

# 2006 BCSECCOM 164

## Notice of Hearing

**Douglas Arnold Clarke, Bick Financial Services Inc., Daryl Joseph Klein and Kleincorp Mgmt. Inc., doing business as Insta-Cash Loans (collectively, the Respondents)**

### **Section 161 of the *Securities Act*, RSBC 1996, c. 418**

- ¶ 1 The Commission will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders against the Respondents under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (Act).
- ¶ 2 The Executive Director alleges that the following conduct and activity was contrary to the public interest.

#### **Background**

1. Kleincorp Mgmt. Inc. (Kleincorp) is a company incorporated in British Columbia. Kleincorp carries on a pawn broking business under the name Insta-Cash Loans (ICL) with offices in Abbotsford, Burnaby, Maple Ridge, Nanaimo, Kelowna and Victoria, British Columbia.
2. Kleincorp has never filed a prospectus.
3. Daryl Joseph Klein (Klein) is a resident of Nanaimo, British Columbia. Klein is the president, director, and secretary of Kleincorp.
4. Bick Financial Services Inc. (Bick) is a company incorporated in British Columbia and has an office in Nanaimo, British Columbia.
5. Douglas Arnold Clarke (Clarke) is a resident of Nanaimo, British Columbia. Clarke was the guiding mind and a director and officer of Bick.
6. The Respondents were not registered to trade securities under the Act except for Clarke who was registered as a salesperson in mutual fund securities from April 7, 1999 until April 1, 2003.

#### **Illegal Trading and Distribution of Securities**

7. Between November 2001 and December 2004 the Respondents raised approximately \$4,102,796 from approximately 200 investors (Investors) through the sale of Kleincorp securities. Most of the Investors were from British Columbia.

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8. The Investors gave Bick money to purchase Kleincorp securities. Bick then provided this money to Kleincorp. Kleincorp used the money received from the Investors through Bick for loans to its pawn broking clients.
9. Kleincorp paid Bick monthly payments of interest and repayments of principal on the funds received from Bick. Bick deposited these funds into an operating account and paid Investors a portion of these funds, keeping the remainder as its fees.
10. Clarke held himself out as being engaged in the business of advising others with respect to the purchase or sale of securities and recommended that Investors purchase Kleincorp securities.
11. Clarke was not registered to act as an Advisor under the Act.
12. Clarke acted as an Advisor without being registered, contrary to section 34 of the Act.
13. Through their conduct and activities described in this Notice of Hearing, the Respondents:
  - (a) traded in securities without being registered, contrary to section 34 of the Act; and
  - (b) distributed securities without having filed a prospectus, contrary to section 61 of the Act.

### **Hearing Process**

- ¶ 3 At the Hearing, the Respondents may be represented by counsel, make submissions and tender 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 Wednesday, April 26, 2006, at 9:00 am if they wish to be heard before the Commission sets a date for the Hearing.

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- ¶ 5 If the Respondents or their counsel do not appear at the Hearing, the Executive Director will apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.
- ¶ 6 March 6, 2006
- ¶ 7 Brenda M. Leong  
Executive Director