

Citation: 2024 BCSECCOM 355

Settlement Agreement

Qian Zhang aka Eve Zhang

Securities Act, RSBC 1996, c. 418

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Qian Zhang aka Eve Zhang (Zhang) agree as follows:

Agreed Statement of Facts

Background

1. The Company is a non-reporting issuer incorporated in British Columbia that represented itself as a FinTech company focused on developing proprietary trading software for portfolio managers.
2. Zhang, a former resident of Burnaby, British Columbia and Calgary, Alberta, became a director of the Company upon incorporation on July 12, 2017 and its CEO in January 2020. She served continuously in each position until she resigned as a director on June 16, 2023. She continues to hold the CEO title but has not performed duties of that office since her resignation as a director.

Misconduct

Illegal Distribution

3. Between October 29, 2018 and July 15, 2022, the Company raised approximately \$1,521,000 from 10 investors without filing a prospectus and when prospectus exemptions did not apply.
4. As a result, the Company illegally distributed securities contrary to section 61 of the Act. As the CEO and a director of the Company, Zhang authorized, permitted or acquiesced in its illegal distributions and therefore also contravened section 61 by operation of section 168.2 of the Act.

Unregistered Trading

5. Between July 2017 and July 2022, the Company raised approximately \$29.7 million from investors by distributing preferred shares, common shares and bonds. Most of these funds were deposited into trading accounts in the Company's name and used to trade securities in the market.
6. The Company triggered the requirement to register by engaging in activities similar to a registrant, including trading in securities, and by trading in securities with repetition, regularity, or continuity as part of its overall business activity.

7. The Company has never been registered under the Act. As a result, it engaged in the business of trading securities without registration, contrary to section 34(a) of the Act. As the CEO and a director of the Company, Zhang authorized, permitted or acquiesced in its unregistered trading and therefore also contravened section 34(a) by operation of section 168.2 of the Act.

Mitigating Factors

8. Zhang has provided exemplary cooperation in accordance with BC Notice 15-701, *Credit for Cooperation in Enforcement Matters*, including by voluntarily approaching the Executive Director to offer assistance by attending for interviews and by providing records and information to investigators which have significantly assisted an investigation and resulted in a substantial savings of time and resources.
9. Zhang voluntarily approached the Executive Director about settlement and entered into this Settlement Agreement before the issuance of a Notice of Hearing which has resulted in savings of time and costs.
10. Zhang has expressed remorse for her conduct.

Other Factors Relevant to Settlement

11. Zhang has no prior history of regulatory misconduct.
12. Zhang agrees to continue cooperating with the investigation.

Public Interest

13. It is in the public interest that the Executive Director issue orders under section 161 of the Act.

Undertaking(s)

14. Zhang undertakes to disgorge \$40,000 to the Commission pursuant to section 161(1)(g) of the Act, which represents funds obtained from her misconduct, in respect of settlement of this matter which sum is due and payable immediately without further demand.

Order

- ¶ 2 The Executive Director will issue orders under section 161(1) of the Act (the Order) that:
1. Under section 161(1)(d)(i), Zhang resign any position she holds as a director or officer of an issuer or registrant;

2. Zhang is prohibited for a period of 10 years:

- (a) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, except that she may trade and purchase securities or derivatives in her own account through a registered dealer or registrant, provided she gives the registered dealer or registrant a copy of the Order before making any trades or purchases;
- (b) under section 161(1)(c), from relying on any exemptions in the Act, the regulations or a decision;
- (c) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant;
- (d) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
- (e) under section 161(1)(d)(iv), from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives markets;
- (f) under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of an issuer, security holder or party to a derivative or another person that is reasonably expected to benefit from the promotional activity; and
- (g) under section 161(1)(d)(vi), from engaging in promotional activities on the person's own behalf in respect of circumstances that would reasonably be expected to benefit the person.

Consent to Regulatory Orders

- ¶ 3 Zhang consents to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the Orders set out in paragraph 2 above.

Waiver

- ¶ 4 Zhang waives any right she 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.

Counterpart

¶ 5 This Settlement Agreement may be signed in counterpart and all such counterparts of signed copies, whether delivered electronically or otherwise, shall be read or construed together as if they formed one originally executed document.

¶ 6 August 16 , 2024

¶ 7 Qian Zhang
Qian Zhang aka Eve Zhang

Redacted)
Witness Signature)
Redacted)
Witness Name (please print))
Redacted)
)
Address)
Redacted)
Occupation)

Peter J Brady
8/16/2024 | 2:05 PM PDT

¶ 8 Peter J. Brady
Executive Director