

In the Matter of

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

and

THE INSURANCE COUNCIL OF BRITISH COLUMBIA ("Council")

and

Sherry Lynn Matthews (the "Former Licensee")

ORDER

As Council made an intended decision on June 30, 2008, under sections 231, 236 and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Former Licensee with written reasons and notice of the intended decision dated July 28, 2008; and

As the Former Licensee has not requested a hearing of Council's intended decision within the time provided to request a hearing;

Under authority of sections 231, 236 and 241.1 of the Act, Council orders that:

1. the Former Licensee is unsuitable to hold an insurance licence and Council is not prepared to consider an insurance licence application from her for a minimum period of three years from the date this order takes effect;
2. the Former Licensee is required to successfully complete all four courses towards a CFP designation and an ethics and practice course as a requirement of any future application for an insurance agent licence;
3. the Former Licensee is fined \$10,000.00;
4. the Former Licensee pay the cost of Council's investigation in the amount of \$6,150.80; and,
5. the Former Licensee is required to pay the above mentioned fine and costs as a requirement of any future application for an insurance agent licence.

This order takes effect **August 22, 2008**.



Ken Hawley, BComm, FLMI, CFP, CLU, ChFC
Chairperson, Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(Council)

respecting

Sherry Lynn Matthews
(the “Former Licensee”)

INTRODUCTION

Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether there had been compliance by the Former Licensee with the requirements of the Act.

In September 2007, the matter was presented before an Investigative Review Committee (the “Committee”). The Committee directed Council investigators to conduct further enquiries regarding the above noted transactions.

In or around February 2008, the Former Licensee’s licence lapsed due to a lack of errors and omissions (“E&O”) insurance coverage. The Former Licensee has advised that she will seek reinstatement of her licence.

In May 2008, the Committee reconvened to hear the matter however, opted to have the matter heard by all voting members of Council and to discuss the allegations that:

1. The Former Licensee recommended three clients purchase universal life insurance policies or segregated funds that were not suitable for them given their stated needs and financial circumstances.

The Committee is comprised of one voting and two non-voting members of Council, all of whom have significant experience in the insurance business. Prior to the Committee’s meeting with the Former Licensee, an investigation report had been distributed to the Committee and the Former Licensee for review. A discussion of this report took place at the meeting and the Former Licensee 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 Former Licensee, the Committee met with the Former Licensee, via telephone conference call. After discussing the issues, the Committee and the Former Licensee could not reach an agreement and the matter was referred to Council for its consideration.

As a result, the investigation report was presented to Council at its June 30, 2008 meeting. After its review, Council determined that the matter should be disposed of in the manner set out below.

INTENDED DECISION PROCESS

Pursuant to section 237 of the Act, Council must provide written notice to the Former Licensee of the action it intends to take under sections 231, 236 and/or 241.1 of the Act before taking any such action. The Former Licensee 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 Former Licensee.

FACTS

Based on the information contained in the Committee's report and in the investigation report, Council made the following findings of fact:

Licensing History

At the time of the events in question, the Former Licensee was a life and accident and sickness insurance agent nominee. The Former Licensee was unlicensed as of March 2, 2008.

Allegation Number 1

1. The Former Licensee first met the client in early 2001 when the client was referred to her by a family member. The client, at the time, was a 61 year old retired widow. The client purchased from the Former Licensee a \$377,750.00 Transamerica Challenger universal life insurance policy. The initial premium payment was \$15,000.00 for the policy.
2. At the time of the transaction, the client was in receipt of a widow's pension. The client had also sold assets valued at \$ [REDACTED] upon the passing of her husband, which provided for her daily living expenses at the time. In or around 1999, the client began supplementing her pension with RRSP withdrawals of approximately \$ [REDACTED] (gross) per year.
3. The client was an unsophisticated investor whose former husband had taken care of their finances which were approximately \$ [REDACTED] in assets, \$ [REDACTED] of which were RRSPs. At the time, she had no liabilities. Her RRSP averaged a 3.5% rate of return.
4. The Former Licensee advised the client that the policy would provide her with \$377,750.00 in life insurance and, based on a minimum 8% return, she would receive \$20,000.00 per annum tax free. The Former Licensee advised the client this would allow her to avoid using her RRSPs to supplement her income. At the urging of the

Former Licensee, the client moved monies out of her RRSPs in order to source her initial premium of \$15,000.00.

