

In the Matter of

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

and

The *INSURANCE COUNCIL OF BRITISH COLUMBIA*
("Council")

and

MIKHAIL SEROV
(the "Licensee")

ORDER

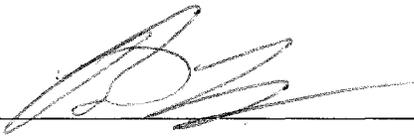
As Council made an intended decision on January 12, 2016, pursuant to sections 231 of the Act;
and

As Council, in accordance with section 237 of the Act, provided the Licensee with written reasons
and notice of the intended decision dated February 10, 2016; 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 of the Act, Council orders the Licensee's insurance adjuster
licence is terminated for a minimum period of two years, commencing on **March 15, 2016**, and
ending at midnight on **March 14, 2018**.

This order takes effect on the **1st day of March 2016**.



Brett Thibault
Chairperson, Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

respecting

MIKHAIL SEROV
(the “Licensee”)

Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Licensee acted in compliance with the requirements of the Act.

As part of Council’s investigation, on November 24, 2015, a Review Committee (the “Committee”) met with the Licensee to discuss the Licensee’s recent criminal conviction and his failure to advise Council of such within five business days as required by Council Rule 7(3)(a)(iv).

The Committee was comprised of one voting member and three non-voting members of Council. Prior to the Committee’s meeting with the Licensee, an investigation report 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 make further submissions. Having reviewed the investigation materials and after discussing this matter with the Licensee, the Committee prepared a report of its meeting for Council.

The Committee’s report, along with the aforementioned investigation report, were reviewed by Council at its January 12, 2016 meeting, where it was determined the matter should be disposed of in the manner set out below.

PROCESS

Pursuant to section 237 of the Act, Council must provide written notice to the Licensee of the action it intends to take under section 231 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

The Licensee is a Level 2 insurance adjuster, and has been licensed for approximately four years.

On November 26, 2013, the Licensee was charged with unlawful production of a controlled substance, contrary to section 7(1) of the *Controlled Drugs and Substances Act*, and unlawful possession of a controlled substance for the purpose of trafficking, contrary to section 5(2) of the *Controlled Drugs and Substances Act*. The Licensee did not disclose these charges to Council within five business days, as required under Council Rule 7(3)(a)(iv), and subsequently proceeded to make two annual filings with Council without disclosing the criminal charges.

The Licensee explained that he did not immediately disclose the November 2013 charges because, despite being arrested and charged in November 2013, and shortly thereafter retaining legal counsel, he was not aware of his criminal charges until he was contacted regarding trial scheduling. However, even then, he still did not disclose the charges to Council.

When asked, the Licensee stated he did not disclose the charges to his employer either. He stated that when he needed time off work to attend Court and other related meetings, he informed his manager that he had some "issues" he needed to resolve, but gave no indication of their nature. The Licensee explained he did not provide details of the charges to his manager as he did not want people thinking that he was involved in marijuana production or trafficking.

The Licensee was subsequently convicted of a criminal offence on April 30, 2015. The Oral Reasons for Judgment reveal the Licensee was found guilty of two counts of an indictable offence involving marijuana production and possession for the purpose of trafficking. The Licensee has not yet been sentenced, but has stated he intends to appeal the conviction.

The Licensee failed to disclose both the criminal charges and conviction even though the Licensee had previously been reminded of Council Rule 7(3), after he failed to disclose November 2011 charges, which stemmed from a bar fight.

The Licensee stated that the current criminal charges stem from a business activity he commenced in 2012, when he rented commercial space for a business involving the importation of nutritional supplements. The Licensee decided not to pursue the business activity, and sublet his commercial space to a person he met at the gym. The Licensee stated he did not enter into a written lease with the sublet and only took a picture of the renter's driver's licence to confirm the identity. The Licensee stated the rent was paid by cash.

The Licensee owned two trailers that were inside the commercial space and were used as part of the grow operation. Both trailers were in the Licensee's name. The Licensee stated that the renter had purchased the two trailers for cash, but could provide no documentation to support this.

In October 2015, the Licensee advised his manager of the criminal charges and conviction. The Licensee's position has since been terminated by the adjusting firm.

ANALYSIS

Council determined that the Licensee failed to disclose criminal charges that were laid in November 2013, only eight months after he was reminded by Council of his obligations under Council Rule 7(3)(a)(iv). Council concluded the Licensee was, or ought to have been, aware of the requirements under Council Rule 7(3)(a)(iv). Council found that the Licensee intentionally withheld the criminal charges and the resulting conviction from Council, and his failure to do so reflected adversely on his trustworthiness and his ability to act in good faith.

Council also found that the Licensee's criminal conviction is relevant to the Licensee's suitability to hold an insurance licence, even though he has not yet been sentenced and intends to appeal the conviction.

In light of the Licensee's lack of trustworthiness and good faith, Council found the Licensee is not suitable to hold an insurance licence. Council's policy is such that when convicted of a relevant indictable offence, a person is unsuitable to hold a licence for a minimum of two years after the completion of any sentence, parole or probation.

Accordingly, Council determined it was appropriate to terminate the Licensee's Level 2 insurance adjuster licence.

INTENDED DECISION

Pursuant to section 231 of the Act, Council made an intended decision to terminate the Licensee's Level 2 insurance adjuster licence for a period of two years.

The Licensee's termination will begin on **March 15, 2015**, and end at midnight on **March 14, 2017**.

The intended decision will take effect on **March 1, 2016**, subject to the Licensee's right to request a hearing before Council pursuant to section 237 of the Act.

Intended Decision
Mikhail Serov
185054
February 10, 2016
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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 **February 29, 2016**. 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 **February 29, 2016**, 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 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

Dated in Vancouver, British Columbia, on the **10th day of February, 2016**.

For the Insurance Council of British Columbia



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