

In the Matter of the

**FINANCIAL INSTITUTIONS ACT, RSBC 1996, c.141**

(the “Act”)

and the

**INSURANCE COUNCIL OF BRITISH COLUMBIA**

(“Council”)

and

**WEI TING (LEO) LIU**

(the “Former Licensee”)

**ORDER**

As Council made an intended decision on October 31, 2023, pursuant to sections 231, 236, and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Former Licensee with written reasons and notice of the intended decision dated November 21, 2023; and

As the Former Licensee has not requested a hearing of Council’s intended decision within the time period provided by the Act;

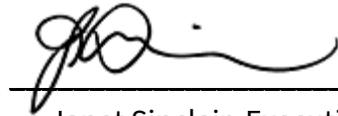
Under authority of sections 231, 236, and 241.1 of the Act, Council orders that:

- 1) The Former Licensee is fined \$10,000, to be paid by April 8, 2024, and which must be paid in full prior to the Former Licensee being licensed in the future;
- 2) Council will not consider an application for any insurance licence from the Former Licensee for a period of three years, commencing on January 8, 2024 and ending at midnight on January 7, 2027;

Order  
Wei Ting (Leo) Liu  
COM-2021-00291 / LIC-190355C136905R1  
January 8, 2024  
Page 2 of 2

- 3) The Former Licensee is assessed Council's investigation costs of \$2,000, to be paid by April 8, 2024, and which must be paid prior to the Former Licensee being licensed in the future.

This order takes effect on the **8<sup>th</sup> day of January, 2024**

A handwritten signature in black ink, appearing to read 'Janet Sinclair', written over a horizontal line.

Janet Sinclair, Executive Director  
Insurance Council of British Columbia

## **INTENDED DECISION**

of the

### **INSURANCE COUNCIL OF BRITISH COLUMBIA**

(“Council”)

respecting

#### **WEI TING (LEO) LIU**

(the “Former Licensee”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Former Licensee acted in compliance with the requirements of the Act, Council Rules, and Code of Conduct, and in particular to determine whether the Former Licensee breached section 3 (“Trustworthiness”), section 4 (“Good Faith”), section 5 (“Competence”), section 7 (“Usual Practice: Dealing with Clients”) and section 8 (“Usual Practice: Dealing with Insurers”) of the Code of Conduct by conducting activities relating to forgery and engaging in personal financial dealings with clients which gave rise to a conflict of interest, or potential conflict of interest.
2. On August 30, 2023, as part of Council’s investigation, a Review Committee (the “Committee”) comprised of Council members met via video conference to discuss the investigation. An investigation report prepared by Council staff was distributed to the Former Licensee prior to the meeting. A discussion of the investigation report took place at the meeting and the Former Licensee was given an opportunity to provide submissions. Having reviewed the investigation materials and after discussing the matter, the Committee prepared a report for Council.
3. The Committee’s report, along with the aforementioned investigation report, were reviewed by Council at its October 31, 2023, meeting, where it was determined the matter should be disposed of in the manner set out below.

### **PROCESS**

4. Pursuant to section 237 of the Act, Council must provide written notice to the Former Licensee of the action it intends to take under sections 231, 236 and 241.1 of the Act before taking any such action. The Former Licensee may then accept Council’s decision or request a formal hearing. This intended decision operates as written notice of the action Council intends to take against the Former Licensee.

### **FACTS**

5. The Former Licensee was first licensed with the Insurance Council as a life and accident and sickness insurance agent (“Life Agent”) on January 16, 2013. The Former Licensee’s licence was terminated on August 3, 2022, due to non-renewal.
6. On June 28, 2021, the Insurance Council received an email complaint from an insurer. The email included a Life Agent Reporting Form for the Former Licensee, which alleged that the Former Licensee had conducted activities relating to forgery and conflict of interest.
7. On June 29, 2021, the Insurance Council received a second email complaint from LL, the business manager of a managing general agency (“MGA”) regarding the Former Licensee’s conduct. LL noted that the misconduct involved the forgery of signatures and the transfer of client funds into the Former Licensee’s personal account. Additionally, the Former Licensee allegedly referred clients for investments that he was not licensed for. The MGA was made aware of the situation by the insurer and conducted their own investigation.
8. According to LL, the Former Licensee was found to have transferred \$450,000 of client funds to his personal account and invested 30% in stocks and 70% in private lending in his own name. At the time of the complaint, the Former Licensee had already returned the funds in full to the clients in the form of a bank draft held at the MGA’s office. The MGA was not aware of and did not receive any client complaints regarding the matter. It was also noted that the MGA suspended its contract with the Former Licensee and notified all insurers the Former Licensee held contracts with.
9. The clients, W and Y, bought life insurance policies in October 2016. Their initial intent was only to make a one-time payment for the policy. Based on the illustration at the time, the Former Licensee suggested the clients complete four years of maximum premium funding, and that the cash value growth could sustain the policy premiums.
10. The Former Licensee met the clients in November 2019 to collect the annual premium and discuss if the policies needed additional funding should the dividend rate keep decreasing.
11. In October 2020, the Former Licensee discussed investment opportunities with the clients using policy loans as leverage so the income from investments could support the life insurance policies. The clients spent most of their time in China, so the Former Licensee opened a bank account for them and planned to use the account to fund the insurance policy in the future. The Former Licensee had suggested this route because he could handle all the investment transactions without maintaining power of attorney. The Former Licensee confirmed that he signed the bank account opening documents, policy loan applications, and outgoing cheques for both clients in this instance. The Former Licensee stated the clients applied for the cheques online after opening the bank account.

