against dealer/investment banking arm of big banks in Maple Group convince any reasonable person, the potential risks the public face if they are allowed to own and operate Canadian stock exchanges. Any conditional approval for these sophisticated market manipulators is a betrayal of public trust.

In a recent event, the continued failure of provincial regular to protect investors at TSX resulted in investors seeking billion dollars in a class action suit in Canadian court. It is unbelievably sad to witness the regulator consider rewarding the defendants ( four investment dealers who are part of Maple Group facing billion dollar lawsuits) with keys to TSX. Rewarding wrongdoers is unacceptable, unfair and investors lose confidence. If the allegations are proved in courts, regulator's blessing these investment dealers takeover of stock exchanges may be considered an act against humanity

Last month, Commodity Futures Trading Commission, which regulates derivatives trading in the U.S said in court filings that senior officials at a leading Canadian bank operated a massive wash trading scheme, largest based on value of securities, that enabled it to earn fraudulent Canadian tax credits! The scheme effectively influenced prices and nullified the risks posed by owning those shares. CFTC alleges the bank set prices for the futures internally thus those contracts were not subject to risk or price competition. The scheme involved a number of bank's divisions. CFTC also alleges the bank misrepresented what it had done in discussions with regulators. Canadian bank employees who excel in deceiving people and their own bank get rewarded & get promoted from low ranks to V.P/ Chair positions. If bankers as tax cheats can manipulate an effective US regulator with their deceptive skills, then these underfunded, understaffed & unequipped provincial regulators with poor enforcement record are hardly a match. In Canada, it is a home run for these untouchable market manipulators. It is therefore very risky to let bank/ dealers own & operate stock exchanges

Auditor General of Canada has expressed concern on Canadian banking regulator OSFI, in regard to lack of competent staff and modern technology as well on the need to periodically update securities guidelines and legislations. OSFI with an outdated manual starter crank is hardly a challenge to those well paid manipulators at Canadian bank towers with electronic algorithmic programs. For example, repacked CMHC/ banks mortgages sold as high quality NHA MBS to global investors are in fact subprime mortgages, laundered by banks with bogus income & assets. Basic audit standards such as direct verification by CMHC on mortgagor declared income & assets with CRA are been ignored, making way for laundering the underground & illegally obtained cash, & banks relying on them for repayment. Existing weak structures & enforcements failed to protect investors. Canadian banks owning & operating exchanges make it even more riskier.

Corporate governance of Canadian financial institutions had lost it effectiveness to million dollar incentive pay structure. Canadian federal & provincial regulations that govern market participants and the regulators are outdated and fail to protect the public & the investors. Exchange monopoly can create local & global misery and economic risk. Therefore allowing oligopoly to enjoy exchange monopoly without restructuring Canadian capital markets create an economic risk

Even after Canada modernizes its securities laws and regulatory structure including creation of various national regulators, stock exchanges should never be allowed to be owned by big Canadian banks directly or indirectly. Any " Repeat Offender" of securities laws here or abroad should be forbidden from owning the opening sacred Liberty bells and keys to stock exchanges , until all the executive team and board of directors at the bank /dealer are replaced.

The just & fair system that protect and serve public interest is the separation of ownership related to underwriting, trading, brokerage & banking. It helps to avoid numerous conflicts of interest that arise by them owning and operating exchange monopoly. It protects independence of trading and listing platforms. Therefore investment bank/dealers as Maple partners in an exchanges monopoly create huge risks & violate generally accepted international standards.

### **The close ties between regulators, legislators and financial institutions fail to serve public interest**

Maple Group is a consortium of predatory reactionaries, hoping to hunt like a pack of wolves and eliminate competitions and claim new territories with their markings. Initially, they wrapped themselves with the Canadian flag to win public & political support to prevent the spirit of competition that LSE- TMX tried to breathe into capital market. Maple now dreaming for monopoly in Canadian capital markets where culture of deception can be glorified & rewarded. Maple's investment bank/dealer partners only knows to make profits, after paying fines to regulators and restitution to victims.

Competition Bureau's initial common sense review considered the deal uncompetitive. This view was in line with decisions related to recent stock exchange merger attempts that were blocked in well regulated markets in Europe and US. The NYSE- Deutsche Boerse merger and the Nasdaq/Intercontinental bid for NYSE Euronext were blocked due to monopolist/ anti trust concerns. Singapore bid for Australian stock exchange was blocked to protect national interest. In an oligopolistic Canadian capital markets with an ineffective provincial regulatory enforcements, allowing monopoly makes no sense because it creates economic risk. Creating a federal regulator must be a pre- requisite to consider merger dreams. Province should not decide on matters related to national-public interest as it undermines sovereignty. Focus should be on innovation, making easier for companies to raise capital, not exchange takeovers, that make it hard.

