

**In the Matter of**

**The *FINANCIAL INSTITUTIONS ACT*  
(RSBC 1996, c.141)  
(the "Act")**

**and**

**The *INSURANCE COUNCIL OF BRITISH COLUMBIA*  
(“Council”)**

**and**

**HSI CHUN CHIANG  
(the “Licensee”)**

**ORDER**

As Council made an intended decision on April 17, 2012, pursuant to sections 231 and 236 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Licensee with written reasons and notice of the intended decision dated May 4, 2012; and

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

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

1. The Licensee is prohibited from selling any non-insurance financial products.
2. The Licensee is required to maintain her Certified Financial Planner designation in good standing.
3. Prior to engaging in any outside business activities, the Licensee must first provide written notification to Council.
4. The Licensee is required to place all of her insurance business through her managing general agent. Should she change or do business with an additional managing general agent, the Licensee must first provide Council with written notification.

Order  
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132005  
June 29, 2012  
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This Order takes effect on the 23<sup>rd</sup> day of May, 2012

**This Order is dated the 29<sup>th</sup> day of June, 2012 and corrects and replaces Council's Order issued on May 23, 2012.**



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C. David Porter, LL.B., FCIP, CRM  
Chairperson, Insurance Council of British Columbia

**INTENDED DECISION**  
**of the**  
**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**(“Council”)**  
**respecting**  
**HSI CHUN CHIANG**  
**(the “Licensee”)**

**INTRODUCTION**

Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether a recent settlement agreement between the Licensee and the Mutual Fund Dealers Association (“MFDA”) reflected on her suitability to hold a life and accident and sickness insurance licence.

As part of Council’s investigation, on March 19, 2012, an Investigative Review Committee (the “Committee”) met with the Licensee to review the matter.

The Committee was comprised of one voting member and three non-voting members of Council. Prior to the Committee’s meeting with the Licensee, a report from Council staff was distributed to the Committee and the Licensee for review. A discussion of this report took place at the meeting and the Licensee was provided an opportunity to clarify the information contained therein and make further submissions. Having reviewed the report and after discussing this matter with the Licensee, the Committee made a recommendation to Council as to the manner in which this matter should be disposed.

The Committee prepared a report setting out its findings and recommended disposition. The Committee’s report along with the report from Council staff were reviewed by Council at its April 17, 2012 meeting. At the conclusion of its meeting, Council accepted the Committee’s recommended disposition and determined the matter should be disposed of in the manner set out below.

**INTENDED DECISION PROCESS**

Pursuant to section 237 of the Act, Council must provide written notice to the Licensee of the action it intends to take under sections 231 and 236 of the Act before taking any such action. The 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 Licensee.



## FACTS

Council considered the following facts before reaching a conclusion in the matter.

### *Licensing/Registration History*

The Licensee was first licensed with Council as a life and accident and sickness insurance agent on March 24, 1997, and is currently a life and accident and sickness insurance agent nominee for Moneydoctor Investments Co. Ltd. ("Moneydoctor"). Moneydoctor was first licensed with Council on March 28, 2001. The Licensee is the sole officer and director of Moneydoctor, as well as its only licensed representative.

The Licensee was registered with Portfolio Strategies Corporation ("PSC") as a mutual fund salesperson from May 25, 2005 to February 4, 2009, and as a branch manager from March 26, 2005 to May 27, 2008. PSC is registered with the MFDA as a mutual fund dealer in British Columbia. It is also registered as an exempt market dealer in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

### *MFDA Settlement Agreement*

As set out in a settlement agreement with the MFDA, the Licensee is prohibited from engaging in mutual fund business for a ten-year period, she was fined \$45,000.00 and she was ordered to pay costs of \$5,000.00. This was based on a determination that the Licensee:

1. Between July 2007 and February 4, 2009, had and continued in another gainful occupation that was not disclosed to and approved by PSC. In particular, she:
  - (i) acted as Vice-President, Public Relations of Maple Leaf Reforestation Inc. ("Maple Leaf");
  - (ii) acted as an agent or employee for Future Canada China Environment Inc. (Canada) ("FCCE Canada"); and
  - (iii) acted as President, CEO and Director for Future Canada China Environment Inc. (USA) ("FCCE USA").
2. Between July 2007 and February 27, 2009, engaged in securities-related business that was not carried on for the account and through the facilities of PSC, nor permitted by the terms of her registration as a mutual fund salesperson. In particular, she:
  - (i) recommended or facilitated the sale of shares in Maple Leaf, FCCE Canada and FCCE USA to clients and other individuals; and

