

In the Matter of

The *FINANCIAL INSTITUTIONS ACT*
(RSBC 1996, c.141)
(the "Act")

and

The *INSURANCE COUNCIL OF BRITISH COLUMBIA*
("Council")

and

ELITE WEALTH MANAGEMENT INC.
(the "Agency")

ORDER

As Council made an intended decision on May 13, 2014, pursuant to sections 231 and 236 of the Act; and

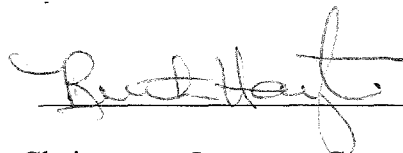
As Council, in accordance with section 237 of the Act, provided the Agency with written reasons and notice of the intended decision dated June 11, 2014; and

As the Agency has not requested a hearing of Council's intended decision within the time period provided by the Act;

Under authority of sections 231 and 236 of the Act, Council orders:

1. The Agency is fined \$3,000.00.
2. A condition is imposed on the Agency's life and accident and sickness insurance licence that requires it to pay the above-ordered fine no later than **October 1, 2014**. If the Agency does not pay the ordered fine in full by this date, the Agency's life and accident and sickness insurance licence is suspended as of **October 2, 2014**, without further action from Council and the Agency will not be permitted to complete any annual filing until such time as the ordered fine is paid in full.

This order takes effect on the **1st day of July, 2014**.



Ruth Hoyte
Chairperson, Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

respecting

ELITE WEALTH MANAGEMENT INC.
(the “Agency”)

INTRODUCTION

Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Agency acted in compliance with the requirements of the Act.

As part of Council’s investigation, on March 17, 2014, a Review Committee (the “Committee”) met with the Agency’s nominee, Ying Angela Fok (the “Nominee”), and an administrative staff member of the Agency, to discuss the results of the investigation into the Agency’s compliance with Council Rule 7(3)(b).

The Committee was comprised of one voting member and three non-voting members of Council. Prior to the Committee’s meeting with the Nominee, an investigation report was distributed to the Committee and the Nominee for review. A discussion of this report took place at the meeting and the Agency was provided an opportunity to clarify the information contained therein and make further submissions. Having reviewed the investigation materials and after discussing this matter with the Nominee, the Committee made a recommendation to Council as to the manner in which this matter should be disposed.

A report setting out the Committee’s findings and recommended disposition, along with the aforementioned investigation report, were reviewed by Council at its May 13, 2014 meeting. Based on its review, Council determined the matter should be disposed of in the manner set out below.

PROCESS

Pursuant to section 237 of the Act, Council must provide written notice to the Agency of the action it intends to take under sections 231 and 236 of the Act before taking any such action. The Agency may then accept Council’s decision or request a formal hearing. This intended decision operates as written notice of the action Council intends to take against the Agency.

FACTS

The Agency was formed in 2007, with five owners. At the time of the Committee meeting, the Agency had three owners and 26 licensees. When the Nominee first became an owner of the Agency, she did not have adequate experience to be a nominee. From 2007 to present, the Agency owners have been rotating as the Agency's nominee.

The Agency received two written warnings in 2006, and two verbal warnings in 2007, regarding the Agency's breach of Council Rule 7(3)(b), failure to notify Council within five business days that a licensee no longer had authority to represent the Agency.

The Nominee claimed that the Agency's breach of Council Rule 7(3)(b) resulted out of situations where licensees ceased representing the Agency without notifying it. The Nominee claimed that with five owners, the Agency had difficulty keeping track of its licensees and claimed that prior nominees were responsible for the failure to notify Council.

ANALYSIS

Council considered the actions and submissions of the Agency and the Nominee.

Council found that the Agency failed to notify Council within five business days when licensees ceased to represent the Agency on four occasions.

Council noted the Agency lacked organization, and had failed to establish an adequate system to keep track of its licensees. The Nominee advised that the Agency is taking steps to improve its organization, which includes putting an end to rotating its nominee. Instead, it is the intention for the current nominee to remain as such.

Council considered previous decisions where there was a breach of Council Rule 7(3)(b), including *S. Phillips* and *ClaimsPro Inc.*, *World Financial Group Insurance Agency of Canada Inc.*, *BCAA Insurance Agency Ltd.*, and *Aon Reed Stenhouse Inc.*

Council discussed relevant factors in reaching its decision, such as; the breach was unintentional; the Agency has multiple owners; and, the timeframe over which the violations occurred.

Council found that it was appropriate to issue a fine in the amount of \$3,000.00 against the Agency for its breaches of Council Rule 7(3)(b). In reaching this decision, Council noted that the Agency in this case is smaller than those in prior decisions, and that there were only four breaches, which is fewer than in previous cases.

Council accepted that the Nominee had a genuine intention to comply with Council Rules, but failed to adequately understand her obligations, and those of the Agency. Council noted that the failure to understand Council Rules did not excuse the Agency's non-compliance.

INTENDED DECISION

Pursuant to sections 231 and 236 of the Act, Council made an intended decision to fine the Agency \$3,000.00.

The Agency is advised that should the intended decision become final, the fine will be due and payable within 90 days of the date of the order. Failure to pay the fine within the 90 days will result in the automatic suspension of the Agency's life and accident and sickness insurance licence and the Agency will not be permitted to complete any annual filing until such time as the fine is paid in full.

The intended decision will take effect on **July 1, 2014**, subject to the Agency's right to request a hearing before Council pursuant to section 237 of the Act.

RIGHT TO A HEARING

If the Agency wishes to dispute Council's findings or its intended decision, the Agency may have legal representation and present a case at a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Agency must give notice to Council by delivering to its office written notice of this intention by **June 30, 2014**. A hearing will then be scheduled for a date within a reasonable period of time from receipt of the notice. Please direct written notice to the attention of the Executive Director.

If the Agency does not request a hearing by **June 30, 2014**, the intended decision of Council will take effect.

Intended Decision
Elite Wealth Management Inc.
163213
June 11, 2014
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Even if this decision is accepted by the Agency, pursuant to section 242(3) of the Act, the Financial Institutions Commission still has a right to appeal this decision of Council to the Financial Services Tribunal ("FST"). The Financial Institutions Commission has 30 days to file a Notice of Appeal, once Council's decision takes effect. For more information respecting appeals to the FST, please visit their website at www.fst.gov.bc.ca or contact them directly at:

Financial Services Tribunal
PO Box 9425 Stn Prov Govt
Victoria, British Columbia
V8W 9V1

Reception: 250-387-3464
Fax: 250-356-9923
Email: FinancialServicesTribunal@gov.bc.ca

Dated in Vancouver, British Columbia, on the **11th day of June, 2014.**

For the Insurance Council of British Columbia


per _____
Gerald D. Matier
Executive Director

GM/tp