

# 2008 BCSECCOM 150

## Temporary Order and Notice of Hearing

### Philip Wong

#### 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 Philip Wong (Wong) under sections 161 and 174 of the *Securities Act*, RSBC 1996, c. 418, based on the following facts:

#### **Background**

1. Wong was at all material times a resident of Vancouver, British Columbia.
2. Wong was a registrant in British Columbia until 1992. He has also acted as a promoter of a reporting issuer, and holds a brokerage account in the province.

#### **Securities Fraud and Conspiracy Indictments**

3. On or about December 13, 2006, Wong was indicted by a Grand Jury in the Southern District of New York for securities fraud and conspiracy relating to trading in the securities of eNotes Systems, Inc. (Indictment #1).
4. eNotes Systems, Inc., now named Veridigm, Inc., trades on the United States Over the Counter Bulletin Board.
5. Indictment #1 alleges the following:
  - (a) From about February 2006 to about October 2006, Wong and others schemed to defraud investors in securities of eNotes Systems, Inc. (eNotes shares) by paying secret bribes to financial advisors to cause their associates or customers to purchase eNotes shares. At times, these purchases permitted Wong to generate cash by selling his own eNotes shares.
  - (b) Wong had several discussions with two confidential informants working at the direction of the Federal Bureau of Investigation. The informants purported to know investors who would purchase eNotes shares in return for the payment of kickbacks by Wong. Wong understood that these kickback payments would not be disclosed to the investors.
  - (c) Under the scheme, Wong arranged with the informants for purchases of eNotes shares in the amount of about US\$169,730, and paid undisclosed kickbacks in the amount of about US\$23,585 plus 17,150 eNotes shares.

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6. On or about July 23, 2007, Wong was indicted by a Grand Jury in the District of New Jersey for securities fraud and conspiracy relating to trading in the securities of Secureware, Inc. (Indictment #2).
7. Secureware, Inc. trades on the United States Over the Counter Pink Sheets market.
8. Indictment #2 alleges the following:
  - (a) From about June 2002 to about August 1, 2002, Wong and Gerald Stefaniuk (Stefaniuk), a British Columbia registrant, schemed to manipulate the market for the securities of Secureware, Inc. (Secureware shares) by artificially inflating the demand and price, in order to allow Wong to sell his Secureware shares at a profit. Wong planned to do so by paying secret bribes to stock brokers to cause their customers to purchase Secureware shares.
  - (b) Wong had several discussions with a confidential informant working at the direction of the Federal Bureau of Investigation. The informant claimed to know stock brokers who would sell Secureware shares to their customers in return for the payment of secret bribes by Wong. The customers' purchase orders would be filled using sales from a brokerage account controlled by Wong. Wong would pay the informant 50 per cent of the sale proceeds, and the informant would then pay the brokers half of that amount.
  - (c) Under the scheme, Wong arranged with the informant for the purchase of Secureware shares in the amount of about US\$10,000, and paid a bribe in the amount of about US\$4,200.
9. Wong was arrested on about February 13, 2008. He is incarcerated in New York, USA pending the posting of bail.
10. As a result of Indictment #2, on March 4, 2008, the Investment Dealers Association of Canada suspended Stefaniuk's registration indefinitely.

### **Temporary Order**

¶ 2 The Executive Director considers the length of time to hold a hearing under section 161(1) of the Act could be prejudicial to the public interest and, considering that it would be in the public interest to do so, orders under section 161(2) of the Act (the Temporary Order) that:

1. under section 161(1)(b) of the Act, Wong cease trading in any securities;

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2. under section 161(1)(d)(i) and (ii) of the Act, Wong is prohibited from becoming or acting as a director or officer of any issuer;
3. under section 161(1)(d)(iii) of the Act, Wong is prohibited from becoming or acting as a registrant or a promoter;
4. under section 161(1)(d)(v) of the Act, Wong is prohibited from acting in a management or consultative capacity in connection with activities in the securities market; and
5. under section 161(1)(d)(v) of the Act, Wong is prohibited from engaging in investor relations activities;

for a period expiring on April 2, 2008.

- ¶ 3 A hearing (the Hearing) will be held at the 12<sup>th</sup> Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on April 2, 2008, at 10:00 am.
- ¶ 4 At the Hearing, the Executive Director will ask the Commission to adjourn the matter and extend the Temporary Order pending the conclusion of the proceedings relating to the Indictments.
- ¶ 5 Wong may be represented by counsel at the Hearing and may make representations and lead evidence. Wong is requested to advise the Commission of his intention to attend by contacting the Secretary to the Commission at PO Box 10142, Pacific Centre, 5th Floor, 701 West Georgia Street, Vancouver, BC, V7Y 1L2, phone: (604) 899-6500; email: commsec@besc.bc.ca.
- ¶ 6 Determinations may be made in this matter if Wong or his counsel does not appear at the Hearing.
- ¶ 7 March 18, 2008
  
- ¶ 8 Brenda M. Leong  
Executive Director