

**IN THE MATTER OF AN APPEAL TO THE APPEAL COMMITTEE
OF THE CANADIAN INVESTOR PROTECTION FUND**

RE: [REDACTED]

Heard: August 12, 2015, by teleconference

PANEL:

PATRICK J. LESAGE) Appeal Committee Member

APPEARANCES:

[REDACTED]) Appellant, on his own behalf

Maureen Doherty) Counsel for the Canadian Investor
Protection Fund Staff

DECISION AND REASONS

1. [REDACTED] (“the Appellant”) was a client of First Leaside Securities Inc. (“FLSI”), an investment dealer through which over 1,200 customers made investments in various affiliated companies, trusts and limited partnerships (collectively the “First Leaside Group”). FLSI was registered with the Ontario Securities Commission (“OSC”) and was a member of the Investment Industry Regulatory Organization of Canada (“IIROC”). It was also a member of the Canadian Investor Protection Fund (“CIPF” or the “Fund”) until its suspension by IIROC on February 24, 2012. This was the same date that FLSI was declared to be insolvent and the day after FLSI sought protection under the *Companies’ Creditors Arrangement Act*. The relevant history leading up to these events and the role of CIPF with respect to claims to the Fund are set out in detail in the Appeal Committee’s decision in relation to an appeal heard on October 27, 2014.¹

¹ This decision is available on the CIPF website and will be referenced throughout as the “October 27, 2014 decision”.

2. The Appellant claims the amount of \$35,370.91 with respect to his purchase of First Leaside Properties Fund (Series C), stock dividends and cash balance held in his account with FLSI.

3. The Appellant advised he had little anticipation of succeeding on this appeal having regard to the Appeal Committee's earlier decisions on similar or identical issues. He expressed it this way: "I understand that I have little or no chance of recovery, but I do wish to have my views and position heard".

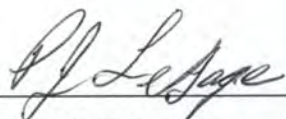
4. [REDACTED] expressed a number of concerns about CIPF. He also expressed his dissatisfaction with the proposition that his investments, which were in FL (real estate) fund, could have no residual value. His position was that they must have some residual value because they are actually in real estate. He also stated FLSI misrepresented the breadth of CIPF coverage to the extent that: "We investors, we expected our investments were protected by CIPF coverage". He posed a question: "I would like to understand if CIPF is truly interested in protecting people who invest in Canada?" As well, he said: "why shouldn't CIPF actively pursue recovery from the wrongdoers by way of an investors' class-action?" He also submitted that CIPF should use the money expended in defending the claims and appeals to assist the investors with a class action.

5. While I hear [REDACTED]'s concerns, the fact remains that CIPF coverage is limited to custodial coverage. As was indicated in the October 27, 2014 decision, the CIPF brochure outlines this limitation on coverage. Any misrepresentations of the coverage to the Appellant were made by FLSI and/or the promoters of First Leaside Group products, not CIPF.

6. For the reasons expressed in the earlier decisions of the Appeal Committee, this appeal cannot succeed because the CIPF coverage does not extend to the losses claimed.

7. [REDACTED] has suffered a loss. I sympathize with his plight, but there is no recourse available to him under the CIPF coverage. The appeal must therefore be dismissed. The decision of the CIPF Staff is upheld.

Dated at Toronto, this 19th day of October, 2015



Patrick J. LeSage