SUCCESS STORY: MR. C

Mr. C was a long-time client of one of the big five banks, alongside his family. At this bank, he had a financial advisor, whom he had been trusting for over a decade. The trust was so deeply ingrained, Mr. C recommended the financial advisor to all his family members, who went on to invest with the advisor as well. Unfortunately, over a decade, every member of Mr. C’s family lost a substantial amount of their investment. The financial advisor was negligent with Mr. C’s investments, failing to meet his Know-Your-Client obligations and putting Mr. C in a portfolio that was grossly inconsistent with Mr. C’s needs.

When Mr. C came to the Investor Protection Clinic, he did not have many options for legal recourse. The limitation period had passed, ruling out civil litigation. Mr. C had begun negotiating for a settlement with the financial institution, and needed the support of the Clinic. The student caseworkers worked alongside their supervising lawyer and a pro-bono financial expert to draft a demand letter to the financial institution. The demand letter drew on the financial institutions’ own policies for the standard of conduct expected from their advisors and the requirements from IIROC and MFDA when it came to the conduct of advisors. The student caseworkers drew on these expectations and underlined the financial advisors’ failure to meet them using the facts of the case. The negotiations were bolstered using the financial expert’s evaluation of the portfolio, and his estimation that the portfolio should have been worth five times what it currently was.

Negotiations continued into the summer, and the Clinic was steadfast in its expectations for the outcome. Mr. C had been abandoned by his financial institution. His portfolio was no longer being managed, his losses continued. The financial institution had failed him through the past decade, only updating his KYC forms twice in that timespan. The Clinic appreciated the wrong done to Mr. C, and refused to accept a settlement lower than what was acceptable to the client. Mid-way through the summer, the Clinic began to look at other options as the negotiations stalled. On the verge of launching a complaint with a regulator, the financial institution came back with an offer, totaling 100% of the clients’ losses. At the time, the settlement offer of over $140,000 was the Clinic’s largest win.