

Kinlin's painful lessons

The five-year jail sentence imposed this week on fraudster Patrick Kinlin has set him squarely apart from most financial advisers.

This Bay Street huckster was in a league of his own: selling government bonds that were as imaginary as the Ivy League credentials on his letterhead, all without any licence to deal in any type of bond, stock or security.

The mere fact this high-school dropout and serial groom was able to operate undetected for many years is a sure sign we all should learn a thing or two for our own protection.

Kinlin began his career selling life insurance and moved into mutual funds — two areas of personal finance where consumers may get bad advice but face limited risk of having their money stolen.

An adviser cannot steal your insurance premiums or mutual fund contributions if you write cheques, or arrange for an electronic transfer of money directly to the life insurer or mutual fund company.

There's always the chance those companies will go bust, but that's another story.

Consumers buying a financial product should ask questions if they do not receive a letter confirming their purchase from the insurer or mutual fund company. A letter from the adviser, or the brokerage company for which he or she works, is not enough.

As a guide to the standard of advice you may expect, it's wise to ask for the adviser's credentials, such as the Certified Financial Planner designation, and to double-check credentials with the body that grants the certification.

Detective Constable Bjorn Walter of the Toronto Police said Kinlin's clients ran into trouble when they bought his imaginary government bonds, or signed over to him the power to handle their investments and their estates after their death.

Belleville lawyer Wendy Elliott was one of those clients. She became suspicious after buying bonds through Kinlin Financial Services Inc. Alarm bells went off when she re-

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JAMES DAW



ceived only a confirmation letter from Kinlin listing the serial numbers of bonds, and when she had trouble getting some money back in a timely fashion.

After some checking, she discovered the bonds she supposedly bought were not yielding the 8.5 per cent Kinlin promised. She called repeatedly, and only got a call back from Kinlin when she threatened to go to the Ontario Securities Commission.

Kinlin did deliver her money back, with interest. He even claimed that he had paid the tax on the interest, so she need not report the transaction to Revenue Canada. She ignored his suggestion and reported

him to tax authorities.

Only certain companies and their employees are licensed to sell government bonds, stocks and other securities — although it's still not a legal requirement that all sales people must be members of a self-regulatory agency such as the Investment Dealers Association of Canada, or have the \$1 million insolvency insurance provided by the Canadian Investor Protection Fund.

When dealing with a small outfit such as Kinlin's, investors would be wise to call the OSC inquiry line (416 593-8314) to ask what an adviser and his company are licensed to sell.

To see if a company is covered in the event of insolvency, call the Canadian Investor Protection Fund (416 866-8366). Members of stock exchanges and the Investment Dealers Association are required to have insurance and sufficient capital to cover clients who lose money as a result of fraud. The CIPF provides a further backstop.

Individuals should be highly

suspicious of financial advisers who ask to be granted a general power of attorney, or to be appointed as the executor of a will.

"There is no reason for somebody that sells stocks, bonds, mutual funds, et cetera, to have a general power of attorney," says Steven Kelman, co-author of the book *Sage Advice: Choosing The Best Financial Advisor*.

Kinlin used his clients' general power of attorney to cash their RRSPs, exposing them to large tax liabilities. He used his power as executor to siphon money out of estates where the beneficiaries were ignorant of the true value.

Finally, never, never be afraid to ask questions and seek independent confirmation.

Money Talk appears Tuesday, Thursday and Saturday. James Daw can be reached at Money Talk, Your Business, The Toronto Star, 1 Yonge St., Toronto ON M5E 1E6; at (416) 869-4817; (416) 865-3630 by fax; or at jdaw@thestar.ca by E-mail.

TORONTO STAR
13 JAN 2006
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\$12 million probably gone forever, police say

BY KALI PEARSON
STAFF REPORTER

A Bay St. investor is wanted by police after more than 75 seniors, many of whom considered the man a close friend, were bilked of their life savings in a fraud that police say could total \$12 million.

An arrest warrant has been issued for Patrick Joseph Kinlin, 53, of Toronto.

Police say he left for the United States after a complaint was registered against him with the Ontario Securities Commission last week.

"As of 5 p.m. Monday, we knew exactly where he was, but it's difficult to extradite someone for fraud," said Detective Steve Burnham of the Toronto police fraud squad.

"We believe about \$12 million or more has been defrauded so far. . . . It's doubtful that they will see this money again," said Burnham, who described the fraud scheme as a "house of cards" that collapsed.

Police say a man who wasn't licensed to sell stock took clients' money for stock and managed retirement portfolios. He provided the clients with "fake certificates that could've been purchased at Grand & Toy," Burnham said.

The alleged fraud came to light when a woman who is near retirement age tried to cash out her \$400,000 portfolio.

She said a man gave her two post-dated cheques but when the date came to cash them, he called in a panic, urging her to wait, and sent more post-dated cheques for a later date, Burnham said.

She contacted a lawyer and it was discovered that only \$44 remained in the bank account on which the cheques had been issued.

Most of the seniors are over 75 and invested their life sav-



PATRICK KINLIN: Toronto man, 53, believed to be in United States.

ings. They come from an area between Halton Region and Ottawa. The scheme went on for two or three years, Burnham said.

