

2004 BCSECCOM 610

Schedule "A"

Settlement Agreement

Hung Chi (Patrick) Woo

Securities Act, RSBC 1996, c. 418

¶ 1 The following settlement of issues has been reached between Hung Chi (Patrick) Woo (Woo) and the Executive Director.

Agreed Statement of Facts

¶ 2 As the basis for the undertakings and orders referred to in this settlement, Woo acknowledges the following facts as correct:

1. Woo is a resident of Richmond, British Columbia.
2. Woo has never been registered in any capacity in British Columbia under the *Securities Act*, RSBC 1996, c. 418, or in any other jurisdiction.
3. On November 10, 1999, Ascent Investment Capital Limited Partnership (Ascent) was created in British Columbia. The general partner of Ascent was Yeh & Woo General Partner Inc. (Yeh & Woo).
4. Woo was the chief executive officer and a director of Yeh & Woo.
5. Mei Li Yeh (Yeh) was the president of Yeh & Woo.
6. In or about December of 1999, Ascent issued an offering memorandum, which offered for sale a maximum of 4,000 subscription units for US \$10,000 each (the OM).
7. The OM stated that Ascent had been formed for the purpose of investing in various publicly traded companies listed on various stock exchanges. The subscribers to the OM were to realize investment income from interest, dividends, and capital gains.
8. The OM stated that Yeh & Woo, as general partners, were to receive an asset management fee, which would depend upon the overall performance of the portfolio.
9. Ascent raised US \$870,000 (the Funds) from eight investors (the Limited Partners). The Funds were deposited into Ascent's bank account and subsequently moved to either a margin account at TD Waterhouse Canada Inc. or a trading account at Datek Online Financial Services LLC (Datek), in the United States.

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The Discretionary Trading

10. During the period from December of 1999 through to December of 2001, Woo:
- (a) received US \$71,800 in fees from Ascent for making the investment decisions on behalf of Ascent and, indirectly, the Limited Partners;
 - (b) held himself out as the portfolio manager for Ascent; and
 - (c) bought and sold shares in numerous publicly traded companies on a discretionary basis on behalf of Ascent, which resulted in losses of between US \$600,000 and US \$700,000 to Ascent and the Limited Partners.
11. Woo engaged in discretionary trading on behalf of Ascent without being registered as a portfolio manager, contrary to section 34 of the Act.

The Datek Trades

12. During the period from November of 2001 through to December 17, 2001, the following occurred:
- (a) Woo bought securities in the open market for his personal account at Datek;
 - (b) Woo entered sell orders for the securities that he had purchased, with limit orders at prices that were higher than the prevailing market;
 - (c) Woo entered buy orders through the Ascent account at Datek for the same securities that Woo's personal account had purchased;
 - (d) the buy orders had limit prices that were higher than the prevailing market but equal to the limit prices that were offered by Woo's personal account;
 - (e) the orders were then paired together, executing at a price above that of the then current market;
 - (f) Woo conducted 40 trades of this type (the Match Trades) between his personal account at Datek and the Ascent account at Datek; and
 - (g) Woo realized a gain of over US \$14,000, at the expense of Ascent and the Limited Partners.
13. The Match Trades were contrary to section 57.1 of the Act.

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Mitigating Factors

- ¶ 3 The Executive Director has taken into account that Woo repaid to Ascent US \$25,000, on January 30, 2002, as mitigating the monetary sanction that would otherwise have applied in the public interest.

Undertaking

- ¶ 4 Woo undertakes:

1. to pay to the British Columbia Securities Commission the sum of \$40,000, of which \$3,000 represents the costs of the investigation, in five installments as follows:
 - (a) \$20,000 payable the date of signing this settlement;
 - (b) \$5,000 payable 90 days from the date of signing this settlement;
 - (c) \$5,000 payable 180 days from the date of signing this settlement;
 - (d) \$5,000 payable 270 days from the date of signing this settlement; and
 - (e) \$5,000 payable 360 days from the date of signing this settlement; and
2. not to say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

Order

- ¶ 5 Woo consents to an order by the Executive Director (the Order) that:

1. under section 161(1)(b) of the Act, Woo cease trading in and be prohibited from purchasing any securities for 10 years from the date of the Order;
2. under section 161(1)(d) of the Act:
 - (a) Woo resign from any position that he may hold as a director or officer of any issuer for a period of 10 years from the date of the Order, except an issuer owned solely by himself or his family;
 - (b) Woo be prohibited from becoming or acting as a director or officer of any issuer for 10 years from the date of the Order, except an issuer owned solely by himself or his family; and
 - (c) Woo be prohibited from engaging in investor relations activities for 10 years from the date of the Order.

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Waiver

¶ 6 Woo waives any right he may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this settlement.

¶ 7 October 19, 2004

¶ 8 “Patrick Woo”)
Hung Chi (Patrick) Woo

“Tracy Leung”)
Witness Signature)
Tracy Leung)
Witness Name (please print))
3980 Georgia Street)
Richmond, BC V7E 2S3)
Address)
Housewife)
Occupation)

¶ 9 October 25, 2004

“Brenda M. Leong”

¶ 10 Brenda M. Leong
Executive Director