

Citation: 2017 BCSECCOM 43

Settlement Agreement

Winston King-Loong Kuit

Securities Act, RSBC 1996, c. 418 (the Act)

The Executive Director of the British Columbia Securities Commission (the Executive Director) and Winston King-Loong Kuit agree as follows:

Agreed Statement of Facts

Background

1. Winston King-Loong Kuit (Kuit) is a resident of British Columbia.
2. Kuit was registered under the Act from December 2002 to August 2014 with various dealers, mostly as a salesperson restricted to mutual fund securities. He is not currently registered under the Act.
3. At the relevant time, Kuit was also registered as a life insurance agent with the Insurance Council of British Columbia.
4. Between August 30, 2010 and September 18, 2014, Kuit acted as a finder for SBC Financial Group Inc. (SBC), a British Columbia company.
5. No prospectus has ever been filed in respect of the distribution of securities of SBC.

Misconduct

6. In his capacity as a finder for SBC, Kuit solicited investors to invest in SBC. Many of the investors were his friends and family. Some of the investors were also his mutual funds and insurance clients.
7. The investors that Kuit introduced to SBC collectively invested approximately \$2.4 million. Approximately \$1.8 million of Kuit's distributions of SBC securities did not qualify for any exemptions from the prospectus requirements of the Act.
8. Kuit received \$147,500 in commissions for his activities as a finder for SBC.
9. Kuit's registration category under the Act did not permit him to trade SBC securities.

10. By introducing investors to SBC, Kuit:

- a) traded in securities without being registered, contrary to section 34(a) of the Act;
- b) acted as an adviser without being registered, contrary to section 34(b) of the Act; and
- c) distributed securities for which a prospectus had not been filed, contrary to section 61 of the Act.

Mitigating Factors

11. The Executive Director has taken into account the following as mitigating factors:

- a) Kuit expressed genuine remorse for his misconduct. He paid \$10,000 of his own money to the SBC bankruptcy trustee and sold his home to pay the proceeds towards the disgorgement order, which would return some money to SBC investors;
- b) Kuit has been cooperative throughout the investigation; and
- c) Kuit approached the British Columbia Securities Commission (Commission) with a settlement proposal at the early stages of investigation.

Aggravating Factors

12. The Executive Director has taken into account as an aggravating factor that Kuit was a registrant under the Act when he breached it. His conduct was significantly below the standard of conduct that the Commission expects from registrants under the Act.

Public Interest

13. Kuit's conduct described in this Settlement Agreement is contrary to the public interest.

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

Disgorgement

15. Kuit will disgorge \$147,500 to the Commission, which represents the commissions that he received from his misconduct.

Undertaking

16. Kuit undertakes to pay to the Commission \$20,000 in respect of settlement of this matter.

Order

17. The Executive Director will issue an order (the Order) that:

1. for a period of 15 years:
 - a) under section 161(1)(b)(ii) of the Act, Kuit cease trading in, or is prohibited from purchasing, any securities, except that he may trade securities through one account in his own name through a registrant if he first provides a copy of the Order to the registrant;
 - b) under section 161(1)(c) of the Act, any exemptions set out in the Act or the regulations do not apply to Kuit;
 - c) under section 161(1)(d)(ii) of the Act, Kuit is prohibited from becoming or acting as a director or officer of any issuer or registrant, except that he may remain a director and officer of 1094893 BC Ltd., as long as 1094893 BC Ltd. does not engage in any activities in the securities market;
 - d) under section 161(1)(d)(iii) of the Act, Kuit is prohibited from becoming or acting as a registrant or promoter in connection with any activities in the securities market;
 - e) under section 161(1)(d)(iv) of the Act, Kuit is prohibited from acting in a management or consultative capacity in connection with activities in the securities market; and
 - f) under section 161(1)(d)(v) of the Act, Kuit is prohibited from engaging in investor relations activities.
2. under section 161(1)(g) of the Act, Kuit pays to the Commission \$147,500.

Consent to Regulatory Orders

Kuit 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 17 (1) above.

Waiver

Kuit 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.

Counterpart

This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

February 14, 2017

W Kuit

Winston King-Loong Kuit

F Lamer

_____)
Witness Signature)
Francis Lamer)
Witness Name (please print))
670 – 999 Canada Place)
Vancouver, BC V6C 3E1)
Address)
Barrister & Solicitor)
Occupation)

February 17, 2017

P Brady

Peter J. Brady
Executive Director