5. The following year, in 2002, the client again funded her \$15,000.00 premium from her RRSP's, which led to the secession of her Pharmacare coverage and GST refunds. She also transferred \$35,000.00 from a non-registered investment into the Transamerica policy. In the subsequent year, 2003, at the Former Licensee's direction, the client withdrew an additional \$10,000.00 which was deposited into her policy.
6. In the following year, 2004, the client paid an additional \$15,000.00 in premiums to fund the policy \$9,000.00 of which came from her RRSPs, and the other \$6,000.00 came from an ICBC settlement.

Allegation Number 2

7. The Former Licensee first met with the second client, who is the daughter of the client referred to in allegation number 1, in the summer of 2002. The client had received a severance package from her previous employer, which she wanted to invest. The Former Licensee recommended the client invest in the same universal life insurance product the Former Licensee had recommended to the client's mother.
8. At the time, the client was a 37 year old single mother of two children. The client owned approximately \$ [REDACTED] in RRSPs and another \$ [REDACTED] was invested in stocks. She had a monthly income of approximately \$ [REDACTED] sourced from [REDACTED]. The client expressed concerns about investing in a post 9/11 market which she felt was volatile, but was assured by the Former Licensee that, as the markets could only improve, this was an ideal time to invest.
9. The Former Licensee facilitated the purchase of a universal life insurance policy with a sum insured of \$500,000.00 for the client. The client paid an initial premium of \$35,000.00. As the client had a medical condition, [REDACTED], the policy was issued with an equivalent age of 51 and a minimum annual premium of \$4,561.00.
10. In or around September 2002, the client received her first annual statement and was alarmed to find that the total value was \$25,819.00, which she took to be a \$10,000.00 decrease from her original \$35,000.00 investment. She also received notice from Transamerica requesting an additional premium of \$4,561.00.
11. The client contacted the Former Licensee and advised that she did not wish to make further deposits into the policy without seeing some growth. The Former Licensee

responded to the client that the original plan was to deposit an additional \$35,000.00 into the policy, however, as plans often change, she proposed to the client that she take a "premium holiday" without explaining the ramifications of doing so.

Allegation Number 3

12. The Former Licensee met the client and his wife in late 2000. The client is the brother of the client referred to in allegation number 1. The Former Licensee encouraged the clients to purchase universal life insurance policies primarily for the purposes of investing.
13. Prior to investing with the Former Licensee, the client's investments were held with Investors Group in Richmond. At the recommendation of his brother, the client approached the Former Licensee for investment purposes as he was not satisfied with the performance of their investments.
14. The clients opted to transfer their investment funds to the Former Licensee and incurred a 3% surrender charge in the process. The Former Licensee assured them they would obtain returns of no less than 8%.
15. At the time, the client was retired and receiving \$ [REDACTED] per month in retirement income from [REDACTED], a pension from [REDACTED], CPP and OAS. His wife was receiving a pension from [REDACTED] and had been working part-time as a [REDACTED] [REDACTED] earning \$ [REDACTED] an hour. They owned their own home and their net worth was approximately \$ [REDACTED]. They were not sophisticated investors, nor did they have a high risk tolerance.
16. The client was ultimately denied insurance due to his age and poor health. The Former Licensee then recommended the client's wife purchase the policy as she was in good health. A Transamerica Challenger universal life insurance policy was then purchased in the name of the client's wife with a sum of \$325,000.00 based on a minimum annual premium of \$1,920.00 a month.
17. In 2004, the purchase of a Transamerica Estate Advantage facilitated by the Former Licensee with the client's wife as the life insured. The policy had a face amount of \$500,000.00 and a minimum annual premium of \$8,633.51.
18. In addition to the life insurance policy, the client purchased Transamerica Registered Investment Manager Series III segregated funds from the Former Licensee in December 2000. These funds were in the amount of \$88,575.00 and were transferred out of her Investors Group accounts to the Former Licensee. These funds were subsequently surrendered on April 14, 2004, when the value of the funds were

\$64,531.30, which resulted in surrender charge of \$2,794.00. The net funds were used by the Former Licensee to purchase Transamerica Imaxx Guaranteed Investment Funds within a spousal RRSP.