12. The Former Licensee applied for the policy loan on October 28, 2020, from Y's account. Then, subsequently wrote a cheque and signed on the client's behalf for \$190,000 which was deposited into the Former Licensee's personal account to make investments.
13. On December 14, 2020, the Former Licensee wrote a cheque and signed on client W's behalf for \$250,000 to be deposited into the Former Licensee's own account. The monies were to be used to conduct investments.
14. The Former Licensee stated he received verbal authority from the clients to withdraw funds, conduct investment transactions, and sign the cheques on their behalf. The agreement with the clients was that the Former Licensee would be personally responsible for taxes on the gains and any investment losses. The Former Licensee explained that the clients were the parents of a friend; therefore, the Former Licensee felt obligated to help them obtain additional funds from the projected gains from the investment to pay for any additional funding that would be required for the policy premium. The Former Licensee advised the Council that there was some miscommunication with the clients, in which they did not think they would need to pay additional premiums for the policies that the Former Licensee sold them in October 2016. The Former Licensee suggested to the Complainants that they obtain a policy loan and that the Former Licensee use those funds to make investments. The Former Licensee agreed he would be personally liable for any losses from the investments. This was proposed as a way to keep the clients happy and to obtain funds to pay the policy premiums without the client putting in additional money. The Former Licensee had willingly gone into an agreement with his clients where he would bear all the investment losses and tax implications on the expectation that he would receive more referrals from the clients in the future. There was no profit sharing or anything similar discussed during the conversations.
15. On November 29, 2021, the insurer provided a summary of their incident investigation by email to Council staff. The summary noted the Former Licensee had written cheques on the bank accounts of two separate clients (W and Y) and conducted transactions on behalf of these clients, who were residing in China at the time. The Former Licensee had admitted to forging the client signatures and processing transactions after receiving instructions from clients both verbally and through a chat message forum. The funds were then utilized for outside investments.
16. The Former Licensee was cooperative throughout the insurer's investigation. The MGA contacted the clients via WeChat to verify that the transactions had taken place, but the clients refused to comment.
17. All funds initially withdrawn had been returned by the Former Licensee to the clients' bank accounts and no client harm or losses were identified by the insurer in their investigation.

18. The insurer conducted a further review of the Former Licensee's book of business and did not identify any other concerns. The Former Licensee was immediately suspended by the insurer after the conduct was identified. The insurer ultimately terminated the Former Licensee's contract with notice, effective December 29, 2021.
19. There were no other identified instances of the Former Licensee signing on any other clients' behalf. The insurer was unable to validate if the clients provided verbal instructions to the Former Licensee as the clients refused to comment on the investigation.
20. The Former Licensee stated that he understood his actions were non-compliant and created a conflict of interest. The Former Licensee said he intended to act in his client's best interests, and he never had any financial gains from the events. The Former Licensee knew that his conduct was not in a manner consistent with the usual practice of the business of insurance in the circumstances. The Former Licensee repaid the clients on July 29, 2021, in the amounts of \$229,267 and \$257,077.38 respectively, which he paid out of pocket as the investments he made did not make a profit.

#### **ANALYSIS**

21. Council has concluded that accepting money from insurance business clients and arranging to be responsible for all the investment losses and tax implications placed the Former Licensee in a situation where there was a conflict of interest. The Former Licensee's loyalty to, or representation of, the insurance company could be materially or adversely affected by the Former Licensee's duty to the client in this arrangement.
22. The actions of the Former Licensee opening the bank accounts and forging the clients' signatures on the opening documents, as well as forging the clients' signatures on two cheques were highly inappropriate. Regardless of the scenarios, or whether the Former Licensee and the clients verbally agreed to this arrangement, this is something that the Former Licensee should not have done. Forgery, regardless of the intent, demonstrates a lack of trustworthiness, reliability, and honesty. Council noted that the Former Licensee's actions breached the duty a licensee has to the insurer to provide full and accurate information and to adhere to the authority granted by the insurer. To obtain the policy loan, the Former Licensee would have had to obtain the clients' signatures on the forms, and the Former Licensee confirmed that he signed the bank account opening documents, policy loan applications, and outgoing cheques for both clients in this instance. By forging documents, the Former Licensee misrepresented material information to the insurer.
23. The Former Licensee should have refrained from giving advice in an area beyond his expertise as an insurance licensee. At the material time, the Former Licensee did not hold any other licences within

BC and did not hold a BC Securities registration that would allow him to conduct investment activities on behalf of clients.

