



BCSC issues temporary order to stop capital raising during investigation (ENGLISH and CHINESE)

2017/15
February 7, 2017

Vancouver - The Executive Director of the British Columbia Securities Commission (BCSC) [has issued a temporary order](#) to allow BCSC staff to complete their investigation into whether 13 people and nine companies have violated securities legislation. The respondents have raised approximately \$36 million from over 300 investors.

According to the temporary order, Aik Guan "Frankie" Lim and Scott Thomas Low, both B.C. residents, are the founding directors of FS Financial Strategies Inc. There are five additional B.C. companies, one Alberta company, and two federally registered companies associated with FS Strategies (collectively, the FS Group):

- FS Financial Services Inc.;
- FS Financial Strategies Services Inc.;
- WL Strategic Capital Partners Inc.;
- FS Stellar Insurance Services Inc.;
- Verico FS Capital Inc.;
- FS Financial Services (Alberta) Inc.;
- CC Cornerstone Credit Ltd. now known as Flexfi Inc., which is federally registered; and
- FS Financial Systems Inc., which is federally registered.

Lim and Low, nine other B.C. residents, and one Alberta resident were at various times directors of the FS Group companies. One other B.C. resident had signing authority over at least five bank accounts of the FS Group companies.

During the course of their investigation, BCSC staff learned that FS Strategies' expenses exceeded its revenue each year, with annual net losses increasing from approximately \$800,000 in 2011 to over \$7 million in 2015. Lim and Low failed to disclose FS Strategies' financial situation to potential investors. By 2013, the company's revenue was insufficient to cover interest payments, but the respondents continued to pay interest by using money from new investors to pay other investors.

Through the investigation, BCSC staff also learned that between 2010 and 2014, FS Strategies raised approximately \$18 million from 168 investors using loan agreements. FS Strategies has never filed a prospectus, offering memorandum, or a report of exempt distribution. It appears some of the investors did not qualify for exemptions under the Act.

In December 2014, Lim, Low, and FS Strategies each entered into an undertaking with the Executive Director to cease trading and distributing securities until FS Strategies filed required reports, provided documentation about the exemptions claimed, and refunded all loans from individuals who did not qualify for an exemption. These steps have not been completed and the undertakings remain in effect.

BCSC staff maintain that four months after signing the undertakings, FS Financial Services (Alberta) Inc. was incorporated in Alberta and used by the respondents to raise an additional \$16 million from 105 investors, 101 from B.C.

Between April 2014 and September 2016, WL Strategic Capital Partners Inc. raised an additional \$2.7 million from approximately 45 investors. BCSC staff believe this money was transferred to various FS Group companies.

The BCSC has also issued freeze orders over 11 bank accounts.

The Executive Director has issued a temporary order prohibiting all the respondents from trading in or purchasing any securities with limited exceptions. Under the order, all securities of the FS Group companies have been cease traded.

Counsel for the Executive Director will apply to extend the temporary order before a panel of commissioners on February 17, 2017 at 10:00 a.m.

You may view the temporary order on our website, www.bsc.bc.ca, by typing the names of any of the respondents or 2017 BCSECCOM 33 in the search box. Information about disciplinary proceedings can be found in the [Enforcement section](#) of the BCSC website.

Please visit the Canadian Securities Administrators' (CSA) [Disciplined List](#) for information relating to persons disciplined by provincial securities regulators, the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA).

About the British Columbia Securities Commission (www.bcsc.bc.ca)

The British Columbia Securities Commission is the independent provincial government agency responsible for regulating capital markets in British Columbia through the administration of the *Securities Act*. Our mission is to protect and promote the public interest by fostering:

- A securities market that is fair and warrants public confidence
- A dynamic and competitive securities industry that provides investment opportunities and access to capital

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Media Contact:
Alison Walker
604-899-6713

Public inquiries:
604-899-6854 or 1-800-373-6393 (toll free)
inquiries@bcsc.bc.ca