19. The client also purchased Transamerica Registered Investment Manager Series III segregated funds from the Former Licensee in December 2000 in the amount of \$25,563.08, which were also transferred from the Investor's Group. These segregated funds were surrendered on March 6, 2001, and \$23,659.98 was transferred to a Transamerica RRIF.
20. In November 2001, the client withdrew \$10,000.00 from this account and deposited it into his life insurance policy. On April 11, 2002, this policy was surrendered and \$11,047.33 was transferred into a GROWSafe III RRIF account. The client incurred an initial \$581.44 sales charge. On April 13, 2004, this RRIF account was surrendered and \$9,782.00 was transferred to a Transamerica Imaxx Guaranteed investment RRIF account. The client withdrew \$4,000.00 in both April and October 2004 to pay the annual premium for his life insurance policy. As of July 2005, his RRIF value had a current value of \$2,092.00.

Submissions from the Former Licensee

Allegation Number 1

21. In regards to first client, the Former Licensee stated she was approached by the client who wanted a guaranteed investment that she could leave for her children and fund future vacations. The Former Licensee felt that a Transamerica universal life insurance policy fit the client's needs and it was a tax sheltering vehicle that she could pass onto her children without being subject to any tax liability.
22. The objective was to have all the clients' monies within the universal life insurance policy contract and tax shelter the growth so she would be able to make withdrawals afterwards. Despite the client incurring some tax liabilities in the first two years of the policy, the Former Licensee believed this was well worth it in view of her overall long term investment goals.
23. The Former Licensee determined that a \$377,750.00 insurance limit was appropriate based on the needs analysis she completed in accordance with the MTAR limits. However, she stressed that the client did not need any set amount of life insurance as it was an incidental benefit to the tax sheltering aspect of the policy.

24. The Former Licensee was under the impression that the payment of annual premiums did not impact the client such that it would affect her ability to meet her daily living expenses or her Pharmacare.

Allegation Number 2

25. In regards to the second client, the Former Licensee stated the client had a lump sum of money to invest and requested the same universal life insurance policy that her mother had purchased.
26. The client wanted a tax sheltered vehicle, had \$ [REDACTED] to invest and wanted a base amount of \$500,000.00. The Former Licensee stated she offered to do a needs analysis to determine if the amount of insurance was appropriate for the client however, the client did not want to complete one and came to a decision with her mother that \$500,000.00 in life insurance would be sufficient for her needs.
27. The Former Licensee discussed universal life insurance with the client and stated the client understood the concept of universal life insurance, surrender charges involved, the cash value and the cash surrender values. The Former Licensee also provided illustrations showing annual deposits of \$35,000.00 for the first few years and then \$4,561.00 for the remaining years, which the client expected her ex-husband would pay.
28. The Former Licensee, as was her usual practice of not conducting a formal needs analysis, completed a seven step fact finding questionnaire to determine what was important to the client and to identify her goals. The Former Licensee felt the questionnaire would determine which policy best suited the client.

Allegation Number 3

29. In regards to the third client, the client informed the Former Licensee he wanted the same insurance policy that the first and second clients had purchased. The Former Licensee expressed to the clients the disadvantages of investing in a universal life insurance policy, such as surrender charges and holdbacks of their investments. She also provided them with projections and was of the view that they understood how the policy would work.
30. The Former Licensee maintains that in 2004, when she assisted the clients with a RRIF account and a RRSP account, she reviewed the policies performance with them, including the surrender charges, deposits and current investment earnings.

31. In April 2004, the clients had \$ [REDACTED] they wished to invest on the condition that the funds be kept in an investment vehicle separate from their other monies and would grow tax free. The Former Licensee recommended they purchase another universal life insurance policy with the client's wife as the life insured. The Former Licensee reviewed the universal life insurance policy at that time and felt they were fully informed regarding the product they had purchased.
32. The Former Licensee was unable to provide an explanation as to why the clients' RRIFs were surrendered so frequently and then transferred to new accounts within Transamerica.
33. The Former Licensee also advised that the client's accountant had advised them to clear out their RRSPs as quickly as possible in order to minimize any clawbacks. As such, the Former Licensee recommended investing the funds in an insurance policy.