In the absence of common sense touch with the public, Competition Bureau had been unduly influenced by Maple Group lobbyists and dragged into grey & muddy waters. The Bureau now can't see clearly, differentiate myth from reality or predict future behaviour with the past. Bureau now consider stock exchange monopoly as the only opinion for healthy competitions & agrees to a provincial guideline for the takeover. Wolves are delighted with federal/ provincial regulators' lack of power and zeal to serve public interest and are waving their tails to leap for that fatal kill. Regulators can impose volumes of rules (supervised with tax revenue/ investor fees ) & Maple Pack will agree to all, and later find ways to cheat us within these rules! What matters is the past behaviours of this pack. Bank/dealers of this pack have proved without a reasonable doubt their fundamental behaviour is based on how to manipulate rules and cheat public. There are numerous evidences for any doubting Thomas in SEC, FSA, CFTC enforcement records where they paid hundreds of million dollars in fines and restitution. Canadian investors lose about \$ 20 billions annually to frauds and victims hardly get compensation. It is the public that play the role of regulator and consoler of the lonely. People only understand visual dominators like Pharaohs' & Caesars' and fail to understand Ponzi schemers and financial bondage of pyramid builders on Bay St. It is sad not to see Canadians renewing their Dunkirk spirit shown during Operation Dynamo to save their own financial freedom. It's Canadians finest hour to protect competition & foster market integrity

Ontarians were forced to accept similar deal in 2010, when Province of Ontario introduced auto insurance reform in consultation with Maple's bank partners who hold larger market share in auto insurance. Ontarians were lead to believe by legislators, regulators and these Maple partners who sell auto insurance that auto insurance reform will give Ontarians many choices and reduce their premiums. Ontarians were presented with similar projected pricing models to convince premiums (fees) will be clear, reasonable and competitive. The reality was the opposite. Ontarians witnessed their insurance coverage significantly reduced and premiums sky rocket, a net loss to Ontarians. On the contrary, it resulted in net profits to Maple partners insurance division and contributed towards billion dollar profits

Statistical pricing models presented then, now and in future will be great liars and deceivers of humanity like Satan. It is unwise and dangerous to eat like Adam this Maple apple that is endorsed by bureaucrats & legislators acting like Eve, promising competitions and fairness. Whether there is one or more banks in this deal, they all act like a pack, just like gas stations with one voice/ price gauging and Canadians have no choices. The only beneficiaries of Maple deal are the deal makers themselves, enjoying job security and various million dollar executive compensations including retainers. The unfair monopolistic profits will serve those self interest of regions and groups at the expense of investors. There is nothing in this deal for the public. The provincial and federal reviews are an old colonial public relations

procedure to convince voters that legislators and regulators care for them. Public influence or participation in this process is very little, hardly a match to make it a level playing field on an already agreed deal between Maple lawyers/ lobbyists who had earned millions and spend hundreds of hours persuading regulators to see goodness in Axis of Evil.

In this vertically integrated monopoly controlled by oligopolistic financial institutions there can't be any competition in the clearing, settlement or depository services. Any enhanced regulatory oversight can easily be made ineffective for price & other market manipulations. It is easy for camel to pass through the eye of a needle than creating competition.

### **Exchange monopoly without an effective national regulatory enforcement create safe haven for global frauds**

Current enforcement & regulatory deficiencies make Canada a safe haven for local & foreign companies to use stock exchanges for white collar crimes and raise billions from Canadian investors. Companies can do various fraudulent activities but only pay small fines. Telecom giant paid \$1 million in Canada but in US paid \$35 million to SEC. Provincial regulators can't even collect fines from foreign directors or officers. Failure of Canadian regional regulator and exchanges to do even the basic due diligence recently resulted in investors filing billion dollar class action lawsuit against bank/ dealers in Maple Group and against natural resources based company that had the largest market share in TSX before being delisted! Maple monopoly will evolve exchanges into safe haven for market manipulations. Regulator who failed to protect investors from investment dealers under existing weak structure but grants exchange monopoly to these dealers act against public interest. It is like having wolves as guardians of Canada's poultry farms.

There is the need for a national regulator respecting provincial jurisdictions to evolve Canadian capital markets from colonial structure to modern day republican democratic reality. Before the French revolution, the laws in France varied from region to region like Canada's various provincial securities regulations. Just like pre-revolution laws serving the regional aristocratic interest, current regional regulatory laws are serving regional business, special interest groups and oligopoly business controlled by billionaires. There is the need for a similar unified Napoleonic securities law within our constitutional framework that reflect the spirit of the French law and the letter of the English law to serve majority.

