



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

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Winston King-Loong Kuit

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Settlement Hearing, the Mutual Fund Dealers Association of Canada (the “MFDA”) will announce that it proposes to hold a hearing to consider whether, pursuant to section 24.4 of By-law No. 1, a hearing panel of the Pacific Regional Council (the “Hearing Panel”) of the MFDA should accept the settlement agreement (the “Settlement Agreement”) entered into between Staff of the MFDA (“Staff”) and Winston King-Loong Kuit (the “Respondent”).

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff conducted an investigation of the Respondent’s activities. The investigation disclosed that the Respondent had engaged in activity for which the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to s. 24.1 of By-law No. 1.

3. Staff and the Respondent recommend settlement of the matters disclosed by the investigation in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule “A”.

4. Staff and the Respondent agree that the terms of this Settlement Agreement, including the attached Schedule “A”, will be released to the public only if and when the Settlement Agreement is accepted by the Hearing Panel.

III. ACKNOWLEDGEMENT

5. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the MFDA (subject to Part IX) or any civil or other proceedings which may be brought by any other person or agency, whether or not this Settlement Agreement is accepted by the Hearing Panel.

IV. AGREED FACTS

Registration History

6. The Respondent has registered as a mutual fund salesperson (now known as a dealing representative¹) since December 2002.

7. The Respondent was registered as a mutual fund salesperson with Partners in Planning Financial Services Ltd. (“PIP”), a former Member of the MFDA, in British Columbia from July

¹Since September 2009, the registration category formerly known as ‘mutual fund salesperson’ has been replaced by the category ‘dealing representative’.

2006 to June 1, 2011, in Alberta from August 21, 2008 to June 1, 2011, in Ontario from February 16, 2011 to June 1, 2011, and in Saskatchewan from January 6, 2009 to June 1, 2011.

8. On June 1, 2011, PIP amalgamated with IPC Investment Corporation (“IPC”), a Member of the MFDA, and thereafter continued to operate as IPC. From June 1, 2011 to August 7, 2013, the Respondent was registered in British Columbia as a mutual fund salesperson with IPC. The Respondent also acted as a Branch Manager with IPC from June 1, 2011 to July 26, 2011.

9. From September 30, 2013 to August 13, 2014, the Respondent was registered in British Columbia with Global Maxfin Capital Inc. (“Global”), a securities dealer regulated by the Investment Industry Regulatory Organization of Canada.

10. The Respondent is not currently registered in the securities industry.

11. At all material times, the Respondent conducted business in the Burnaby, British Columbia area.

The SBC Investment

12. Between 2010 and August 2013, the Respondent recommended, sold, referred or facilitated the sale of approximately \$1.55 million in investments in SBC Financial Group Inc. (“SBC”) to 7 clients, 7 former clients and 4 other individuals (the “Investors”), outside the facilities of PIP and IPC. These transactions in SBC are summarized below:

#	Investor	Year	Member Client?	Amount Invested
1	IC	2010	Former client	\$151,500
2	PH	2011	Former client	\$27,376
3	TJ	2012	Former client	\$58,500
4	YK	2010	Client	\$100,000
5	JL	2010	Former Client	\$67,500
6	RP	2011	Former Client	\$450,000
7	LR	2011	Client	\$80,500
8	CS	2012	Client	\$15,000

#	Investor	Year	Member Client?	Amount Invested
9	JS	2011	Former Client	\$33,000
10	DK	2011	Client	\$34,250
11	TT	2010	Client	\$114,050
12	PT	2011	Client	\$91,000
13	ET	2011	Client	\$39,000
14	AW	2011	Former Client	\$21,615
15	AM	2010	Not a client	\$60,000
16	JM	2011	Not a client	\$150,000
17	CS	2012	Not a client	\$50,000
18	JW	2011	Not a client	\$10,500
Total				\$1,553,791²

13. SBC is a company incorporated in British Columbia. No prospectus has ever been filed in respect of the distribution of securities of SBC.