ISSUES

Council identified the following issue:

1. Does the evidence show that the Former Licensee failed to act in a trustworthy and competent manner, in good faith and in accordance with the usual practice of the business of insurance in this matter by recommending to the clients that they purchase universal life insurance policies or segregated funds that were not suitable for them given their stated needs and financial circumstances?

LEGISLATION

Rule 3 of the *Council Rules*
Licence Applications

Applicants to Satisfy Council

- (2) If an applicant satisfies Council that the applicant:
 - (a) has met all of the requirements set out in the Act and Council Rules;
 - (b) is trustworthy, competent and financially reliable;
 - (c) intends to publicly carry on business as an insurance agent, salesperson or adjuster in good faith and in accordance with the usual practice of the business of insurance;
 - (d) has not in any jurisdiction:
 - (i) been refused, or had suspended or cancelled, an insurance licence or registration;
 - (ii) been convicted of an offence; or
 - (iii) been refused or had suspended or cancelled a licence or registration in any other financial services sector or professional fieldfor a reason that reveals the applicant unfit to be an insurance agent, salesperson or adjuster;

and

- (e) does not hold other business interests or activities which would be in conflict to the duties and responsibilities of a licensee, or give rise to the reasonable possibility of undue influence.

then the Council may consent to issuing a licence.

Section 231 of the Act

Part 7 – Administration of the Regulation of Financial Institutions

Division 2 – Insurance Council of British Columbia

Council may suspend, cancel or restrict licences and impose fines

- (1) If, after due investigation, the council determines that the licensee or former licensee or any officer, director, employee, controlling shareholder, partner or nominee of the licensee or former licensee
 - (a) no longer meets a licensing requirement established by a rule made by the council or did not meet that requirement at the time the licence was issued, or at a later time,
 - (b) has breached or is in breach of a term, condition or restriction of the licence of the licensee,
 - (c) has made a material misstatement in the application for the licence of the licensee or in reply to an inquiry addressed under this Act to the licensee,
 - (d) has refused or neglected to make a prompt reply to an inquiry addressed to the licensee under this Act,
 - (e) has contravened section 79, 94 or 177, or
 - (e.1) has contravened a prescribed provision of the regulations,

then the council by order may do one or more of the following:

- (f) reprimand the licensee or former licensee;
 - (g) suspend or cancel the licence of the licensee;
 - (h) attach conditions to the licence of the licensee or amend any conditions attached to the licence;
 - (i) in appropriate circumstances, amend the licence of the licensee by deleting the name of a nominee;
 - (j) require the licensee or former licensee to cease any specified activity related to the conduct of insurance business or to carry out any specified activity related to the conduct of insurance business;
 - (k) in respect of conduct described in paragraph (a), (b), (c), (d), (e), or (e.1), fine the licensee or former licensee an amount
 - (i) not more than \$20 000 in the case of a corporation, or
 - (ii) not more than \$10 000 in the case of an individual.
- (2) A person whose licence is suspended or cancelled under this section must surrender the licence to the council immediately.
 - (3) If the council makes an order under subsection (1)(g) to suspend or cancel the licence of an insurance agent, or insurance adjuster, then the licences of any insurance salesperson employed by the insurance agent, and of any employees of the insurance adjuster are suspended without the necessity of the council taking any action.
 - (3.1) On application of the person whose licence is suspended under subsection (1)(g), the council may reinstate the licence if the deficiency that resulted in the suspension is remedied.
 - (4) If an insurance agent's licence or an insurance adjuster's licence is reinstated, the licences of any insurance salespersons or employees of the insurance adjuster who
 - (a) were employed by that agent or adjuster at the time of the suspension, and
 - (b) remain employees of that agent or adjuster at the time of reinstatement,are also reinstated without the necessity of the council taking any action.

