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BCSC alleges that Surrey investment management firm failed to carry out its duties and to ensure investments were suitable for clients

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## News Release

# BCSC alleges that Surrey investment management firm failed to carry out its duties and to ensure investments were suitable for clients

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**Vancouver** – The British Columbia Securities Commission (BCSC) [alleges](#) that a former registered investment fund manager and portfolio manager and two of its directors failed to exercise sufficient care, diligence and skill in calculating the value of one of its funds, and did not ensure that the fund was a suitable investment for clients.

Surrey-based Chartwell Asset Management Inc., which was also registered as an exempt market dealer, managed several funds. One of them, the Magna High Income Fund, loaned most of its assets – US\$5 million – to Health Capital Receivables Funding Special Purpose Corporation I, by 2011.

The loan arrangement bore several indicators of risk. Health Capital missed payments or was late making payments, requested an extension or modification of the payment schedule, and didn't provide information about its finances.

The BCSC alleges that Chartwell calculated the net asset value of the Income Fund without having sufficient information about Health Capital. Chartwell also failed to re-evaluate the Income Fund's valuation despite the risk indicators.

Health Capital defaulted on the loan agreement in 2017, leading Chartwell to suspend client redemptions from the Income Fund.

The BCSC alleges that Chartwell violated the B.C. *Securities Act's* requirement that investment fund managers exercise "the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances."



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