

**In the Matter of**

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

**and**

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

**and**

**HAO KENG HARRY LEE**  
(the “Former Licensee”)

**ORDER**

As Council made an intended decision on October 17, 2017, 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 December 4, 2017; and

As the Former Licensee requested a hearing of Council’s intended decision in accordance with the Act, but no longer wishes to proceed with the hearing;

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

1. The Former Licensee is fined \$10,000.00.
2. The Former Licensee is assessed Council’s investigative costs of \$1,162.50.
3. As a condition of this order, the Former Licensee is required to pay the above-ordered fine and investigative costs no later than **April 30, 2018**. If the Former Licensee does not pay the ordered fine and investigative costs in full by this date, the Former Licensee will not be permitted to apply for an insurance licence until such time as the ordered fine and investigative costs are paid in full.

In making this order, Council determined that the Former Licensee is not suitable to hold a life and accident and sickness insurance agent licence for a period of two years, effective December 4, 2017.

Order  
Hao Keng Harry Lee  
LIC-159274C95333R1 / COM-2017-00213  
January 31, 2018  
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This order takes effect on the **31<sup>st</sup> day of January, 2018.**



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Michael Connors, CIP, CRM  
Chairperson, Insurance Council of British Columbia

**INTENDED DECISION**  
**of the**  
**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
**(“Council”)**  
**respecting**  
**HAO KENG HARRY LEE**  
**(the “Former Licensee”)**

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.

As part of Council’s investigation, on September 18, 2017, a Review Committee (the “Committee”) met with the Former Licensee to discuss an allegation that the Former Licensee falsified a consumer’s (the “Consumer”) investment loan application (“Loan Application”) to help enable the Consumer to qualify for a loan for the purpose of purchasing segregated funds.

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 for Council.

The Committee’s report, along with the aforementioned investigation report, were reviewed by Council at its October 17, 2017 meeting, where it was determined that 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 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**

The Former Licensee had held a life and accident and sickness insurance agent (“life agent”) licence in British Columbia since 2004. His life agent licence was automatically terminated on July 4, 2017 as he did not have written authorization to represent at least one insurer authorized to do life insurance business in British Columbia as required by Council Rule 7(16).

During the material time, the Former Licensee represented an insurance agency (the “Agency”) as a life agent, he acted as a life agent supervisor for approximately 10 new life agents who also represented the Agency, and his role at the Agency included being its investment training manager.

In April 2017, a new life agent (“New Life Agent”) representing the Agency, who was supervised by a life agent supervisor other than the Former Licensee, received correspondence from a financial institution seeking confirmation of the Consumer’s income and net worth for the purposes of the Loan Application. The Consumer was a client of the New Life Agent and it was the Consumer’s intention to borrow \$50,000.00 to purchase segregated funds.

In administrating the loan transaction, the New Life Agent sought assistance from the Former Licensee as the New Life Agent had not previously dealt with a verification request from a financial institution. The Former Licensee, who had dealt with similar requests in the past, took over responding to the financial institution as he wanted to help the New Life Agent reach her production goals. He acknowledged that he stood to benefit from the transaction since he received compensation from any sales made by the New Life Agent.

To help ensure that the Consumer would qualify for the loan, the Former Licensee, without the New Life Agent’s knowledge, altered an investment summary document of another client to give the appearance that the document represented the Consumer’s assets. He then remitted the altered document to the financial institution.

The Former Licensee stated he regrets his decision to falsify a document that he knew would be relied upon by a financial institution in determining whether to provide a loan to the Consumer for investment purposes. He stated his ego was a contributing factor to his error in judgement as he wanted to be able to follow through on his commitment to the New Life Agent in helping the Consumer secure the loan.

## **ANALYSIS**

Council found that by altering a document with the intent to mislead a financial institution in a potential financial transaction for the Consumer, the Former Licensee demonstrated a lack of regard for the welfare of the Consumer as well as the welfare of the financial institution.

Council found it aggravating that the Former Licensee stood to financially benefit from his attempt to mislead the financial institution. Council also found it aggravating that the Former Licensee was an experienced life agent who should have known the inappropriateness of his actions and the potential risks he could have created for both the Consumer and the financial institution. In particular, had the financial transactions for the Consumer been completed, the Consumer may have obtained a loan they could not afford to repay, and the financial institution could have been exposed to a potential loan default situation.

Based on the above, Council concluded the Former Licensee has demonstrated that he does not meet the requirements of trustworthiness and the ability to act in good faith and in accordance with the usual practice of the business of insurance.

#### **INTENDED DECISION**

Pursuant to sections 231, 236, and 241.1 of the Act, Council made the following intended decision:

1. The Former Licensee is not suitable to hold a life and accident and sickness insurance agent licence for a period of two years from the date that Council's decision becomes final.
2. The Former Licensee is to be fined \$10,000.00.
3. The Former Licensee is to be assessed Council's investigative costs.

In making its intended decision, Council also determined that should the Former Licensee wish to apply for a life and accident and sickness insurance agent licence two or more years from the date of its decision becoming final, he will have to requalify to hold a life and accident and sickness insurance agent licence and he will be subject to supervision by a qualified life agent supervisor until such time as he has held a life and accident and sickness insurance agent licence for an additional 24 months.

The Former Licensee is advised that should the intended decision become final, the fine and investigative costs will be due and payable within 90 days of the date of Council's decision. Failure to pay the fine and investigative costs within the 90 days will result in the Former Licensee not being permitted to apply for an insurance licence until such time as the fine and investigative costs are paid in full.

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.

## RIGHT TO A HEARING

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 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 fourteen (14) days of receiving this intended decision**, the intended decision of Council will take effect.

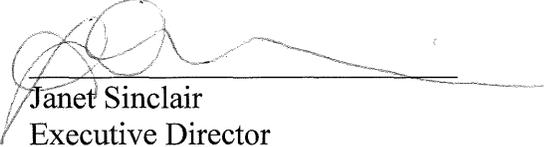
Even if this decision is accepted by the Former Licensee, pursuant to section 242(3) of the Act, the Financial Institutions Commission still has a right to appeal this decision of Council to the Financial Services Tribunal ("FST"). The Financial Institutions Commission has 30 days to file a Notice of Appeal, once Council's decision takes effect. For more information respecting appeals to the FST, please visit their website at [fst.gov.bc.ca](http://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 December, 2017**.

For the Insurance Council of British Columbia



Janet Sinclair  
Executive Director  
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JS/vy