



British Columbia Securities Commission

Citation: 2014 BCSECCOM 244

Notice of Hearing

Zhong Wen and Anhong Liu

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

- ¶ 1 The Commission will hold a hearing (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), based on the following facts:

Background

1. Zhong Wen (Wen) is a Canadian citizen who currently resides in Vancouver, British Columbia. Wen is unemployed.
2. Anhong Liu (Liu) is a Canadian citizen who currently resides in Vancouver, British Columbia. Liu is unemployed.
3. Wen and Liu are married.

TD Securities

4. Between July 2009 and October 2009, Wen used his accounts at TD Securities Inc. (TD Securities) to conduct wash trades on the TSXV in three different securities.
5. In October 2009, Wen used two accounts at TD Securities to enter and then cancel 16 pre-opening orders in shares of a fourth TSXV security.
6. TD Securities warned Wen three times about his trading activities. When he ignored the warnings, TD Securities closed his accounts in November 2009.

CIBC Securities

7. Wen subsequently opened an account at CIBC Securities Inc. (CIBC Securities).
8. In October 2010, Wen used his account at CIBC Securities and his joint account with Liu at RBC Direct Invest Inc. to conduct wash trades on the TSXV in five different securities.



9. CIBC Securities warned Wen about his trading activities. When he ignored the warning, CIBC Securities closed his account in December 2010.

Questrade

10. Liu subsequently opened two accounts at Questrade Inc. (Questrade). One was a spousal account that she shared with Wen.
11. Between December 2011 and January 2012, Liu used both accounts at Questrade to enter and cancel 58 pre-opening buy orders in shares for two TSXV securities.
12. Questrade removed Liu's access to its online trading platform in January 2012.

Misconduct

False or misleading statements

13. Commission staff interviewed Liu and asked her under oath why she had used her Questrade accounts to enter and cancel pre-opening buy orders.
14. Liu stated her computer froze, and she inadvertently entered the orders by randomly clicking her mouse and pressing buttons on her keyboard.
15. When Questrade asked Liu the same question, she explained that she had seen something on the television and decided to change her mind.
16. Liu's statement to Commission staff was false or misleading, and contrary to section 168.1 of the Act.

Public Interest

17. The Respondents' conduct described in this Notice of Hearing is contrary to the public interest.
18. It is in the public interest that the Commission issue orders under sections 161 and 162 of the Securities Act.

Hearing Process

- ¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Tuesday, August 5, 2014, at 9:00 a.m.** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondents upon request to the Executive Director.



- ¶ 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 Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 4 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.

Paul C. Bourque
July 2, 2014 10:26 AM

- ¶ 5 Paul C. Bourque, Q.C.
Executive Director