



British Columbia Securities Commission

Citation: 2017 BCSECCOM 33

Temporary Order and Notice of Hearing

**Aik Guan “Frankie” Lim (Lim), Scott Thomas Low (Low),
FS Financial Strategies Inc. (FS Strategies), FS Financial Services Inc.,
FS Financial Strategies Services Inc., FS Financial Services (Alberta) Inc.,
Darrell Wiebe, Chun Ying “Jim” Pan, Chung-Sheng “Johnson” Kao,
CC Cornerstone Credit Ltd. now known as Flexfi Inc., Afshin Ardalan,
WL Strategic Capital Partners Inc., George Lay, Hunter Wei-Shun Wang also
known as Hunter Wei Shun Wang,
FS Stellar Insurance Services Inc., Nyit Foon “Lydia” Chin, Aike Joo Lim,
Verico FS Capital Inc., Gagan Deep Bachra,
FS Financial Systems Inc., Chi Kay “Dixon” Wong, and Meng Cher “Philip” Tsai**

(collectively, the Respondents)

Section 161 of the *Securities Act*, RSBC 1996, c. 418

- ¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing under s. 161(3) of the *Securities Act*, RSBC 1996, c. 418 (the Act), to determine whether to extend the temporary order under section 161 based on the following facts:

Summary

1. Commission staff are investigating whether the Respondents have violated securities legislation. The Respondents have raised approximately \$36 million from over 300 investors. Commission staff attempted to stop the capital raising through undertakings with Lim, Low, and FS Strategies. Commission staff also obtained freeze orders over 11 bank accounts associated with 14 Respondents. Lim and Low continued to raise money using new companies and new bank accounts.
2. A temporary order is required to stop the Respondents from raising money while Commission staff complete their investigation. The length of time required to hold a hearing into possible misconduct by the Respondents could be prejudicial to the public interest.

Respondents

3. Lim and Low are the founding directors of FS Strategies.
4. Lim, Low and FS Strategies are associated with at least five additional BC companies, one Alberta company, and two federally registered companies:

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- 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., is federally registered; and
 - FS Financial Systems Inc. is federally registered.
5. In addition to Lim and Low, nine other BC residents were at various times, directors of the companies associated with FS Strategies:
- Chun Ying “Jim” Pan;
 - Afshin Ardalan;
 - George Lay;
 - Hunter Wei-Shun Wang;
 - Nyit Foon “Lydia” Chin;
 - Aike Joo Lim;
 - Gagan Deep Bachra;
 - Chi Kay “Dixon” Wong; and
 - Meng Cher “Philip” Tsai.
6. Chung-Sheng “Johnson” Kao is an Alberta resident and director of FS Financial Services (Alberta) Inc.



7. Darrell Wiebe, a BC resident, has signing authority over at least five bank accounts of the Respondent companies.

Potential Misconduct

8. During the course of the investigation, Commission staff have learned that:
 - FS Strategies' expenses exceeded revenue each year; annual net losses increased from approximately \$800,000 in 2011 to over \$7 million in 2015;
 - Lim and Low did not disclose FS Strategies' financial situation to potential investors;
 - by 2013, FS Strategies' revenue was insufficient to cover interest payments to investors but the Respondents continued to pay them interest; and
 - new investor money was used to pay interest to other investors.
9. Commission staff have 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; and
 - some of the investors did not qualify for exemptions under the Act.
10. In December 2014, Lim, Low and FS Strategies each entered into an undertaking with the Executive Director to cease trading and distributing securities. The undertakings were to expire once FS Strategies filed required reports, provided documentation about the exemptions claimed and refunded all loans from individuals who would not qualify for an exemption.
11. The Respondents did not complete these steps and the undertakings are still in effect.

Ongoing activities

12. Four months after signing the undertakings, FS Financial Services (Alberta) Inc. was incorporated in Alberta; Lim and Low each own 50% of its common shares. Using this new company, the Respondents raised another \$16 million from 105 investors, 101 from BC. Approximately \$10 million of this money was deposited into an FS Financial Services (Alberta) Inc. bank account that Lim, Low and Wiebe controlled.



13. Of the \$10 million deposited in the Alberta bank account, Lim and Low sent at least \$4.5 million to their personal bank accounts in BC. After receiving this money, Lim and Low transferred it to various corporate Respondents.
14. Between April 2014 and September 2016, WL Strategic Capital Partners Inc. raised an additional \$2.7 million from approximately 45 investors. Commission staff believe this money was transferred to other corporate Respondents.
15. Commission staff are concerned that Lim and Low are using new companies and new bank accounts to continue to raise money.

Temporary Order

16. The Executive Director, considering that the length of time to hold a hearing under section 161(1) of the Act could be prejudicial to the public interest under subsection (2), orders the following (Temporary Orders):
 - (a) under section 161(1)(b)(i), that all persons cease trading in, or be prohibited from purchasing, any securities of FS Financial Strategies Inc., FS Financial Services Inc., FS Financial Strategies Services Inc., CC Cornerstone Credit Ltd. now known as Flexfi Inc., FS Financial Services (Alberta) Inc., WL Strategic Capital Partners Inc., FS Stellar Insurance Services Inc., Verico FS Capital Inc., and FS Financial Systems Inc.;
 - (b) under section 161(1)(b) (ii), that the Respondents cease trading in, or be prohibited from purchasing, any securities; except Chun Ying “Jim” Pan and Chi Kay “Dixon” Wong who can continue to trade or purchase securities in accordance with their registration under the Act; and
 - (c) under section 161(1)(d)(v), that Aik Guan “Frankie” Lim, Scott Thomas Low, Darrell Wiebe, Chun Ying “Jim” Pan, Chung-Sheng “Johnson” Kao, Afshin Ardalan, George Lay and Hunter Wei-Shun Wang also known as Hunter Wei Shun Wang, Nyit Foon “Lydia” Chin, Aike Joo Lim, Gagan Deep Bachra, Chi Kay “Dixon” Wong, and Meng Cher “Philip” Tsai, be prohibited from engaging in investor relations activities.

Hearing Process

- ¶ 2 A hearing will be held in the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Friday, February 17, 2017, at 10:00 am**, at which time the Executive Director will ask the Commission under section 161(3), to extend the temporary order until a hearing is held and a decision is rendered.



- ¶ 3 At the hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.

Peter J Brady
Feb 6 2017 2:48 PM -08:00

- ¶ 4 Peter J. Brady
Executive Director