Section 236 of the Act
Part 7 – Administration of the Regulation of Financial Institutions
Division 2 – Insurance Council of British Columbia

Power to impose conditions

- (1) The commission, superintendent or council, depending on which of them has the power to make the order, give the consent or issue the business authorization permit or licence may
 - (a) impose conditions that the person considers necessary or desirable in respect of
 - (i) an order referred to in section 235(1),
 - (ii) a consent referred to in section 235(2),
 - (iii) a business authorization,
 - (iv) a permit issued under section 187(1), or
 - (v) a licence issued under Division 2 of Part 6, and
 - (b) remove or vary the conditions by own motion or on the application of a person affected by the order or consent, or of the holder of the business authorization, permit or licence.
- (2) A condition imposed under subsection (1) is conclusively deemed to be part of the order, consent, business authorization, permit or licence in respect of which it is imposed, whether contained in or attached to it or contained in a separate document.
- (3) Except
 - (a) on the written application or with the written permission of the holder, or
 - (b) in the circumstances described in section 164, 231 or 249(1),a power of the commission, superintendent or council under this Act to impose or vary conditions in respect of
 - (c) a business authorization is exercisable only on or before its issue date, or
 - (d) a permit under section 187(1) or a licence under Division 2 of Part 6 is exercisable only on or before its issue datewith effect on and after that date.

Section 241.1 of the Act
Part 7 – Administration of the Regulation of Financial Institutions
Division 2 – Insurance Council of British Columbia

Assessment of Costs

- (1) If an order results from an investigation or hearing, the commission, the superintendent or the council may by order require the financial institution, licensee, former licensee or other person subject to the order to pay the costs, or part of the costs, or either or both of the following in accordance with the regulations:
 - (a) an investigation;
 - (b) a hearing.
- (2) Costs assessed under subsection (1)
 - (a) must no exceed the actual costs incurred by the commission, superintendent or council for the investigation and hearing, and
 - (b) may include the costs of remuneration for employees, officers or agents of the commission, superintendent or council who are engaged in the investigation or hearing.
- (3) If a person fails to pay costs as ordered by the date specified in the order or by the date specified in the order made on appeal, if any, whichever is later, the commission, superintendent or council, as the case

may be, may file with the court a certified copy of the order assessing the costs and, on being filed, the order has the same force and effect and all proceedings may be taken on the order as if it were a judgment of the court.

ANALYSIS

Council found the aforementioned facts constituted a breach of section 231(1)(a) of the Act in that the Former Licensee failed to act in a trustworthy and competent manner, in good faith and in accordance with the usual practice of the business of insurance. In particular, the Former Licensee failed to act in the best interest of her clients and made unsuitable recommendations when she had them invest in similar insurance policies, regardless of their individual needs and financial circumstances.

Council found the Former Licensee did not complete an adequate needs analysis for each client. By not completing an adequate needs analysis, Council determined the Former Licensee had concluded a universal life insurance product was appropriate for each client without having exercised the necessary due diligence to make such a determination. Council looked at the Former Licensee's practice of using the "seven step ladder" approach for determining whether the universal life insurance product is appropriate for a client and concluded it was insufficient as a needs analysis tool and offered minimal assistance to determine what type of product best meets a client's needs. Council concluded the Former Licensee's inability to adequately explore and address her client's needs brought into question her ability to act in a competent manner.

Council further questioned the competency of the Former Licensee as she appeared to have negated the tax benefits of a universal life insurance product by requesting clients' redeem their RRSPs, which is a tax sheltered product, in order to place them into the universal life insurance product. Along with this, Council found the Former Licensee had failed to adequately explain the differed sales charges to the clients, which further reduced the benefits that would be derived from the universal life insurance policies.

Council noted the Former Licensee was previously reminded by Council regarding the need and importance that files be properly documented. However, in these three cases, Council found the Former Licensee had failed to adequately complete file notes, which accurately articulated the specific needs of each of her clients. As such, the Former Licensee was often in a position of being unable to substantiate or support her position in the face of the allegations presented to her.

Council concluded the Former Licensee's actions brought into question her overall suitability, and that her further participation in the insurance industry could be detrimental to the insurance buying public at large.

In reaching its decision, Council reviewed the Richard Jones decision, which it considered to be similar in fact and circumstances to the case at bar. In that matter, Council identified a pattern of behaviour whereby the Licensee consistently eschewed his duties and obligations as an insurance agent for personal benefit. His actions also left Council to conclude he placed his interests before his clients in recommending and facilitating insurance transactions that were not in their best interests, and from which he stood to derive personal gain through commissions. Further, he provided erroneous advice to clients on a subject matter which was beyond his level of expertise,

resulting in decisions which prejudiced clients. Council opted to suspend Jones for a minimum nine month period.

