

In the Matter of the

FINANCIAL INSTITUTIONS ACT, RSBC 1996, c.141

(the “Act”)

and the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

and

ZI AN (CHARLES) WANG

(the “Former Licensee”)

ORDER

As Council made an intended decision on June 13, 2023, pursuant to sections 231, 236, and 241.1 of the Act; and

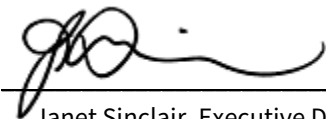
As Council, in accordance with section 237 of the Act, provided the Former Licensee with written reasons and notice of the intended decision dated June 27, 2023; and

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) Council will not consider an application for any insurance licence from the Former Licensee for a period of five years, commencing on August 3, 2023 and ending at midnight on August 2, 2028.
- 2) The Former Licensee is fined \$10,000, to be paid by November 1, 2023, and which must be paid in full prior to the Former Licensee being licensed in the future;
- 3) The Former Licensee is assessed Council’s investigation costs of \$1,687.50, to be paid by November 1, 2023, and which must be paid in full prior to the Former Licensee being licensed in the future.

This order takes effect on the **3rd day of August, 2023**



Janet Sinclair, Executive Director
Insurance Council of British Columbia

INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA

(“Council”)

respecting

ZI AN (CHARLES) WANG

(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 breached the Council Rules and/or the Code of Conduct (the “Code”) related to allegations that the Former Licensee misappropriated client funds, forged a client’s signature on an insurance policy application and on several policy redemption forms, and falsified a letter to show a client’s funds were being invested.
2. On May 24, 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 Committee and the Former Licensee prior to the meeting, and the Former Licensee was given an opportunity to make submissions and provide further information. The Former Licensee was given advance notice and did not attend the meeting. A discussion of the investigation report took place at the meeting.
3. Having reviewed the investigation materials and having discussed the matter at the May 24, 2023 meeting, the Committee prepared a report for Council which was reviewed by Council at its June 13, 2023 meeting. Council determined that 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

Background

5. The Former Licensee was licensed with Council as a life and accident and sickness insurance agent (“Life Agent”) from July 6, 2006 to July 5, 2007, and from August 20, 2013 to August 1, 2018.
6. The Former Licensee had an authority to represent and was the nominee of an insurance agency (the “Agency”) from November 2, 2015 to August 1, 2018.
7. On March 20, 2020, Council received a Life Agent Reporting Form (“LARF”) from an insurer (the “Insurer”). The LARF indicated evidence of forgery, fraud and misappropriation of client funds.
8. The Former Licensee held a contract with the Insurer from August 12, 2013 to November 16, 2017.
9. On or about March 11, 2016, the Former Licensee accepted a \$300,000 cheque from a client (“Client One”) made payable to the Insurer (the “Cheque”). The Cheque was to be invested with the Insurer under Client One’s name.
10. The Insurer’s review indicated that the back of the Cheque had a written policy number for another client of the Former Licensee (“Client Two”), and that the funds were applied to an insurance policy owned by Client Two.
11. Between April and November of 2016, the Former Licensee redeemed all the funds from Client Two’s policy and deposited same into a bank account under Client Two’s name. The redemptions were made by either a transaction authorization or redemption forms that carried Client Two’s signature.
12. The Insurer’s investigation determined that the Former Licensee had forged Client Two’s signature on the insurance policy application form.
13. The misappropriation of Client One’s investment was not detected until March 2019, after Client One met her new advisor (the “Advisor”). After the Former Licensee left the Insurer, the Advisor had taken over the Former Licensee’s clients.
14. The Insurer had made Client One whole by backdating her investment and offered interest in the amount of \$2,517.30 as compensation.
15. The Insurer subsequently reported the incident to the Royal Canadian Mounted Police (“RCMP”) for criminal investigation. In October 2021, the RCMP confirmed to Council staff that it closed its investigation of the Former Licensee.

16. Between May 12, 2020 and July 14, 2020, Council staff made several attempts to contact the Former Licensee through telecommunication, electronic communication and written communication. Council staff did not receive a response from the Former Licensee.
17. On May 16 and 17, 2022, Council staff attempted to schedule an interview with the Former Licensee but was unsuccessful.

Evidence of Client One

18. According to the Insurer's investigation, Client One did not remember signing any documents or receiving a receipt from the Former Licensee at the time of investment.
19. Client One inquired about her investment numerous times, as she had not received any investment statements. The Former Licensee told her that he must have entered his office address on the investment but would correct this information.
20. Client One required the Former Licensee to provide proof of her investment for a visa application for her son and daughter-in-law. In a letter dated January 18, 2017, the Former Licensee confirmed the total investment of \$333,776.24 in the name of Client One's son at the Insurer (the "Letter"). The Letter was printed on the Agency's letterhead and signed by the Former Licensee.