14. The Respondent represented to the Investors that the monies they invested in SBC would be used to invest in real estate and stocks. The Respondent further represented to the Investors that their investments in SBC would pay them returns of 12% to 15% per year for a locked-in term of three years.

15. The Respondent engaged in one or more of the following types of conduct with respect to each of the Investors:

- a) approached the Investors to invest in SBC;
- b) explained the details of the investments to the Investors, including the rates of return that the Investors could expect to receive;
- c) referred or introduced the Investors to a representative of SBC, Prabhjot Bakshi (“Bakshi”)³, for the purpose of allowing Bakshi to promote and facilitate the sale of investments in SBC;

² The Respondent recommended, sold, referred, or facilitated the sale of a total of approximately \$2.4 million of SBC investments. Only approximately \$1.55 million of these investments were processed when the Respondent was registered as a mutual fund salesperson.

- d) met with Investors, together with Bakshi, to facilitate the sale of investments in SBC;
 - e) recommended the amount for the Investors to invest in SBC;
 - f) answered questions from Investors regarding SBC;
 - g) met with Investors to have them sign an SBC investment questionnaire, which SBC required as part of the sales process; and
 - h) received monies from Investors for the purpose of investing in SBC; and
 - i) arranged for monies received from Investors to be invested in SBC.
16. The SBC investment was not an investment product known to PIP or IPC, or approved by PIP or IPC for sale by their Approved Persons.
17. None of the SBC investments were sold or referred through the facilities of PIP or IPC.
18. Neither PIP nor IPC were aware of the Respondent's conduct regarding SBC.
19. The Respondent received commissions or other remuneration of approximately \$147,500 in respect of his conduct relating to the SBC investments. None of the commissions and other remuneration was received or processed through the facilities of PIP or IPC.
20. On January 23, 2015, SBC assigned itself to bankruptcy. At that time, SBC reportedly owed approximately \$2,712,077 to unsecured creditors including the Investors.
21. To date, none of the Investors have recovered any of the monies they invested in SBC.

³ Bakshi was registered as a mutual fund salesperson with PIP, and served as a branch manager, until he resigned in November 2008. Bakshi is the subject of a Notice of Hearing issued by the British Columbia Securities Commission regarding his involvement in the sale of securities of SBC.

Contravention #2: Misleading the Member

22. In November 2012, the Respondent completed an annual compliance questionnaire and submitted it to IPC. As described below, the Respondent provided responses to questions in the annual compliance questionnaire which were false and misleading:

- a) Are you involved in any outside business activities, defined as: any type of activity other than your day-to-day responsibilities as a Mutual Fund Advisor/Licensed Assistant, in which income is earned or services rendered for gain or as a free service? (e.g. Income Tax, Life Insurance, Rental Properties, GICs outside dealer, etc.)

Respondent's Answer: Yes, Life Insurance- HUB International

- b) Do you have any agreements in place (written or unwritten) where you pay a fee or receive money for a referral and the fee is not processed through IPC Investment Corporation?

Respondent's Answer: No

- c) Do you receive any form of compensation from entities other than those within the IPC Networks of companies, excluding commission from life insurance companies and not previously disclosed on this questionnaire?

Respondent's Answer: No

23. By virtue of the conduct described above, the Respondent completed an annual compliance questionnaire for his Member which contained responses that were false and misleading, thereby interfering with the Member's ability to supervise his conduct, contrary to MFDA Rule 2.1.1.

Action Taken by the British Columbia Securities Commission Action Against The Respondent

24. The Respondent's conduct with respect to the SBC investments is also the subject of a proceeding by the British Columbia Securities Commission (the "BCSC"). As part of a resolution with both the MFDA and BCSC, the Respondent has entered into a settlement agreement with the BCSC in which he admits that his conduct with respect to SBC violated the British Columbia *Securities Act*, RSBC 1996, c. 418 (the "*Securities Act*"). In particular, the Respondent admits that he: (1) traded in securities without being registered, contrary to section 34(a) of the *Securities Act*; (2) acted as an adviser without being registered, contrary to section 34(b) of the *Securities Act*; and (3) distributed securities for which a prospectus had not been filed, contrary to section 61 of the *Securities Act*.