Stock exchange monopoly without federal market regulators is risky. Provincial regulators haven't proved they have the zeal, independence and the power to monitor and enforce regulations. At present, when scaled to the size of the US markets, US regulator prosecute 10 times more for stock market violation and 20% times more for insider violation than Canada's biggest provincial regulator. Federal government should be applauded for introducing mandatory two year prison sentences for frauds over 1 million and financial restitution for victims. When securities law makes board & management serve time, it discourages monopoly temptations to exploit weak capital markets against public interest.

There is a heavy concentration of conflict of interest in Canadian capital market and an exchange monopoly makes it riskier for investors. The gate keepers such as accountants and lawyers, their role and obligation are not unified or clear and failed to meet current market challenges. Under current structure even gatekeepers like lawyers and accountants who were well compensated by perpetrators failed to detect wrong doing. The CEO and director positions in banks are for decades & one bank has same auditor for 75 years! Without having an effective structure to hold gatekeepers accountable but letting bank/dealers takeover stock exchanges only facilitate corporate crimes against humanity.

Under Maple proposal, 90% of market activities will be within this group including those of Maple partners, making it a safe haven for all type of manipulations and make it harder to detect violations. All activities like underwriting, trading, banking, brokerages under one roof make it easier for billion dollar global market manipulations. Maple partners are also lobbying federal government to protect them from the long arm of US /EU regulators and legislators who are implementing measures to avoid risks like systemic risk this exchange monopoly will create. Recent federal court ruling on the role of a national regulator, acknowledge the federal responsibility in this matter. Federal Competition Bureau indicate it will be satisfied with the oversight and conditions of regional regulator in allowing Maple partners to "enter into temptation" of price gauging and unethical conduct. Maple partners, individually as financial institutions have an impressive code of conduct/ guidelines on paper and employees are mandated to do annual spiritual exercise and sign electronically. What matters is corporate culture. In reality, star performers at dealers/banks in Maple partnership don't walk their talk on ethics. Those who walk the ethical talk are exiled by dark angels from the gardens of Bay St.

In the absence of a national regulator, investors have to rely on US regulators to regulate Canadian markets and get big bank/ dealers pay restitution to victims. Maple monopoly will create too many securities violations and investors have to rely more and more on US regulators to police Maple partners. SEC is the hope and envy of the world. It is at SEC where gigantic global market manipulators like Canada's big telecom & banks who enjoy safe haven and VIP status in their own countries meet their match & small investors take their last stand. In the land of Statue of Liberty they can't hide their wrongdoing. They have to be more open, fair, transparent as well open their dirty books and pay fines. Like the Statue of Liberty, SEC now hold the tablet written by Dodd – Frank echoing the spirit of their forefathers declaration to break free from chains of poverty. Hope Dodd- Frank bill take toddler's forward leap to serve & protect us from all evils & let American Eagle proclaim once more to the world "one small step for investor one giant leap for mankind"

#### **Other Concerns :**

##### **Maple Group takeover create social injustice, economic and security risk**

Canadian financial sector workers are one of the worst exploited in Canadian economy . Globalization, technology, out – shoring and contract hire have all stagnated their wages for decades while executive compensation grow in disproportion. Maple takeover expenses will impact on profit margin and Maple cost synergy will only hurt workers specially those back office workers. Executives who are negotiating the deal have negotiated a gold plated compensation for any bad scenarios. H/R committee directors put further retention arrangements for executives for a successful completion of this deal. Under this deal the so called independent directors and executives only serve & protect each other. There will be no director serving the interest of workers, or a director from CAW or public interest groups. Canada's 274,000 banking sector workers don't have any trade unions to protect them!. Since the credit crisis on each consequent rehire their wages decline. Financial sector workers earning since the 80s remain stagnated while the house price increased by 500%. This resulted in Canadians building up debts and their current debt to income ratio increased to 152% highest among G7. This increase in inequality since the 80s is not a sustainable trend. Financial stability and economic growth can only be achieved by accelerating workers income growth or a decline in income of executive class. Pension funds create foreign jobs and will experience negative cash flow by aligning with Maple's jobs outflow deals. Approving this deal increases social inequality, injustice and lowers the standard of living of workers.

Personal identity theft is on the rise and Canadians' privacy has been grossly violated by Maple partners out-sourcing and out- shoring jobs to Asian countries. Under Maple takeover, this trend will continue with more lay off specially those holding back office jobs and higher executive incentives to do more. Foreign governments and organized crime syndicates can access data such as personal information, financial information of Canadians as well as corporate confidential data from these call centers/service centers in Asia. This deal create systemic risk as it create " too big to fail Maple ". This deal centralizes market activities under one entity and undermines Canadian economic stability and security. This make Canada vulnerable for cyber warfare and for hackers seeking business and personal confidential information. Maple partners exploiting cheap Asian labour is a potential gateway for Trojan horses. Assessment on these foreign threats and the ability of CSEC to protect Canadian interest need to be assessed.