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卑斯證監會發出臨時令以制止在調查期間募集資金

溫哥華-卑斯證監會(BCSC)執行總監發出臨時令讓卑斯證監會人員完成調查13名人士及九間公司是否有違反證卷條例。當事人向超過300名投資者募集了大約三千六百萬元。

根據臨時令,均為卑斯省居民的Aik Guan "Frankie" Lim 及 Scott Thomas Low是FS Financial Strategies Inc. 的創始董事。另外有五間卑斯省公司,一間阿伯塔省公司及兩間聯邦註冊公司與FS Strategies 有關(統稱FS集團):

- FS Financial Services Inc.;
- FS Financial Strategies Services Inc.;
- WL Strategic Capital Partners Inc.;
- FS Stellar Insurance Services Inc.;
- Verico FS Capital Inc.;
- FS Financial Services (Alberta) Inc.;
- CC Cornerstone Credit Ltd. 現名為Flexfi Inc., 是聯邦註冊公司; 及
- FS Financial Systems Inc., 是聯邦註冊公司。

Lim 及 Low, 九名其他卑斯省居民, 及一名阿伯塔省居民在不同時期擔任FS集團公司董事。另一卑斯省居民在FS集團公司至少五個銀行戶口有權簽名。

在調查過程中, 卑斯證監會人員發現FS Strategies每年的支出超過其收入, 年度淨損失由2011年大約八十萬元上升到2015年超過七百萬元。Lim 及 Low沒有向有意投資人士透露FS Strategies的財政狀況。到2013年, 公司的收入不足以支付利息, 但當事人繼續支付利息, 用新的投資者的錢來支付其他投資者。

通過調查, 卑斯證監會人員還發現, 從2010 年至2014年, FS Strategies用貸款合同向168名投資者募集大約一千八百萬元。FS Strategies 從未提交招股說明書, 募集資金備忘錄, 或可豁免的募集資金報告。有些投資者看來並不符合證卷法的豁免條件。

在2014年十二月, Lim, Low及 FS Strategies分別向證監會執行總監承諾停止交易及發售證卷直至FS Strategies 提交所需的報告, 提供聲稱可豁免的文件, 及向不符豁免的人士退回所有的貸款。這些步驟未有完成, 承諾依然生效。卑斯證監會人員認定在簽署承諾後四個月, FS Financial Services (Alberta) Inc. 在阿伯塔省成立及被當事人用來向105名投資者募集額外一千六百萬元, 其中101名在卑斯省。

2014 年四月至2016年九月, WL Strategic Capital Partners Inc.向大約45名投資者募集了額外二百七十萬元。卑斯證監會人員相信這筆錢被轉到各個FS集團公司。

卑斯證監會也向超過 11 個銀行戶口發出凍結令。

證監會執行總監發出臨時令禁止所有當事人進行任何證卷交易或購買，少部分除外。在法令下，所有FS集團公司的證卷被禁止交易。

代表證監會執行總監的律師會於2017年二月17日早上十時向專員小組申請延長臨時令期限。

公眾可以到我們網址www.bcsc.bc.ca在搜索欄輸入任何一個當事人的名字或2017 BCSECCOM 33來閱覽臨時令。有關制裁訴訟的資料可於卑斯證監會網址執行部門中找到。

請於加拿大證券管理人(CSA)受制裁人士名單中閱覽受到省證監會，加拿大投資行業監管組織(IIROC)及互惠基金交易員協會(MFDA) 制裁人士及公司的資料。

關於卑斯證監會 (www.bcsc.bc.ca) .

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卑斯證監會是獨立的省政府機構，負責通過執行證券法監察卑斯省內的資本市場。我們的任務是保護和推廣公眾的利益，促進：

- 一個公平和值得公眾信賴的證券市場
- 一個能夠提供投資機會和融資的活躍和具競爭力的證券行業

傳媒聯絡：

Alison Walker

604-899-6713

公眾查詢：

604-899-6854 or 1-800-373-6393 (免費)

inquiries@bcsc.bc.ca

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