Kinlin ran a private investment company and was licensed to sell mutual funds with Keybase Financial Group.

Robin Hailey-Gillin, program director of ABCs of Fraud, a Toronto-based group that provides information to seniors about fraud, said there are no statistics on how often fraud against seniors happens. But she said there have been several similar schemes in the past two years.

Many frauds don't get reported, Hailey-Gillin said.

"Seniors get very embarrassed. When people lose their life savings, it's not just money that is lost.

"They lose self-esteem, self-respect because they trusted the wrong person and they blame themselves."

Burnham agreed.

"For many, the shock of being defrauded is greater than the loss itself."

All stock brokers in Ontario must be registered with the Ontario Securities Commission. A phone call to the commission can confirm whether a broker is reputable.

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Monsignor Peter S. Kinlin

Monsignor Peter S. Kinlin passed away on October 7, 1995, at St. Michael's Hospital in Toronto, Ontario, after a short illness. Born in Bogart, Ontario, he was the son of the late Margaret (Nellie) Doran and Patrick Kinlin. He is survived by his sister Margaret McMahon of Brockville, his sister-in-law Margaret Kinlin of Toronto and several nieces, nephews and cousins. He was predeceased by brothers James, Frank, William and Joseph; sister Mary and his uncle, the Reverend William Kinlin and two aunts of the House of Providence, Sister Mary Anna and Sister Mary Paschal. Monsignor Peter S. Kinlin attended Bogart Public School and graduated from Tweed High School. He attended St. Augustine's seminary in Toronto for two years. In 1939 he began his studies at the Regina Cleric Seminary in Regina, Saskatchewan. He was ordained a priest at St. Mary's Cathedral in Kingston on May 18, 1940, for the diocese of Regina. From 1940 to 1975 Monsignor Kinlin served in many capacities in Regina: as Assistant Pastor, Pastor, Chaplain of the Armed Services, and Chancellor of the Regina Diocese. In 1947 he entered St. Paul's seminary in Ottawa, Ontario, for the study of Canon Law. During his service in Regina, he was named Domestic Prelate. Monsignor Kinlin was appointed Head of the Regina Marriage Tribunal and served in this capacity until 1975 when he came to Toronto for that position until his semi-retirement a few years ago. However, he remained an active part of the Marriage Tribunal always working to help others. On Monday, October 9, 1995, he

John Francis Kinlin

Kinlin: John Francis (Frank) of Toronto on Friday, February 17, 1995, at Providence Centre, Toronto. Born in Hungerford Township, on May 6, 1911, the son of the late Ellen (Doran) and Patrick Kinlin. Beloved husband of Margaret (Murphy) Kinlin. Dear father of Ken Kinlin and his wife Donna, Gregory Kinlin and his wife Maureen and Cathy White and her husband Graham, all of Toronto. Much loved poppa of Laura and John Kinlin, Erin, Meaghan, and Ceilidh Kinlin, and Katie, Heather and Patrick White. Dear brother of Msgr. Peter Kinlin of Toronto and Margaret McMahon of Brockville. Predeceased by children John and Monica Therese, brother, James, William, and Joseph Kinlin and sister Mary Dillon. Mr. Kinlin was retired from the Ministry of Education and a Fellow of the Canadian Education Association and the Ontario Teachers' Federation. Visitation was held at Trull Funeral Home "North York Chapel" on Sunday, with Funeral Mass concelebrated by Fr. Davis Manadan, Msgr. Peter Kinlin and many of the Toronto area priests, on Monday, February 20, 1995, at 11:30 a.m., in St. Margaret of Scotland Church, Toronto, thence to Cassidy Funeral Home, Tweed, for visitation on Monday evening with a Memorial Mass being concelebrated by Fr. T.G. Scanlan, Fr. Harold O'Neill and Fr. Bernard O'Neill, at 10 a.m. on Tuesday in St. Carthag's Church, Tweed. The readings from Scripture were done by Cathy and Graham White and the gifts were presented by Frank's grandchildren. Spring interment in St. Carthag's Cemetery, Tweed. Pallbearers were (Toronto) Dane McCarthy, Ray Bergin, Dr. Jack McCarthy, Dave Shaw, David Soreanu and Lawrence Kinlin, (Tweed) Francis Kinlin, Francis LaJoie, Don Lesage, Don Murphy, Mike Murphy and David Soreanu.

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John Francis Kenlin

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William Kellan

- born 6 May 1911

- died 17 Feb 1995

- buried St Carthag's Cemetery Tweed

- mass at St Margaret of Scotland Church - Toronto

- married Margaret Murphy

- John's parents Patrick Kenlin

Ellen Doran

- Known children

Kenneth - Toronto

Gregory Kenlin - Toronto

Catharine Kenlin - m. Graham White - Toronto

John & Monica Theresa - predeceased

Brother 1) Peter Kenlin - Monsignor - Toronto

2) Margaret Kenlin - m. - Mc Mahon ^{Burlington}

3) James Kenlin - predeceased

* 4) William Kenlin - " buried S.H.C ^{born 1918} 30 June 1984

5) Joseph Kenlin - "

6) Mary Kellan - m. Dillon