In the Jones decision, Council chose to issue a fine of \$10,000.00. Council felt, as it does not have powers of restitution, in order to address the financial hardship his clients endured, a fine should be imposed to offset the benefit obtained by the Licensee. Council discussed how the fine is distinct and separate from the penalty pertaining to a suspension, cancellation or reprimand and is meant to address circumstances where a licensee has benefited financially from his/her misconduct. In the matter involving the Former Licensee, Council determined the Former Licensee had earned \$53,548.30 in total from the transactions involving the three clients. Council determined, in this instance, a fine would be appropriate. While it would be ideal that a fine could be issued that reflects the amount earned by the Former Licensee, Council is limited to a maximum of \$10,000.00 for an individual. The issuance of a fine was also seen as a deterrent for other licensees who may be enticed by profit to sacrifice the best interests of their clients.

Council also reviewed the Kalano Jang decision. In that instance, Council felt that Jang had failed to act in the best interest of his clients by making recommendations to them which appeared to be purely for his own personal benefit in generating substantial commissions. Jang had put each of his clients in the same investment plan and, in doing so, failed to properly assess their needs and goals. He also made misrepresentations about his investment plan, stating to his clients that they would be able to obtain tax deductions and make substantial profits over a short period of time. However, Jang undermined the intent of the universal life insurance product he was offering in such as way as to potentially reverse any tax sheltering benefits for those who even qualified as suitable investors. Council concluded that the manner in which Jang counselled his clients to take out policy loans each year, to invest in new segregated fund accounts, before re-depositing the monies back into the policy the following year, amounted to a commission driven scheme. Each of these transactions enabled Jang and his associated agencies to generate compensation, and subjected clients to needless deferred sales charges. Council opted to terminate Jang for a minimum period of five years.

Council, as the body which regulates members of the insurance industry, has a definitive role in imposing sanctions on its licensees where necessary. In *Regulations and Professions in Canada*, James T. Casey states:

Given that the primary purpose of the legislation governing professionals is the protection of the public, it follows that the fundamental purpose of sentencing for professional misconduct is also to ensure that the public is protected from acts of professional misconduct.

A number of facts are taken into account in determining how the public might best be protected, including specific deterrence of the member from engaging in further misconduct, general deterrence of other members of the profession, rehabilitation of the offender, punishment of the offender, isolation of the offender, the denunciation by society of the conduct, the need to maintain the public's confidence in the integrity of the profession's ability to properly supervise the conduct of its members, and ensuring that the penalty imposed is not disparate with penalties imposed in other cases.

Intended Decision

Pursuant to section 231 of the Act, Council made an intended decision as follows:

1. the Former Licensee is unsuitable to hold an insurance licence and Council is not prepared to consider an insurance licence application from her for a minimum period of three years from the date this intended decision takes effect;
2. the Former Licensee be required to successfully complete all four courses towards a CFP designation and an ethics and practice course as a requirement of any future application for an insurance agent licence;
3. the Former Licensee be fined \$10,000.00;
4. the Former Licensee pay the cost of Council's investigation in the amount of \$6,150.80: and
5. the Former Licensee is required to pay the above mentioned fine and costs as a requirement of any future application for an insurance agent licence.

The intended decision will take effect on **August 22, 2008**, subject to the Former Licensee's right to request a hearing before Council pursuant to section 237 of the Act.

RIGHT TO A HEARING

If the Former Licensee wishes to dispute Council's findings or its intended decision, she may present her case at a hearing before Council where she may be represented by legal counsel. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Former Licensee must give notice to Council by delivering to its office written notice of this intention by **August 22, 2008**. 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 writer's attention.

If the Former Licensee does not request a hearing by **August 22, 2008**, the intended decision of Council will take effect.

Even if this decision is accepted by the Former Licensee, 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.fic.gov.bc.ca/fst/ or contact them directly at:

Suite 1200 - 13450 102nd Avenue

INTENDED DECISION
Sherry Lynn Matthews
File Number: 051813-3

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Surrey, BC
V3T 5X3
Phone 604-953-5300

Dated in Vancouver, British Columbia on the 28th day of July, 2008.

For the Insurance Council of British Columbia



Gerald D. Matier
Executive Director

GM/LB/tlh