Federal government gave the biggest stimulus package (\$ 125 billion under IMPP) to banks in Maple Group to retain investor confidence, hoping banks in turn help business get loans and raise needed capital and thereby be partners in creating jobs and economic growth .Banks decided not lend and sit on billion dollar cash. Just like Rothschild now buying stakes in Rockefeller's assets and wealth management unit, these banks since 2008 spend \$ 40 billion of stimulus cash to buy wealth management companies around the globe and take a foothold there. Only these investment bankers in Maple Group & few others are allowed to participate in federal government securities auctions and these Maple partners help super rich facing volatile stock markets to park their cash on billions of dollar worth Canadian bonds and T bills guaranteed and paid by Canadian taxpayers! Wider participation is needed to create competition and reduce federal borrowing cost. This help other investment dealers to participate and help businesses get loan and needed

investor capital. Emerging markets attain higher GDP due to SME ability to raise capital. Over 7000 banks in US compete regionally to raise funds for SME. Maple deal destroy competitions in capital markets and make it harder for Canadian SME to raise capital or help in job creation and economic growth. The lack of competitions, weak regulatory enforcements & accountability will get worse under Maple monopoly resulting in investors demanding higher premium.

Canadian financial industry is concentrated with conflict of interest and this deal legitimize and nourishes the culture of deception and fraud. Maple deal eliminates jobs & make it harder for those who wish to work ethically. Directors lose directorship only if convicted in US for financial frauds. Maple deal makes it harder to detect these frauds. For example, bank executives and CMHC directors are also directors of companies that build residential homes & together they facilitate selling insured mortgages guaranteed by taxpayers. This alliance creates conditions to manipulate lending, insurance and securitization (MBS) process worth hundreds of billion dollars. Maple deal enhances similar unethical process and increase investor risk. Canadian bank was fined by US regulator for federally insured mortgage frauds, lending with bogus income and assets. Similar modus operandi is carried out in Canada, resulting in a rise in mortgage frauds and home prices. These questionable mortgages are repacked and sold as high quality MBS securities to global investors. Workers who refuse to be part of the deception team are humiliated and terminated by senior management while directors turn a blind eye. Conflict of interest resulted in stimulus cash creating housing bubble, profit and bonuses for home builders & bankers while Canadians are loaded with debts, many with 40 year debt bondages. IMF has asked federal government to review the mystery of CMHC transferring \$100 billions risk from banks to taxpayers in the past three years that keep house prices rising while Canada is in recession with \$ 570 billion federal debts and Canadians face high unemployment & household debts! The privilege to lend and securitization of MBS is enjoyed by a few like Maple bank partners. OECD has asked Bank of Canada to raise interest rate for the second time in two years but has been ignored to please Maple bank partners and this puts Canadian economy at risk. Some federal /provincial bureaucrats & legislators eagerly serve Bay St interest & look forward for directorship in the musical chair game played by Bay St.

Maple proposal is bad for business, economy and against public interest. It's a wake up call to Canadians and legislators on the need for various reforms. OSFI and Competition Bureau have a very narrow scope and behave like a frog in a well. We need federal agencies with an eagle's eye to look at all issues & serve all regions. Under Maple plan, cost recovery entities like CDS that execute 1.5 million exchange trades per day, will be converted for profits. We must introduce financial transaction tax on hundreds of million transactions done at CDS annually, many are of speculative nature that hurt people & economy. We must impose higher tax on revenue derived from speculative mortgage lending/ MBS and transfer that tax revenue as tax credit to poor who pay mortgage interest. We must impose jail terms for bankers who cheat on bank tax filing and on their super rich clients with offshore accounts who avoid paying taxes. These measures prevent financial institutions from presenting bad and evil proposals to Canadians. In recent elections in Canada and in Europe people have expressed their desire not to support the trend the Maple consortium seek from legislators where 1% of the population benefit at the expense of the 99%, the primary objective of Maple Group Consortium. Contrary to the mean spirit of monopoly proposal, the wealth tax bill introduced in Ontario legislature express the people's choice for a level playing field in capital markets where capital and controlling ownership is widely shared.

In the beginning, Indians of the Plains & buffaloes roamed the earth and mother nature ensured natural harmony. Later power struggle for trade monopoly and exploitation resulted in human misery and near extinction of bison. Let's now promote a level playing field and prevent a pack wolves ever dominate an entire bison population. Be mindful of the future promised by our Great Spirit - another new heaven & earth only to those who give & share wealth with the poor.

Yours truly

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