



Citation: 2019 BCSECCOM 455

Settlement Agreement

Chun Ying “Jim” Pan

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

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Chun Ying “Jim” Pan (Pan) agree as follows:

Agreed Statement of Facts

Background

1. Pan is a resident of British Columbia. He has been registered as a dealing representative restricted to scholarship plan securities since March 2011.
2. Pan has no history of securities regulatory misconduct.
3. FS Financial Services (Alberta) Inc. (FS Alberta) is an Alberta company and is part of the FS Group.

Misconduct

4. Pan was a nominee director of FS Alberta from April 2015 to April 2017 (the relevant period). He acted on the instructions of the *de facto* directors of FS Alberta.
5. FS Alberta raised approximately \$12.8 million during the relevant period without filing a prospectus and without being exempt from the prospectus requirement.
6. Pan was aware of, and participated in, FS Alberta’s fundraising during the relevant period as he, acting on instructions of the *de facto* directors:
 - played a large role in setting up the operation of the FS Alberta office, including recruiting the first employee who later became the other nominee director of FS Alberta;
 - introduced friends and families to invest in the FS Group;
 - signed every loan agreement between FS Alberta and investors that form the illegal distribution;
 - transported paperwork between BC and Alberta for him and the other nominee director to sign on the *de facto* directors’ instructions;
 - was occasionally present at investor meetings conducted by one of the *de facto* directors of FS Alberta;



- signed some cheques on FS Alberta's behalf; and
 - transferred some of the money FS Alberta raised to other companies in the FS Group, or to a *de facto* director personally on the *de facto* director's instructions.
7. As a result of the above activity, FS Alberta illegally distributed securities contrary to section 61 of the Act. As a nominee director of FS Alberta, Pan authorized, permitted or acquiesced in FS Alberta's illegal distribution and therefore also contravened section 61 by operation of section 168.2 of the Act.

Mitigating Factors

8. Pan 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. Pan cooperated with staff throughout the investigation.
10. Pan invested \$150,000 of his own funds into the FS Group.
11. Pan has successfully completed a course of study on the duties and responsibilities of corporate officers and directors.

Public Interest

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

Undertaking

13. Pan undertakes to pay \$40,000 to the Commission, which is due and payable immediately without further demand.

Order

¶ 2 The Executive Director will issue an order (the Order) that:

1. under section 161(1)(d)(i), Pan resign any position he holds as a director or officer of an issuer or registrant;
2. Pan is prohibited for the latter of five years or until he has fulfilled his undertaking in paragraph 13:
 - i. under section 161(1)(b)(ii), from trading in 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;

- ii. under section 161(1)(c), from being eligible for any or all of the exemptions set out in the Act, the regulations or a decision;
- iii. under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant;
- iv. under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
- v. under section 161(1)(d)(iv), from acting in a management or consultative capacity in connection with activities in the securities market; and
- vi. under section 161(1)(d)(v), from engaging in investor relations activities.

Consent to Regulatory Orders

- ¶ 3 Pan 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 Pan 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 January 9 , 2020

¶ 7 Chun Ying “Jim” Pan
Chun Ying “Jim” Pan

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

¶ 8 January 9 , 2020

Peter J. Brady

¶ 9 Peter J. Brady
Executive Director