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## Income trust outrage

By LINDA LEATHERDALE

When it comes to income trusts, trust no one.

And with all the broken promises over this political hot potato -- you'd think investors wouldn't fall for another.

But hey, voter outrage is a lightning rod. And politicians thirsting for power know it.

So, am I surprised former federal finance minister Ralph Goodale yesterday was making idle promises, even if they may not be good for us?

Goodale was in London to drum up Liberal support for an upcoming by-election. And he used the opportunity to lash out at Stephen Harper's Conservatives, who when elected promised they wouldn't overturn Goodale's tax ruling on income trusts.

But then, on Halloween, Harper's finance minister Jim Flaherty decided to dress up as Freddy Krueger and play a lead role in a Nightmare on Bay Street, when he slapped a new tax on trusts, which had avoided millions in corporate taxes because much of the cash is distributed to unitholders.

Goodale blasted this move as a broken promise to Bay Street, which is hurting investors on Main Street. And he hinted if the Liberals were to regain power, he'd change the rules again.

It's a no-brainer that would make a lot of seniors happy. Seniors like Mr. and Mrs. Mike Kerrigan, who sent Harper this angry letter: "We trusted and believed in you, Mr. Harper," the note read. "But you lied, you deceived ... and the cost is extensive, not only financially but psychologically."

This retired couple relied on income from their trusts to live on, and their decision to invest was made on political promises to leave trusts alone.

The Kerrigans are not alone. "Yesterday (the day after Halloween), I lost \$25,000. Today I lost another \$10,000. I'm a 72-year-old senior citizen, and I cannot afford this, but I guess this doesn't bother you overpaid pig politicians," said W.D. Adamson.

And this angry investor fired this warning at Flaherty: "My neighbour, you better start shining up your lawyer's degree as, you sir, are toast come the upcoming election."

Goodale knows this outrage, and he's cashing in, right or wrong.

Well, Goodale -- perhaps it's time to read a damning report on income trusts by Canada's chartered accountants, who finally are stepping up to the plate and protecting investors, after being accused of abetting crooks in a world plagued by white collar crime.

In their report, called Income Trusts: Heads I Win, Tails You Lose, the Canadian Institute of Chartered Accountants (CICA) warns income trusts are far riskier than equities, and points out: "The financial industry does not have the gatekeepers within it to protect the interests of seniors and other investors in income trusts."

It went on, "It (the industry) will sell structurally impaired investment products using inaccurate and misleading financial measures, if it is not restricted from doing so."

It also warns if a senior loses money, there are no cost-effective remedies for misconduct, and that prospectus and continuous public disclosure civil liability do apply to income trusts.

In short -- the wild, wild West of investing, where seniors are getting a snow job on the real worth of their distributions.

And who's breaching seniors' trust? In its report, the CICA points a finger at securities regulators, including itself.

This is not new stuff: For years, Bay Street forensic accountant Al Rosen has been shining a light on the income trust worms. He dares to call trusts a sophisticated Ponzi scam.

So, my warning is trust no-one. If it's too good to be true, it ain't true. And damn the politicians who mislead for their own gain.