Securities Regulators Rack Up $1.1 billion in Unpaid Fines

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Recently, the Globe and Mail conducted an investigation and published an article which revealed that securities regulators across Canada have over $1.1 billion in uncollected fines. This is despite the fact that each year Canadian regulators levy approximately $100 million in fines and penalties. The investigation uncovered that the British Columbia Securities Commission has the highest amount of unpaid fines (likely due to the fact that it levies the highest fines overall), followed by the Ontario Securities Commission and Alberta Securities Commission. The article notes that often the more egregious the offender, the less likely a fine will be paid, particularly if the offender is banned from the industry. It notes an example of a Mutual Fund Dealers Association ("MFDA") decision which commented: "the imposition of a permanent prohibition may well make it less likely that a fine will ever be paid".

Interestingly, the article does not comment on the ability of some regulators (Alberta, Quebec and Prince Edward Island) to collect fines through their court systems. These powers have been granted recently and may well impact the ability of those regulators to collect unpaid fines.

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