

# 2004 BCSECCOM 721

## Notice of Hearing

**Foresight Capital Corporation, Foresight Financial Services Ltd.,  
Naeem Riaz Tyab, Gilbert Kenneth Wong,  
Jill Ellen MacGregor Bock aka Jill Ellen MacGregor, Martin Raymond Hall**

¶ 1 A hearing will be held to give Foresight Capital Corporation (Foresight), Foresight Financial Services Ltd. (FFS), Naeem Riaz Tyab (Tyab), Gilbert Kenneth Wong (Wong), Jill Ellen MacGregor Bock (also known as Jill Ellen MacGregor) (Bock) and Martin Raymond Hall (Hall) an opportunity to be heard before the British Columbia Securities Commission considers whether it is in the public interest to make orders under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418.

¶ 2 The Executive Director alleges that:

### **Parties**

1. Foresight was incorporated in British Columbia. It was registered under the Act as a securities dealer from June 9, 1997 to October 12, 2001, as a mutual fund dealer only from October 12, 2001 to December 15, 2002, and is now defunct. Its head office was located in Burnaby, British Columbia. It has a history of regulatory compliance problems dating back to 1997.
2. FFS was incorporated in British Columbia. It has never been registered under the Act.
3. Tyab was the principal shareholder, corporate secretary and a *de facto* director of Foresight at all material times. He was registered as a salesperson with Foresight between December 12, 1997 and March 13, 2002, but is not currently registered under the Act. Tyab has been the sole shareholder and director of FFS since 1998.
4. Wong was a director of Foresight at all material times. He was also president of Foresight until June 2002. He was registered as a trading partner, director or officer and as the compliance officer for Foresight from June 9, 1997 to October 7, 2002. He was also registered as a salesperson of Foresight between October 7, 2002 and December 15, 2002. He is not currently registered under the Act.
5. Bock is a resident of British Columbia and was registered as a salesperson of Foresight from May 5, 1998 to January 8, 2001. She is no longer registered under the Act, but is licensed as a life insurance agent in BC, and sells a variety of products including segregated funds.

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- Hall was registered as a salesperson of Foresight from January 7, 1999 to July 3, 2002. He is currently registered as a salesperson for another mutual fund dealer operating in British Columbia.

### **Bock and Hall – Unsuitable Recommendations and other Breaches**

- Bock and Hall breached section 48 of the *Securities Rules*, B.C. Reg. 194/97 (the Rules) by recommending leveraged investment strategies that were too risky for their clients.
- Bock also breached section 48 of the Rules by investing client funds in mutual funds and exempt products that were too risky and unsuitable for her clients' needs, objectives and personal and financial circumstances.
- Hall failed to deal honestly with two clients by signing their names on mutual fund purchase and loan transfer documents, and witnessing those signatures as true, without their authorization. In doing so, Hall breached section 14 of the Rules.
- As a registrant, Foresight also breached sections 14 and 48 of the Rules in every case where Bock and Hall breached those provisions.
- Bock also made untrue statements of material facts when she told clients that two companies would go public. She made the statements with the intention of effecting a trade in the securities, and knew or ought reasonably to have known that the statements were misrepresentations. Accordingly, Bock breached sections 50(1)(c) and 50(1)(d) of the Act.

### **Foresight Financial Services Ltd. and Naeem Tyab – Illegal Distributions**

- From January 1999 to August 2002, FFS and Tyab distributed promissory notes of FFS to residents of British Columbia without a prospectus or prospectus exemptions, contrary to section 61 of the Act. Some of the purchasers were Tyab's clients at Foresight.

### **Tara Capital Finance Corporation and Naeem Tyab – Illegal Distributions**

- Tara Capital Finance Corporation (formerly Foresight Financial Capital Corporation) was incorporated in British Columbia. It has never been a reporting issuer or registrant under the Act.
- At the material times, the director, officer and principal shareholder of Tara was Parvez Tyab, Tyab's brother.

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15. From September 1998 through May 2001, Tara distributed approximately \$1.4 million in promissory notes of Tara to approximately 35 investors.
16. Tyab sold a portion of the Tara promissory notes without a prospectus and without a prospectus exemption, contrary to section 61 of the Act.

### **Capital Deficiencies**

17. Foresight failed to maintain working capital in the amount required by section 19(5) of the Rules.

### **Failure to Apply Business Procedures**

18. Foresight failed to establish and apply written prudent business procedures for dealing with clients in compliance with the Act and regulations, contrary to section 44 of the Rules.

### **Failure to Supervise**

19. Foresight failed to designate a compliance officer to supervise transactions made on behalf of clients, contrary to section 47 of the Rules. Specifically, Foresight's compliance officer failed to supervise the transactions of Hall, Bock and Tyab described above.

### **Failure to Ensure Compliance**

20. Foresight failed to designate a compliance officer to ensure that Foresight and its partners, directors, officers and employees complied with the Act and the Rules, contrary to section 65 of the Rules. Specifically, Foresight's compliance officer failed to ensure that Hall, Bock and Tyab complied with the Act and Rules, and that Foresight complied with its capital requirements and had written prudent business procedures, all as described above.

### **Tyab and Wong – Responsibility for Foresight's Breaches**

21. As directors and officers of Foresight, Tyab and Wong authorized, permitted or acquiesced in each of Foresight's contraventions of the Act and Rules described above. Accordingly, under section 168.2 of the Act, Tyab and Wong contravened the same provisions of the Act and Rules as Foresight.

### **Public Interest**

22. Foresight, FFS, Tyab, Wong, Bock and Hall acted contrary to the public interest by committing the acts described above.
23. Tyab also acted contrary to the public interest by deliberately causing Foresight to breach its risk-adjusted capital requirements, and misleading Commission and Mutual Fund Dealers Association (MFDA) staff. Tyab deposited money intended to satisfy Foresight's capital requirements into a

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separate Foresight bank account over which he had sole signing authority, and signed an MFDA subordination agreement relating to the funds. He withdrew the money a short time later without informing MFDA or Commission staff, after deciding he wanted to wind up Foresight.

### **Hearing Process**

- ¶ 3 At the hearing, the respondents may be represented by counsel, make representations and lead evidence. The respondents are requested to advise the Commission of their intention to attend the hearing by informing the Commission Secretary at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 4 The respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on Friday, January 14, 2005, at 9:00 am if they wish to be heard before the Commission sets a date for the hearing.
- ¶ 5 If the respondents, or their counsel, do not appear at the hearing, determinations adverse to them may be made in their absence.
- ¶ 6 December 7, 2004  
  
“Brenda M. Leong”
- ¶ 7 Brenda M. Leong  
Executive Director