



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A DISCIPLINARY HEARING
PURSUANT TO SECTIONS 20 AND 24 OF BY-LAW NO. 1
OF THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**Re: Yan Feng Li
(also known as Frank Li)**

AGREED STATEMENT OF FACTS

I. INTRODUCTION

1. By Notice of Hearing dated January 22, 2015, the Mutual Fund Dealers Association of Canada (“MFDA”) commenced a disciplinary proceeding against Yan Feng Li (also known as Frank Li) (“Respondent”) pursuant to ss. 20 and 24 of MFDA By-law No. 1.

2. The Notice of Hearing set out the following allegation:

Allegation #1: Between February 2008 and December 2012, the Respondent issued advertisements to clients or prospective clients which were not reviewed and approved by the Member, contrary to MFDA Rules 2.7.3 and 1.1.2, and MFDA Rule 2.1.1.

II. IN PUBLIC / IN CAMERA

3. The Respondent and Staff of the MFDA (“Staff”) agree that this matter should be heard in public pursuant to Rule 1.8 of the MFDA *Rules of Procedure*.

III. ADMISSIONS AND ISSUES TO BE DETERMINED

4. The Respondent has reviewed this Agreed Statement of Facts (“ASF”) and admits the facts set out in Part IV herein. The Respondent admits that the facts in Part IV constitute misconduct for which the Respondent may be penalized on the exercise of the discretion of a Hearing Panel pursuant to s. 24.1 of MFDA By-law No. 1.

5. Subject to the determination of the Hearing Panel, Staff submits, and the Respondent does not oppose, that the appropriate penalty to impose on the Respondent is:

- a) a prohibition against the Respondent from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period in the range of 4 to 6 months, effective from the date of the Order, pursuant to section 24.1.1(e) of MFDA By-law No. 1.; and
- b) costs of \$2,500, pursuant to section 24.2 of MFDA By-law No. 1.

6. The Respondent claims to be impecunious and unable to pay any additional amounts towards either a fine or costs.

IV. AGREED FACTS

7. Staff and the Respondent agree that submissions made with respect to the appropriate penalty are based only on the agreed facts in Part IV and no other facts or documents. In the event the Hearing Panel advises one or both of Staff and the Respondent of any additional facts it considers necessary to determine the issues before it, Staff and the Respondent agree that such

additional facts shall be provided to the Hearing Panel only with the consent of both Staff and the Respondent. If the Respondent is not present at the hearing, Staff may disclose additional relevant facts, at the request of the Hearing Panel.

8. Nothing in this Part IV is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against him .

Registration History

9. The Respondent was registered as a Mutual Fund Salesperson (now known as a Dealing Representative) with Investia Financial Services Inc. (“Investia”) from February 13, 2008 until March 14, 2013, at which time Investia terminated the Respondent’s registration.

10. Prior to Investia, the Respondent was registered with Sun Life Financial Services (Canada) Inc. from July 2003 until January 2008.

11. The Respondent is currently not registered in the securities industry in any capacity.

12. The Respondent was licensed by the Financial Services Commission of Ontario as an insurance agent.

13. At all material times, the Respondent carried on business in Markham, Ontario.

Allegation #1: Unapproved advertisements

14. As described in greater detail below, the Respondent wrote articles for publication and placed advertisements in a Chinese language print publication (“*Fame Weekly*”)

15. The advertisement and article content published or presented by the Respondent referred to in this ASF were written in the Chinese language. All of the excerpts contained in this ASF

have been translated from the Chinese language to English by a third-party interpreter retained by MFDA Staff.

A. Fame Weekly publication

16. *Fame Weekly* is a Chinese language publication distributed in the Greater Toronto Area.

i. The *Fame Weekly* Article

17. In the November 30, 2012 print issue of *Fame Weekly*, the Respondent placed a Chinese language advertisement, and wrote a Chinese language article entitled “Canadian TSX Stock Market: Last Week’s Review and Next Week’s Forecast”.

18. In addition to purporting to provide a review and analysis of the previous week’s performance of the Toronto Stock Exchange (TSX) market, the article included the following content:

- a) an invitation for readers to visit the website www.wealth178.com for daily market commentary;
- b) a description of an entity called the “WealthPros Club¹”, that purported to provide “*diagnosis and guidelines for investments*” at meetings open to the public every Wednesday at the address of the Respondent’s Investia sub-branch located at 3100 Steeles Ave., East, Suite 308 Markham; and
- c) the following statements:

“We offer opinions on actual portfolios. Portfolios may include: Chinese stocks, North American stocks, foreign exchange, futures and ETFs. We welcome professional investors to join us. For investors in North American stocks, Chinese stocks, foreign exchange and mutual funds, please go to the WealthPros website at www.wealth178.com...”

¹ The Respondent and other individuals were members of the WealthPros Club.

