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Earl Jones Victims File C\$40M Class-Action Suit Vs Royal Bank

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TORONTO (Dow Jones)--Victims of convicted fraudster **Earl Jones** have filed a class-action suit against Royal Bank of Canada (RY), claiming C\$40 million in damages and alleging that the bank allowed Jones to use his trust account at the bank to perpetrate his **Ponzi** scheme.

The suit, filed Thursday in the Superior Court in Montreal, alleges that the bank allowed Jones to use his trust account at the bank for personal use, and attributed him VIP-client status, which allowed him to conduct "numerous irregular and inappropriate privileges" that facilitated Jones in his **Ponzi** scheme, according to the court document.

"Substantial amounts of money belonging to the members of the Class were deposited to the **Earl Jones** in Trust Account, were never invested and were never fully reimbursed," according to the court document.

RBC officials weren't immediately available for comment about the lawsuit, which is expected to have 170-180 class members.

The filing of the suit follows Quebec Superior Court's move in mid-July to authorize Virginia Nelles, who represents the class, to proceed with the lawsuit against the Canadian banking giant.

The disgraced Montreal businessman, who presented himself as a financial adviser although he wasn't registered as such, deposited millions of dollars into the "**Earl Jones** in Trust" account with RBC's Beaconsfield, Que. branch on Montreal's West Island from Oct. 22, 1981 to Aug. 28, 2008.

Jones pleaded guilty to two fraud charges and was sentenced in February to 11 years in prison.

The Quebec Superior Court last July identified several issues that will be dealt with in the class-action case, including whether RBC was negligent and/or wilfully blind in allowing Jones to perpetrate a **Ponzi** scheme using the **Earl Jones** In Trust account for about 27 years; and whether RBC failed to put an end to the irregular operation of account in a timely manner.

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