

June 9<sup>th</sup> 2017.

To: Liberal MP Wayne Easter, Chair of the Finance Committee.

Via email: [FINA@ parl.gc.ca](mailto:FINA@parl.gc.ca), [wayne.easter@parl.gc.ca](mailto:wayne.easter@parl.gc.ca)

Re: Hearings into the Sales practices of Canada's Big Banks

As a client of a Full-Service Canadian Bank, I expect to have access to the full set of investment Choices, available to me by all my Bank owned firms.

My Bank owns a full-service IIROC investment firm. When I ask my Bank for Choices, I don't want the full-service IIROC investment firm hidden from me. If the Bank 'wants-too-keep-all-the-assets', then they should at least adhere to the Code of Conduct + Ethics stipulated in the IIROC regulations. Suitability is the #1 Mandate of IIROC.

Why is it when a Bank client asks the Bank for Investment Choices they hide the full-service IIROC advisor? This is denial of Choice to Canadians.

I understand that Bank internal compensation plans are established in such a way where Big Banks are REWARDED ... **NOT** ... to offer me Choice. That is a poor practice, possibly criminal. Q. When have you seen my Bank advertising that they own a Full-Service Investment Advisory IIROC firm?

If the Bank wants to be part of the 'Asset-gathering-game', then please don't Pick & Choose for me. If not part of the 'Asset-gathering-game', then the Bank shouldn't own a Full-Service IIROC firm. I thought all the mergers in the Financial institutions were about giving Canadians more Choice?

Apparently, it is the opposite.

The Banks must divest themselves of their full-service IIROC firms, to give back Choice to Canadians. The Banks job seems to keep their clients unaware of what Choice is available, in others words deny Choice.

But don't ask Bank Management a question about Choice. Walk into a Bank Branch and 'mystery shop'; pretend to be a potential client with \$500,000 who needs Growth. Or Income. Or Both. The Bank will deny you access to their IIROC full-service investment firm. Even if you ask about the IIROC full-service firm, they will deny you access; one popular claim is "those guys charge commissions" or "those guys are too risky".

I understand quite recently, at TD Bank, there was a policy that if the client had over \$250,000 in investable assets, then that client MUST have a Choice of meeting all the Bank owned firms, the

Insurance arm as well as their full-service IIROC firm TD Waterhouse (renamed to TD Wealth). Now TD Bank has stopped that Best Practice, quite unfortunately.

And herein lies the opportunity; it should be mandatory legislation for ALL full-service Financial Entities, Banks, Insurance and others, that clients, perhaps with more than \$100,000 invested, have a bonafide meeting with the Bank/Insurance owned Full-Service IIROC firm. The Canadian Investor will then understand the Choice available to them. The Banks can't keep their clients ignorant forever, just because it is more profitable for them. And as a side note, this is where the 'smaller' Financial Service firms, possibly just the Mutual Fund Sales Channel and other smaller IIROC firms, love to 'cherry pick' Bank clients who have no knowledge of Choice. They can steal away a client with investable assets of \$100,000, or \$250,000, or more, from a Bank, easily, without having to wait for a Bear market. They offer Choice.

Ultimately the Banks, in their Branches, are not to be trusted to do what is best for the customers (despite the rhetoric), they don't have the Investment Products, Investment Services and the Investment Styles, to assist the Wealth Growth + Wealth Preservation of Canadians' overall Wealth, throughout their Life Phases, and throughout complete Market Cycles (Bears and Bulls). And this has been proven time and time again; no full-service IIROC firm, with life-insurance-licensed Advisors, loses clients to the Bank. None. Why would you ever go to the Bank when you have Choice at your full-service IIROC investment Advisory firm?

**And isn't it ironic as well that a Proprietary product seller, the Bank or the Insurance company, owns a Non-Proprietary full-service IIROC investment advisory firm.**

Canadians need a law that forces the Banks to do the 'right thing' for Canadians. The Medical + Health markets have this as a mandate; "Do No Harm". The Banks say "Canadians Have NO Choice". That's Harm. Possibly leading to Loss.

The old TD Bank practice of referring clients to their full-service IIROC firm is a guide, it can be improved upon, but it should be the base minimum for all Canadian Investors. And Savers. If not, please have the Banks divest themselves of their full-service IIROC firms.

At present the situation in Canada is untenable. There are Bank employees who are receiving commissions because they are placing Seniors/Clients into Mutual Funds because GIC rates are too low. If they don't 'hustle' Grannie into a Bond Fund, or a Balanced Fund, they don't get paid their commission and keep their job, and then they face the wrath of their manager. If you want the true stories, call me, I've got tons. I'll testify. But the 'Teller' at BMO, TD, BNS, RBC and CIBC will place you in a non-Suitable product in order to achieve their bonus, but not refer you to Nesbitt Burns Dominion Securities, Waterhouse, McLeod or Wood Gundy, because they could lose their job.

In a nutshell, the Banks hold their client's assets captive, and deny Choice to Canadians. If you have \$10,000, ask your local Bank if you should switch to any Robo-Advisor or Bank-owned discount broker; after-all they are considerable cheaper? Or if you have \$500,000, will they mention, and refer you, to

their Full-Service IIROC firm? Especially if you need Income from that \$500,000 to pay your hydro bill, property taxes, and for food/nutrients. You'll get a 'No Choice' type of response and 'Stay with Bank' response.

Banks are not a good Choice for Canadians' Investments. They are good for savings and chequing, not for Investing. If the Banks tell you that they do in fact refer clients to their full-service IIROC firm, they only make the referral as a last resort, if the client demands the referral, or they are about to lose the client.

Canadians need Choice.

'Trusting' your Canadian Bank, and their 'Tellers', is akin to denying Choice, and Best Outcomes.

Canadians will lose, when they are denied Choice.

Now is the time for the Canadian Regulators to ensure Canadians have Choice. Possibly enacting a form of Glass-Steagall, where the Financial 'Houses' are separated such that they can compete effectively and operate independently. Or the Banks should divest themselves of the IIROC firms, if they are not going to refer Suitable clients with assets to them.

Gerry Gabon

President and Founder

Trusted Wealth Professionals

Cell: 416-566-2213

Email: [AskGerry@TrustedWealthProfessionals.com](mailto:AskGerry@TrustedWealthProfessionals.com)