“... The WealthPros Club has established a professional investment team for portfolio mutual fund investments. The team is made up of professional investment experts including Chinese private fund managers, North American private fund managers, Canadian Investment Managers (CIM), Chartered Financial Analysts (CFA), financial planners, etc. This mutual fund investment team is, up to this point in time, the most professional, the most comprehensive, and the most deluxe investment team. The mutual fund investment team provides portfolio guidance and post-trading analysis to the members of the WealthPros Club. We do band trades in order to maximize return while risks are under reasonable control.”²

19. The article stated that it was “Supplied By: Frank Li, WealthPros Financial”³ and included the Respondent’s email address.

20. The article in *Fame Weekly* constituted an “advertisement” within the meaning of MFDA Rule 2.7.1(a).

21. The Respondent advised Investia during its investigation of his conduct that he had published articles on *Fame Weekly* on a weekly basis since October 2012, and he subsequently advised Staff that he wrote a total of one or two articles. The Respondent states that he based his articles for *Fame Weekly* on research he conducted on the internet. He would copy all or parts of articles he found on the internet and reproduce them in his articles.

ii. The *Fame Weekly* advertisement

22. The Respondent placed an advertisement in *Fame Weekly* that appeared on the same page as his article. The advertisement included the following representations, among others:

- a) the claim that *“Up to the end of October, we delivered early to our clients results that exceeded our annual performance expectation.”*;

² The Respondent states that he did not personally include and was not aware at the time of the portion of the *Fame Weekly* advertisement described at subparagraph 18c., which the Respondent states was added by another person who was not registered in the mutual fund industry.

³ WealthPros Financial Inc. was a company for which the Respondent was a director and one of the owners. The Respondent had previously sought and obtained approval from Investia to operate his business as a licensed insurance agent through WealthPros Financial.

- b) an invitation to a free investment seminar on December 2 and 9 where the Respondent was the speaker;
- c) a statement describing the Respondent as “*having 20 years of actual investment experience; a private fund manager, multi-billion dollars of assets under his management, having achieved a performance of 600% in two years*”; and
- d) a statement that “*All mutual funds are provided by Investia*”.

23. By promoting investment related services purportedly offered by the Respondent, his purported qualifications and experience, and his purported track record as an investment adviser, the advertisement constituted an “advertisement” within the meaning of MFDA Rule 2.7.1(a).

24. The Respondent states that references in the *Fame Weekly* advertisement to his experience and assets under management referred to a company in China with which the Respondent had previously worked. The Respondent acknowledges that he was not sufficiently clear in describing his experience in the *Fame Weekly* advertisement.

25. The Respondent did not submit the *Fame Weekly* articles and advertisement described above to Investia for approval prior to publication. Investia was not aware that the Respondent had published articles and advertisements in Chinese language publications, nor was Investia aware that the Respondent was providing seminars on investing to the public.

26. On or about February 14, 2013, Investia advised the Respondent that he was being terminated on the grounds that the Respondent had not submitted articles and advertisements published in *Fame Weekly* to Investia for approval and expressed concerns that they included statements that Investia considered to be untrue and misleading.

27. The Respondent states that he did not discuss the investment seminars advertised in *Fame Weekly* with anyone, including mutual fund clients, and he did not make any presentations at any seminars.

Investia's policies and procedures

28. At all material times, Investia's policies and procedures in respect of advertising and sales communications required, among other things, that:

- all advertising and marketing materials must be submitted to the Sales Practices Administrator at Investia for approval prior to publication or use;
- no Investia Representative shall issue or knowingly allow his/her name to be used in respect of any advertisement or marketing piece which:
 - contains an untrue statement or omission or is false or misleading; and
 - contains any unjustified promise of specific results; and
- all representative websites be approved by Investia prior to being launched to ensure compliance with the MFDA Rules and all other applicable legislation.

Additional factors

29. The Respondent has not previously been the subject of disciplinary proceedings.

30. There is no evidence of client loss.

31. There is no evidence that the Respondent benefitted financially from the misconduct.

32. The Respondent has cooperated with Staff's investigation and accepted responsibility for his misconduct.

Misconduct Admitted

33. By engaging in the conduct described above, the Respondent admits that he:

- (a) between October 2012 and December 2012, issued advertisements which were not reviewed and approved by the Member, contrary to MFDA Rules 2.7.3 and 1.1.2, and MFDA Rule 2.1.1.

Execution of Agreed Statement of Facts

34. This Agreed Statement of Facts may be signed in one or more counterparts which together shall constitute a binding agreement.

35. A facsimile copy of any signature shall be effective as an original signature.

DATED this 27th day of June, 2017.

“Yan Feng Li”

Yan Feng Li (also known as Frank Li)

“Shaun Devlin”

Shaun Devlin

Staff of the MFDA

Per: Shaun Devlin

Senior Vice-President,

Member Regulation – Enforcement

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