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October 4, 2007

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Attention Business Editors:

CSA study shows one in 20 Canadians a victim of investment fraud - often introduced by someone they know and trust

MONTREAL, Oct. 2 /CNW/ - A new national study on investment fraud and its social impact estimates that over one million adult Canadians have been the victim of investment fraud and that half these victims were introduced to the fraud through an existing relationship of trust, such as a friend, family member or work colleague.

The latest Canadian Securities Administrators (CSA) Investor Study: Understanding the Social Impact of Investment Fraud finds that investment fraud often results in a loss of trust between victims and those close to them, as well as a loss of confidence in the system as a whole. In fact, 68% of fraud victims report they are less likely to trust people in general and 63% report they are less willing to make future investments.

"The first casualty of fraud is the victim's trust in other people, investments and the financial markets," said CSA Chair Jean St-Gelais. "As regulators, we are concerned when investors lack the trust to invest again in our financial markets. We must continue to educate people on how to recognize, avoid and report investment fraud."

The study also finds that the impact of fraud - especially among those who lost more than \$10,000 - goes beyond trust. Victims of investment fraud reported negative impacts to their health, as well as to their social connections.

The study finds several attitudes made investors vulnerable to investment fraud. People who don't trust investment professionals, those who say you have to bend the rules to get ahead and people who feel that every investment is a gamble are two or three times more likely to be a victim of investment fraud than the average Canadian.

"We want people to understand that no one is immune to investment fraud. The study shows it is a common occurrence in the lives of many Canadians, with almost one-in-20 having been victimized. Everyone is vulnerable and all investors can benefit by doing their homework. The securities regulators can help with information and investor resources," said St-Gelais.

The study also finds over 90% of Canadians believe the impact of investment fraud is as serious as that of violent crimes, but most people think the criminal justice system as a whole does not treat investment fraud as seriously as other crimes. People do believe that reporting investment fraud is worth the effort, yet few people actually report these crimes. Just 17% report their most recent experience with attempted fraud to authorities (the RCMP, local police, legal community, investment industry, consumer advocacy groups, and securities regulators). Of those who were victimized, only 22% of one-time victims and 28% of repeat victims reported their most recent fraud experience.

The CSA website and provincial and territorial securities regulators provide resources to help investors find the tools they need to spot and report fraud. The study's executive summary is available online on the CSA website www.csa-acvm.ca with the full study available upon request.

The CSA commissioned Innovative Research Group Inc., a national public opinion research firm, to conduct the 2007 CSA Investor Study: Understanding the Social Impact of Investment Fraud, between July 16 and July 31, 2007. Results from the survey are based on 5,868 completed online interviews of Canadians, 18 years of age or older.

The CSA, the council of securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital

markets. Their mandate is to protect investors from unfair or fraudulent practices through regulation of the securities industry. Part of this protection is educating investors about the risk, responsibilities and rewards of investing.

For further information: To arrange interviews with CSA Chair Jean St-Gelais, please contact directly: Frédéric Alberro, Autorité des marchés financiers, (514) 940-2176; For more information: Tamera Van Brunt, Alberta Securities Commission, (403) 297-2664; Andrew Poon, British Columbia Securities Commission, (604) 899-6880; Barbara Shourounis, Saskatchewan Financial Services Commission, (306) 787-5842; Ainsley Cunningham, Manitoba Securities Commission, (204) 945-4733; Laurie Gillett, Ontario Securities Commission, (416) 595-8913; Frédéric Alberro, Autorité des marchés financiers, (514) 940-2176; Jane Gillies, New Brunswick Securities Commission, (506) 643-7745; Chris Pottie, Nova Scotia Securities Commission, (902) 424-5393; Marc Gallant, Prince Edward Island Office of the Attorney General, (902) 368-4552; Bette Boyd, Yukon Securities Registry, (867) 667-5225; Donald MacDougall, Securities Registration of the Northwest Territories, (867) 920-8984; Doug Connolly, Financial Services Regulation Division, Newfoundland and Labrador, (709) 729-2594

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