

Citation: 2019 BCSECCOM 336

Settlement Agreement

Chi Kay “Dixon” Wong

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

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Chi Kay “Dixon” Wong (Wong) agree as follows:

Agreed Statement of Facts

Background

1. Wong is a resident of British Columbia. He was formerly registered under the Act from September 2009 to April 2018. He is currently not registered in any capacity under the Act.
2. Wong has no history of securities regulatory misconduct.
3. FS Financial Systems Inc. (FS Systems) is a federally incorporated company registered as an extra-provincial company in BC.

Misconduct

4. Wong was a nominee director of FS Systems between July 2016 and January 2017 (relevant period). He acted on the instructions of the *de facto* directors of FS Systems.
5. FS Systems raised approximately \$1.62 million from 15 investors during the relevant period without filing a prospectus and without being exempt from the prospectus requirement.
6. Wong was aware of, and participated in, FS Systems’ fundraising during the relevant period as he:
 - opened FS Systems’ bank account and was an authorized signatory on that account;
 - assisted in completing the loan agreements that FS Systems used to raise money from certain investors;
 - signed every loan agreement between FS Systems and investors that made up the \$1.62 million raised during the relevant period;
 - deposited investors’ cheques into FS Systems’ bank account;
 - ensured that investors received their monthly interest payments; and

- transferred most of the money raised by FS Systems to other companies controlled by the *de facto* directors as well as other individuals.
7. As a result of the above activity, FS Systems illegally distributed securities contrary to section 61 of the Act. As a nominee director of FS Systems, Wong authorized, permitted or acquiesced in FS Systems' illegal distribution and therefore also contravened section 61 by operation of section 168.2 of the Act.

Mitigating Factors

8. Wong agreed to make early admissions with respect to the above-noted misconduct prior to the hearing of the alleged misconduct in the further amended notice of hearing.
9. Wong cooperated with staff throughout the investigation.
10. Wong invested his own funds into FS Systems.

Public Interest

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

Undertakings

12. Wong undertakes to:
 - a) pay \$15,000 to the Commission, which is due and payable immediately without further demand;
 - b) complete a course of study on the duties and responsibilities of corporate officers and directors that is acceptable to the Executive Director; and
 - c) provide the Executive Director with evidence of his successful completion of the course.

Order

- ¶ 2 The Executive Director will issue an order (the Order) that:
1. under section 161(1)(d)(i), Wong resign any position he holds as a director or officer of an issuer or registrant;
 2. Wong is prohibited for the latter of two years or until he has fulfilled his undertakings in paragraph 12:

- a) under section 161(1)(b)(ii), from trading in or purchasing any securities or exchange contracts, except that he may trade securities through a registrant in one RRSP account and one TFSA account held in his own name, if he first provides a copy of the Order to the registrant;
- b) under section 161(1)(c), from relying on any of the exemptions set out in this 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 acting in a management or consultative capacity in connection with activities in the securities market; and
- f) under section 161(1)(d)(v), from engaging in investor relations activities.

Consent to Regulatory Orders

- ¶ 3 Wong 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 Wong 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

¶ 5 This Settlement Agreement may be executed in counterpart or by electronic 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.

¶ 6 October 15 , 2019

¶ 7 Chi Kay "Dixon" Wong
Chi Kay "Dixon" Wong

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

¶ 8 October 18 , 2019

Peter J. Brady

¶ 9 _____
Peter J. Brady
Executive Director