25. The Respondent has agreed to:

- a) disgorge the remuneration he received from SBC and pay \$147,500 to the BCSC pursuant to section 161(1)(g) of the *Securities Act*, which will be made available to cover some of the losses suffered by investors in SBC; and
- b) pay \$20,000 to the BCSC in respect of the settlement.

26. In addition, the Respondent has agreed that, for a period of 15 years:

- a) under section 161(1)(b)(ii) of the *Securities Act*, the Respondent will cease trading in, or is prohibited from purchasing, any securities, except that he may trade securities through one account in his own name through a registrant if he first provides a copy of the Order to the registrant;
- b) under section 161(1)(c) of the *Securities Act*, any exemptions set out in the *Securities Act* or the regulations do not apply to the Respondent;
- c) under section 161(1)(d)(ii) of the *Securities Act*, the Respondent is prohibited from becoming or acting as a director or officer of any issuer or registrant, except

that he may remain a director and officer of 1094893 BC Ltd., as long as 1094893 BC Ltd. does not engage in any activities in the securities market;

- d) under section 161(1)(d)(iii) of the *Securities Act*, the Respondent is prohibited from becoming or acting as a registrant or promoter in connection with any activities in the securities market;
- e) under section 161(1)(d)(iv) of the *Securities Act*, the Respondent is prohibited from acting in a management or consultative capacity in connection with activities in the securities market; and
- f) under section 161(1)(d)(v) of the *Securities Act*, the Respondent is prohibited from engaging in investor relations activities.

27. The MFDA has agreed to forego the payment of a fine and costs in its proceeding having regard to the Respondent's agreement with the BCSC to disgorge the \$147,500 in remuneration he received from the SBC investments, which will allow these monies to be made available to compensate investors in SBC for the losses they incurred.

Additional Factors

28. The Respondent co-operated with investigation conducted by Staff of the MFDA.

29. By entering into this Settlement Agreement, the Respondent has saved the MFDA the time, resources, and expenses associated with conducting a full hearing on the allegations.

30. The Respondent has no previous disciplinary history with the MFDA.

V. CONTRAVENTIONS

31. The Respondent admits the following contraventions of the Rules, Policies and By-law of the MFDA:

- a) between 2010 and August 2013, the Respondent recommended, sold, referred or facilitated the sale of approximately \$1.55 million in investments in SBC to 7 clients, 7 former clients and 4 other individuals, outside the facilities of PIP and IPC, contrary to MFDA Rules 1.1.1 and 2.1.1; and
- b) in November 2012, the Respondent completed an annual compliance questionnaire for his Member which contained responses that were false and misleading, thereby interfering with the Member's ability to supervise his conduct, contrary to MFDA Rule 2.1.1.

VI. TERMS OF SETTLEMENT

32. The Respondent agrees that he shall be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member, commencing from the date of the Hearing Panel's Order, pursuant to section 24.1.1(e) of MFDA Bylaw No. 1.

VII. STAFF COMMITMENT

33. If this Settlement Agreement is accepted by the Hearing Panel, Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts set out in Part IV and the contraventions described in Part V of this Settlement Agreement, subject to the provisions of Part IX below. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any facts and contraventions that are not set out in Parts IV and V of this Settlement Agreement or in respect of conduct that occurred outside the specified date ranges of the facts and contraventions set out in Parts IV and V, whether known or unknown at the time of settlement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

34. Acceptance of this Settlement Agreement shall be sought at a hearing of the Pacific Regional Council of the MFDA on a date agreed to by counsel for Staff and the Respondent.

35. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the settlement hearing. Staff and the Respondent also agree that if this Settlement Agreement is accepted by the Hearing Panel, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive his rights to a full hearing, a review hearing before the Board of Directors of the MFDA or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction.

36. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, then the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.1 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of By-law No. 1.

37. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel, neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against him.

IX. FAILURE TO HONOUR SETTLEMENT AGREEMENT

38. If this Settlement Agreement is accepted by the Hearing Panel and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out herein, Staff reserves the right to bring proceedings under section 24.3 of the By-laws of the MFDA against the Respondent based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement. If such additional enforcement action is

taken, the Respondent agrees that the proceeding(s) may be heard and determined by a hearing panel comprised of all or some of the same members of the hearing panel that accepted the Settlement Agreement, if available.

X. NON-ACCEPTANCE OF SETTLEMENT AGREEMENT

39. If, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel or an Order in the form attached as Schedule "A" is not made by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to sections 20 and 24 of By-law No. 1, unaffected by this Settlement Agreement or the settlement negotiations.

40. Whether or not this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the MFDA of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

XI. DISCLOSURE OF AGREEMENT

41. The terms of this Settlement Agreement will be treated as confidential by the parties hereto until accepted by the Hearing Panel, and forever if, for any reason whatsoever, this Settlement Agreement is not accepted by the Hearing Panel, except with the written consent of both the Respondent and Staff or as may be required by law.

42. Any obligations of confidentiality shall terminate upon acceptance of this Settlement Agreement by the Hearing Panel.

XII. EXECUTION OF SETTLEMENT AGREEMENT

43. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

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

DATED this 17th day of February, 2017.

“Winston King-Loong Kuit”

Winston King-Loong Kuit

“FL”

Witness – Signature

FL

Witness – Print Name

“Shaun Devlin”

Shaun Devlin
Staff of the MFDA
Per: Shaun Devlin
Senior Vice-President,
Member Regulation – Enforcement

Schedule “A”

Order

File No. 201711



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

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Winston King-Loong Kuit

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of Winston King-Loong Kuit (the “Respondent”);

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated [date] (the “Settlement Agreement”), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to ss. 20 and 24.1 of By-law No. 1;

AND WHEREAS on the basis of the admissions of the Respondent as set out in the Settlement Agreement, the Hearing Panel is of the opinion that the Respondent,

- a) between 2010 and August 2013, the Respondent recommended, sold, referred or facilitated the sale of approximately \$1.55 million in investments in Financial Group Inc. (“SBC”) to 7 clients, 7 former clients and 4 other individuals, outside

- the facilities of PIP and IPC, contrary to MFDA Rules 1.1.1 and 2.1.1; and
- b) in November 2012, the Respondent completed an annual compliance questionnaire for his Member which contained responses that were false and misleading, thereby interfering with the Member's ability to supervise his conduct, contrary to MFDA Rule 2.1.1.

AND WHEREAS the Respondent has also entered into a settlement agreement with respect to the British Columbia Securities Commission dated [date] (the "BCSC Settlement Agreement"), in which the Respondent has agreed to certain prohibitions on registerable activities, to disgorge \$147,500 in remuneration he received in respect of his involvement with SBC, and to pay \$20,000 to the BCSC in respect of the settlement;

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

1. The Respondent shall be permanently prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member, commencing from the date of the Hearing Panel's Order, pursuant to section 24.1.1(e) of MFDA Bylaw No. 1.
2. If at any time a non-party to this proceeding, with the exception of the bodies set out in section 23 of MFDA By-law No. 1, requests production of or access to exhibits in this proceeding that contain personal information as defined by the MFDA Privacy Policy, then the MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all personal information, pursuant to Rules 1.8(2) and (5) of the *MFDA Rules of Procedure*.

DATED this [day] day of [month], 20[].

Per: _____
[Name of Public Representative], Chair

Per: _____
[Name of Industry Representative]

Per: _____
[Name of Industry Representative]

DM 5300089 v1