The Former Licensee's submissions

21. In an interview with the Insurer, the Former Licensee admitted that the Agency had caused Client One to lose \$300,000. The Former Licensee stated that he had a personal relationship with Client Two, and that he had Client Two sign an application for a non-registered segregated fund. The application was not dated, and the investment amount was left blank, which the Former Licensee claimed was a common practice for advisors.
22. The Former Licensee noticed the funds in Client Two's account and assumed it came from a settlement related to an accident that Client Two was involved in. The Former Licensee stated he obtained verbal consent from Client Two to redeem the funds for his investment business. The Former Licensee admitted to spending all the funds on his investment business.
23. The Former Licensee believed the Cheque had been attached to Client Two's documents in error, and he denied writing Client Two's policy number on the back of the Cheque.
24. The Former Licensee admitted to forging Client Two's signature on a redemption form dated March 31, 2016, and falsely claimed that another client of the Former Licensee ("Client Three"), who was mentioned in the form, was Client Two's brother. The redemption amount was \$31,310.

Evidence of Client Two

25. Client Two denied being in a personal relationship with the Former Licensee and stated that she was only in a business relationship with the Former Licensee as the Former Licensee helped her open a tax-free savings account and assisted with banking services.
26. Client Two had no knowledge of any application forms for a \$300,000 investment made under her name and that the signatures on the forms were not hers.
27. In addition, Client Two had not received any financial settlement from her accident, nor did she discuss any settlement with the Former Licensee.

ANALYSIS

28. Council considered the investigation report, the Committee's report to Council, and the Former Licensee's submissions and determined that the Former Licensee's conduct amounted to clear breaches of section 3 ("Trustworthiness"), section 4 ("Good Faith"), section 5 ("Competence"), section 6 ("Financial Reliability"), section 7 ("Usual Practice: Dealing with Clients"), section 8 ("Usual Practice: Dealing with Insurers"), and section 12 ("Dealing with the Insurance Council of British Columbia") of the Code. In addition, Council determined that the Former Licensee breached Council Rule 7(2). Council Rule 7(8) requires licensees to comply with the Code.
29. Council found that the unauthorized withdrawals from Client Two's policy and payment to Client Three reflected adversely on the Former Licensee's trustworthiness. As a whole, Council was troubled that the Former Licensee used the funds from the withdrawals for his business. With respect to the principle of good faith, Council determined that the Former Licensee breached his duty of good faith to the Insurer by misrepresenting the identities of the clients. Council also found that the Former Licensee breached his duty of good faith to the public by falsifying the Letter and breached his duty of good faith to Council by being uncooperative during the investigation.
30. Further, Council concluded that the Former Licensee failed to engage in the usual practice of the business of insurance as the Cheque was not invested in accordance with client instructions. Also, the Former Licensee failed to confirm the existence of the funds in Client One's account before preparing the Letter. Council was troubled by the Former Licensee's assertion that it was common practice for advisors to ask a client to sign an insurance policy application with the investment amount and date left blank. Council also noted that the Former Licensee did not keep proper and adequate records of communications and instructions from clients. Given the evidence, Council did not find the Former Licensee to be credible.

31. Following the above, Council determined that the Former Licensee breached the “Usual Practice: Dealing with Clients” principle. As a licensed advisor at the time, the Former Licensee was entrusted by Client One to deposit funds to gain an investment return; however, the funds were ultimately withdrawn and used by the Former Licensee for a personal purpose. To that end, Council concluded that the Former Licensee was not financially reliable.
32. Council found that the Former Licensee breached the “Usual Practice: Dealing with Insurers” principle by failing to direct the Insurer to apply the Cheque to Client One’s account. As a result, the Former Licensee breached his duty of care towards the Insurer. Similarly, the Former Licensee breached Council Rule 7(2).
33. Council noted that the Former Licensee was largely uncooperative during Council’s investigation. The Former Licensee failed to reply over several months to a number of inquiries from Council during its investigation. Further, Council noted that it did not receive a response from the Former Licensee regarding his attendance at the Committee meeting.
34. Council found that the aggravating factors in the subject case are substantial. Council determined that the Former Licensee’s actions were deliberate and demonstrated a flagrant disregard for the laws governing the Former Licensee’s conduct. The Former Licensee caused significant harm to his clients and to the Insurer. Furthermore, the Former Licensee has not made any efforts to remedy his misconduct.
35. In terms of other aggravating factors, Council concluded that the Former Licensee did not display remorse for his misconduct. In addition, the Former Licensee was uncooperative during Council’s investigation as he did not respond to Council’s repeated requests for information. Lastly, Council noted that the Former Licensee has not suffered other consequences related to his misconduct.
36. Council considered but did not find any relevant mitigating factors. In particular, Council did not find the Former Licensee’s misconduct to be related to inexperience; rather, the Former Licensee committed deliberate actions that resulted in significant harm to the public, and at the same time, enriched his business. Council also considered whether other parties could be attributed fault; however, Council concluded that the Former Licensee’s actions outweighed any potential fault that can be attributed to other parties.
37. Council is not bound by precedent to follow the outcomes from prior decisions, but similar conduct should result in similar outcomes within a reasonable range depending on the particular facts of the case.