24. These actions demonstrated that the Former Licensee did not conduct insurance activities in a competent manner and a manner consistent with the usual practice of insurance in the circumstances. Council concluded, based on the seriousness of the Former Licensee's misconduct, that the Former Licensee is unsuitable to hold a licence. The Former Licensee's actions brought into question his trustworthiness, ability to act in good faith, and ability to act in accordance with the usual practice of the business of insurance.
25. Council considered the impact of Council Rule 7(8) and Council's Code of Conduct guidelines on the Former Licensee's conduct, including section 3 ("Trustworthiness"), section 4 ("Good Faith"), section 7 ("Usual Practice: Dealing with Clients"), and section 8 ("Usual Practice of Dealing with Insurers") and concluded that the Former Licensee's conduct amounted to breaches of the above Code of Conduct sections and the professional standards set by the Code.

#### **PRECEDENTS**

26. Council took into consideration the following precedent cases. While Council recognizes that Council is not bound by precedent and that each matter is decided on its own facts and merits, Council found that these decisions were instructive in terms of providing a range of sanctions for similar types of misconduct.
27. [Barbara Ann Nash \(December 2020\)](#): the licensee had taken a loan from a client to make a down payment on a home. On the recommendation of the licensee, the client redeemed money from a non-registered TFSA to provide funds to the licensee. The client was charged a redemption fee which the licensee did not inform the client of when recommending redeeming the funds. The licensee added the client to the title of a home that was purchased. The client did not understand why he was on the title or the consequences of being on the title, such as being subject to property taxes. Additionally, the licensee obtained a life-term insurance policy naming the complainant as 50% beneficiary. In October 2017, the licensee and the client entered into a new loan agreement. Council found that the licensee was in a conflict of interest and did not carry on the business of insurance in good faith and in a trustworthy and competent manner. Council noted concerns about the licensee's competence as she did not adequately explain the redemption fees to the client, the legal consequences of being on the title to the property, or the implications of being a revocable beneficiary on the insurance policy. Council further noted concerns about the licensee's tone and use of language in communications between the client and the licensee. Council ordered that the licensee complete courses, required that the licensee be supervised for twenty-four months, fined \$2,500, and assessed investigation costs and hearing costs.

28. [Shawn Singh Kandola \(February 2022\)](#): concerned a former level 2 general insurance adjuster who failed to disclose a potential conflict of interest. The former licensee held an authority to represent a firm and failed to disclose to the firm that the former licensee had family ties with a particular vendor and that the former licensee would often refer customers of the firm to this vendor. The director of the vendor was the former licensee's spouse. Council found that the former licensee did not display trustworthiness or good faith to his clients, especially when the former licensee would send the client's claims to the vendor and did not actively disclose the conflict of interest. Council ordered that the former licensee not be eligible to hold an insurance licence for three years and assessed investigation costs.
29. [Bhupinder Singh Atwal \(January 2018\)](#): concerned a former level 2 general insurance agent who knowingly collected fees and requested other forms of kickbacks from a potential vendor in exchange for a contract with the agency where he was employed. The former licensee had relationships with companies that provided work for the agency. Council determined that the former licensee's activities with these companies constituted a serious conflict of interest. Council ordered that the former licensee was not suitable to hold an insurance licence for the following five years, prohibited the former licensee from acting as an officer, director, or shareholder of an insurance agency for a minimum period of five years, and assessed investigation costs of \$3,000.
30. [Karamjit Singh Rajwan \(July 2021\)](#): concerned a life and accident and sickness insurance agent who knowingly used his position as a "supervisor" with his spouse's company to sell policies to employees and then knowingly submitted claim forms to the insurer while representing himself as the employees' supervisor. The licensee made no prior disclosure to the insurer of his relationship with the spouse's company and/or its employees, who were his clients and did not seek consent from the insurer to operate in the way he did. Council was troubled by the clear conflict of interest the licensee engaged in. In addition, the licensee knowingly placed policies for his spouse, who he knew or should have known was not eligible for insurance. Council ordered the suspension of the licensee's licence for one year, supervision for two years of active licensing, required the licensee to complete the Council Rules Course and an ethics course, fined the licensee \$5,000 and assessed investigation costs of \$1,625.