- (ii) on five occasions between July 19, 2007 and October 23, 2007, sold Maple Leaf shares held by a client and her husband, in an online trading account at TD Waterhouse pursuant to the clients' request.
3. Between July 2007 and February 27, 2009, engaged in activities that gave rise to conflicts or potential conflicts of interest between her interests and the interests of clients, which she failed to address by the exercise of responsible business judgement influenced only by the best interests of the clients. In particular, she:
  - (i) recommended or facilitated the sale of Maple Leaf shares to nine clients while she was a shareholder and an agent or employee of Maple Leaf;
  - (ii) recommended or facilitated the sale of FCCE Canada shares to seven clients and other individuals while she was an agent or employee of FCCE Canada; and
  - (iii) recommended, facilitated or referred the sale of FCCE USA shares to four clients while she was a shareholder, officer and director of FCCE USA.

### ANALYSIS

As the MFDA had made a finding that the Licensee engaged in securities-related misconduct, the purpose of Council's review was to consider the extent to which the matter reflected on her suitability to hold an insurance licence.

In this regard, Council considered the following:

- There was no indication insurance monies were involved in the matter and concerns have not arisen with the Licensee's competency as an insurance agent at any time.
- The Licensee is a Certified Financial Planner, which Council felt reflected positively on her and demonstrated her commitment to the insurance industry.
- The Licensee is a member of the Million Dollar Round Table, which is an association of leading financial professionals who demonstrate exceptional professional knowledge, strict ethical conduct and outstanding client service.
- It has been more than three years since the activities in question occurred and, since that time, the Licensee has been placing her insurance business through a particular managing general agent without incident.



- The managing general agent is aware of the MFDA matter and continues to support the Licensee.
- The Licensee was forthright with Council throughout the investigation process and reported the MFDA matter to Council as required by Council Rules.

Council felt these factors were favourable for the Licensee and mitigated some of the concerns that she may pose a risk to the public in light of her financial services misconduct. However, Council had reservations with the fact that the Licensee put herself in a position that was contrary to the rules of another financial services regulator.

Given these reservations, Council concluded the Licensee was suitable to hold an insurance licence provided that certain measures are put in place to create an environment for the Licensee to focus only on insurance business and also provide for greater oversight of her insurance activities.

#### **INTENDED DECISION**

Pursuant to sections 231 and 236 of the Act, Council made an intended decision to impose the following conditions on the Licensee's life and accident and sickness insurance licence:

1. The Licensee is prohibited from selling any non-insurance financial products.
2. The Licensee is required to maintain her CFP designation in good standing.
3. Prior to engaging in any outside business activities, the Licensee must first provide written notification to Council.
4. The Licensee is required to place all of her insurance business through her managing general agent. Should she change or do business with an additional managing general agent, the Licensee must first provide Council with written notification.

The intended decision will take effect on **May 23, 2012**, subject to the Licensee's right to request a hearing before Council pursuant to section 237 of the Act.

**RIGHT TO A HEARING**

If the Licensee wishes to dispute Council's findings or its intended decision, the Licensee may have legal representation and present a case at a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Licensee must give notice to Council by delivering to its office written notice of this intention by **May 22, 2012**. 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 Licensee does not request a hearing by **May 22, 2012**, the intended decision of Council will take effect.

Even if this decision is accepted by the Licensee, pursuant to section 242(3) of the Act, the Financial Institutions Commission still has a right to appeal this decision of Council to the Financial Services Tribunal ("FST"). The Financial Institutions Commission has 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.fst.gov.bc.ca](http://www.fst.gov.bc.ca) or contact them directly at:

Financial Services Tribunal  
PO Box 9425 Stn Prov Govt  
Victoria, British Columbia  
V8W 9V1

Reception: 250-387-3464  
Fax: 250-356-9923  
Email: [FinancialServicesTribunal@gov.bc.ca](mailto:FinancialServicesTribunal@gov.bc.ca)

Dated in Vancouver, British Columbia, on the **4<sup>th</sup> day of May, 2012**.

For the Insurance Council of British Columbia

  
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Gerald D. Matier  
Executive Director

GM/cc