38. With respect to the Former Licensee's misconduct, Council considered the cases of [Gagandeep Singh Dhillon](#) (July 2022), [Jeremy Yuan Wong](#) (January 2022), [Lisa Anne Allan](#) (January 2020), [Mark Daniel Norris](#) (March 2019), and [Rupinder Kaur Bhathal](#) (May 2014).
39. [Gagandeep Singh Dhillon](#) (July 2022): concerned a former licensee who had been charged with multiple offences under the [Criminal Code of Canada](#), including identity theft, unauthorized use of credit card data, and fraud over \$5,000. The former licensee pled guilty to ten counts of identity theft and one count of careless use or storage of a firearm. The fraud committed by the former licensee involved abusing his position as an insurance salesperson to obtain credit card information belonging to clients. Council considered that the former licensee was without an active licence for over two years. Council ordered that no application for an insurance licence from the former licensee would be considered for eight years, fined \$10,000, and assessed investigation costs of \$1,500.
40. [Jeremy Yuan Wong](#) (January 2022): concerned a licensee who was found to have cashed cheques issued to two clients through his personal bank account and amended the mailing address of several clients to his own business and personal addresses. In addition, the licensee failed to keep proper records of the clients' insurance transactions. The licensee was licensed with Council for over 25 years, held a certified financial planner designation and was the nominee for an insurance agency. Council ordered the cancellation of the licensee's licence and no application for an insurance licence from the licensee would be considered for three years, fined \$10,000, and assessed investigation costs of \$875.
41. [Lisa Anne Allan](#) (January 2020): concerned a former licensee who was found to have misappropriated \$16,409.90 of Insurance Corporation of British Columbia funds for her own use. The former licensee admitted to taking the money. She was charged with theft over \$5,000 and was found guilty in May 2019. Through the restorative justice program, she received a conditional discharge that included three years of probation, 50 hours of community service, and a requirement to pay \$6,000 of restitution to the agency. Council considered that the former licensee was dealing with the consequences of her actions through the restorative justice program. Council ordered that no application for an insurance licence from the former licensee would be considered for three years, required the former licensee to complete an ethics course before being licensed in future, and assessed investigation costs of \$1,562.50.
42. [Mark Daniel Norris](#) (March 2019): concerned a licensee who was found to have misappropriated funds from two agencies he was authorized to represent, totaling \$6,928. The licensee showed remorse for his actions and repaid the funds. He explained that he had been driven to misappropriate the funds due to financial and personal problems he faced at the time. Council ordered that the licensee's licence be suspended for one year, downgraded to a level 1 general

insurance salesperson licence for two years following the suspension, and assessed investigation costs of \$1,750.

43. [Rupinder Kaur Bhathal](#) (May 2014): concerned a former licensee who misused clients' funds to pay for their own premiums without their knowledge, and to pay for premiums of other clients. The former licensee forged a client's signature on more than one occasion, and processed insurance applications contrary to clients' instructions and without their consent. In particular, the former licensee changed multiple insurance applications from term insurance to permanent insurance, and for greater amounts than the clients had requested. Council found that the former licensee was motivated by personal financial gain and caused harm to her clients. Council determined that it would not be prepared to consider an application for an insurance licence from the former licensee for a minimum period of five years.
44. Council determined that both [Bhathal](#) and [Wong](#) were relevant to the subject case as both matters concerned life insurance and the misappropriation of client funds. Similarly, the licensees made improper use of their positions as insurance agents to gain the trust of clients to deposit funds and misused their clients' trust to misappropriate funds for the licensees' personal benefit.
45. Council noted that the misconduct in [Bhathal](#) affected many clients, as opposed to the subject case; however, [Bhathal](#) admitted to the allegations, as opposed to the Former Licensee. Further, there was no evidence to suggest that the Former Licensee paid the misappropriated funds back to Client One, or made any attempts to do so, in contrast to [Wong](#).
46. Council has determined that investigation costs should be assessed against the Former Licensee. As a self-funding regulator, the cost to investigate the misconduct of a licensee or former licensee should not be borne by members of the insurance industry unaffiliated with the investigation. This is particularly true when the evidence is clear that the actions of a licensee or former licensee have amounted to misconduct.

INTENDED DECISION

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

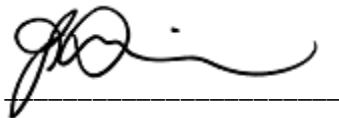
- (c) Assess the Former Licensee Council's investigation costs of \$1,687.50, to be paid within 90 days of the date of Council's order, and which must be paid prior to the Former Licensee being licensed in the future.

RIGHT TO A HEARING

48. 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 at 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 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 the intended decision, the intended decision of Council will take effect.**
49. Even if the Former Licensee accepts this decision, pursuant to section 242(3) of the Act, the British Columbia Financial Services Authority ("BCFSA") still has a right to appeal to the Financial Services Tribunal ("FST"). The BCFSA 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 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 **27th day of June, 2023.**

For the Insurance Council of British Columbia



Janet Sinclair
Executive Director