#### **MITIGATING AND AGGRAVATING FACTORS**

31. Council considered the relevant mitigating and aggravating factors in this matter. Council notes the Former Licensee had been licensed for approximately eight years at the time of this conduct and he ought to have known that his actions were wrong and contrary to the usual insurance business practices. Additionally, Council recognizes the significant potential risk of harm to the client and the public in this kind of arrangement. The clients could have suffered a significant loss as the investments did not make any gains. Both these factors were considered by Council to be aggravating factors that further called the Former Licensee's trustworthiness and good faith into

question. Council considered the absence of a disciplinary history as well as the Former Licensee's cooperation throughout the investigation as mitigating factors. Additionally, this appeared to be an isolated incident and the Former Licensee took steps to ensure the clients were repaid at his own expense and detriment. Additionally, the Former Licensee has suffered a loss of his contracts with insurers.

## **CONCLUSIONS**

32. After weighing all of the relevant considerations, Council found the Former Licensee to be in breach of the Council's Rules and the Code of Conduct and concluded that it is appropriate for the Former Licensee to be unable to reapply for an insurance licence for a period of three years. Council noted that the prohibition of an insurance licence similar to the [Kandola](#) case is appropriate.
33. As of 2020, the Act provides that the maximum fine that Council can order against an individual is \$25,000. It is noted that the misconduct in the precedents held a maximum fine of \$10,000 as allowed by the Act at that time.
34. Council was troubled by the multiple instances of forgery in this matter and felt that a fine of \$10,000 is appropriate. Council considered that in the [Rajwan](#) case, there was a fine of \$5,000 for a conflict of interest scenario. However, given the severity of the forgeries in this matter, Council has concluded that a higher fine than the precedents is warranted, especially given the higher fine threshold allowed in the Act.
35. Council further concludes that it is appropriate for the Former Licensee to be assessed the investigation costs of \$2,000. With respect to investigation costs, Council believes that these costs should be assessed against the Former Licensee. As a self-funded regulatory body, Council looks to licensees who have engaged in misconduct to bear the costs of their discipline proceedings, so that those costs are not otherwise borne by British Columbia's licensees in general. Council has not identified any reason for not applying this principle in the circumstances.

## **INTENDED DECISION**

36. Pursuant to sections 231, 236 and 241.1 of the Act, Council made an intended decision that:
  - a. The Former Licensee be fined \$10,000, to be paid within 90 days of Council's order and which must be paid prior to the Former Licensee being licensed in the future;
  - b. Council will not consider an application for any insurance licence from the Former Licensee for a period of three years, commencing on the date of Council's order; and

- c. The Former Licensee be assessed Council's investigation costs in the amount of \$2,000, to be paid within 90 days of Council's order and which must be paid prior to the Former Licensee being licensed in the future.

37. Subject to the Former Licensee's right to request a hearing before Council pursuant to section 237 of the Act, the intended decision will take effect after the expiry of the hearing period.

#### **ADDITIONAL INFORMATION REGARDING FINES/COSTS**

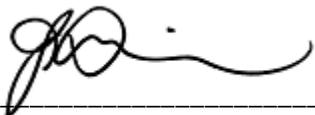
38. Council may take action or seek legal remedies against the Former Licensee to collect outstanding fines and/or costs, should these not be paid by the 90 day deadline.

#### **RIGHT TO A HEARING**

39. If the Former Licensee wishes to dispute Council's findings or its intended decision, the Former Licensee may have legal representation and present a case in a hearing before Council. **Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Former Licensee must give notice to Council by delivering to its office written notice of this intention within fourteen (14) days of receiving this intended decision.** A hearing will then be scheduled for a date within a reasonable period of time from receipt of the notice. Please direct written notice to the attention of the Executive Director. If the Former Licensee does not request a hearing within 14 days of receiving this intended decision, the intended decision of Council will take effect.
40. Even if this decision is accepted by the Former Licensee, pursuant to section 242(3) of the Act, the British Columbia Financial Services Authority ("BCFSA") still has a right of appeal to the Financial Services Tribunal ("FST"). The BCFSA has thirty (30) days to file a Notice of Appeal once Council's decision takes effect. For more information respecting appeals to the FST, please visit their website at [www.bcfst.ca](http://www.bcfst.ca) or visit the guide to appeals published on their website at <https://www.bcfst.ca/app/uploads/sites/832/2021/06/guidelines.pdf>.

Dated in Vancouver, British Columbia, on the **21<sup>st</sup> day of November, 2023**

For the Insurance Council of British Columbia



Janet Sinclair  
Executive Director