

The Province

Court weighs allowing Eron investors' suit

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Page: A28 / FRONT
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The Supreme Court of Canada is considering whether it should allow aggrieved Eron Mortgage investors to sue the B.C. government in the hopes of recovering some of the money lost when the fraudulent mortgage broker collapsed.

The court reserved decision on the precedent-setting case yesterday after hearing from investors and representatives of the B.C. Registrar of Brokers over whether a government can be sued for failure in its duty to protect investors.

Some 3,300 investors lost more than \$220 million when the registrar shut down the company in 1997, accusing it of fraudulently using some investors' money to pay other investors.

About 3,200 of them are involved in the suit, which nominally lists North Vancouver's Mary Francis Cooper, who lost her retirement nest egg, as the main investor.

"The issue is: can an individual sue the government entity for failure (to properly govern the behaviour of mortgage brokers)," said Cooper's lawyer David Church.

However, the office of the attorney general of B.C. and an array of governments ranging from the federal government to those of most large provinces, have used the courts to block the lawsuit and uphold the general rule in Canada that governments can not be sued.