

**IN THE MATTER OF THE FINANCIAL INSTITUTIONS ACT
R.S.B.C. 1996, C. 141, AS AMENDED**

- AND -

**IN THE MATTER OF HUMBER FINANCIAL CORPORATION AND
KEITH WILSON AND BARBARA BUFFINGTON**

ORDER UNDER SECTIONS 244(2) AND 238, AND

**NOTICE OF RIGHT OF HEARING OR APPEAL
UNDER SECTIONS 238(2) AND 242**

WHEREAS it appears to the Superintendent of Financial Institutions (the "Superintendent") that:

1. Humber Financial Corporation ("Humber") is a registered corporation with the British Columbia Corporate Registry having one director, Keith Wilson ("Wilson").
2. Neither Humber nor Wilson have a business authorization to carry on deposit business in British Columbia pursuant to the Financial Institutions Act (the "Act").
3. On September 20, 2005, Financial Institutions Commission ("FICOM") staff received an anonymous complaint that the "Discovery Islander", a community newspaper for Quadra and Cortes Islands, British Columbia, Issues #352 (September 16, 2005) and #353 (September 23, 2005) contained an advertisement offering term notes to the general public.
4. FICOM staff have conducted a review of those advertisements and have determined that:
 - (a) Barbara Buffington, ("Buffington") telephone [REDACTED] was offering:
 - i. Term notes of \$5,000 to \$50,000.
 - ii. Interest paid monthly, quarterly, annual or compounded.
 - iii. Interest redeemable, paid within five days, 6% p.a. calculated and credited monthly.

- iv. No minimum amount to existing clients.
 - v. One year term: 7%, 7.5%, 8%.
 - vi. Three year term: 9%, 9.5%, 10%.
 - vii. Five year term: 11%, 11.5%, 12%.
5. On October 7, 2005, FICOM staff made a pretext call to Buffington inquiring about the deposits advertised in the "Discovery Islander". The following information was provided:
- (a) She was acting as a selling agent for Humber.
 - (b) Humber is based in Richmond, British Columbia.
 - (c) Humber leases computers and automobiles.
 - (d) Wilson is the owner of the company.
 - (e) Wilson was a former accountant for two trust companies in Victoria.
 - (f) The term notes act the same as a GIC.
 - (g) She meets with clients to arrange the signing of necessary documents.
6. On October 7, 2005, FICOM staff contacted the City of Richmond, Business Licensing Division, and learned that Humber did hold a business licence, and their place of business was #150 – 3011 Viking Way, Richmond, British Columbia.
7. On October 21, 2005, FICOM staff attended at the business premises of Humber under the pretext of being a client. At this time Wilson provided a number of documents and information including:
- (a) A one-page brochure explaining company operations. The information includes:
 - i. The offering of term notes with interest rates varying according to the note's term and frequency of payment, rates from 6% to 12%.
 - ii. Financing and leasing of equipment.
 - iii. Individual and business loans.

- iv. The bottom portion of this brochure also showed an example of current term note rates similar to those seen in the Buffington newspaper advertisement.
 - (b) An application form on Humber's letterhead. The application is titled, "Application For Term Note". The application includes personal details of the applicant including the amount to be deposited, term, interest rate, interest frequency, deposit date, and maturity date. The applicant signs and dates the application, which is also signed by the agent.
 - (c) A bulletin of interest rates broken down into two parts – current rates, and new rates. The interest rate increases depending on the amount deposited and the length of term (one to five years). There are three different levels identified:
 - i. \$5,000 to \$49,000.
 - ii. \$50,000 to \$99,000.
 - iii. \$100,000 to \$249,000.
 - (d) A Humber Agreement for Term Note wherein the amount of the deposit, interest rate and frequency, and maturity date are identified. The note is then signed by Humber's authorizing officer (Wilson). The second last line on this document states that, "This note shall take effect as a sealed instrument and shall be construed, governed and enforced in accordance with the laws of the Province of British Columbia."
 - (e) Wilson advised that the company now only provides business loans.
 - (f) Wilson further advised that clients do not make decisions as to the disbursements of the deposits. That decision is made by himself, the authorized officer of Humber.
8. On October 21, 2005, FICOM staff received a telephone call from Barrister & Solicitor Patrick W. Watson, ("Watson") 6800 Frances Road, Richmond, British Columbia, who advised that he acted for Wilson and Humber. During this conversation, Watson advised that:
- (a) Humber had a total of 12 "investors" with approximately \$400,000 in term notes.
 - (b) They were not aware of the Financial Institutions Act, (the "Act") nor the definition of deposit business pursuant to the Act.

- (c) Humber does not hold a business authorization to carry on deposit business in the Province of British Columbia.

9. Section 1 of the Act defines "deposit business" as follows:

"Deposit business means the business of receiving on deposit or soliciting for deposit money,

- (a) On demand,
- (b) After notice,
- (c) On expiry of a specific term, or
- (d) At specified intervals for a specified term."

10. Section 81(1) of the Act states:

"A person must not carry on deposit business in British Columbia unless the person is:

- (a) an extraprovincial trust corporation that has a business authorization to carry on deposit business,
- (b) a credit union or extraprovincial credit union that has a business authorization to carry on deposit business,
- (c) a bank, or
- (d) a corporation that is a subsidiary of a bank and is a loan company to which the *Trust and Loan Companies Act (Canada)* applies."

11. Section 2 of the **Definitions Regulations**, B.C. Reg. 311/90 states:

"In the *Financial Institutions Act* "carry on deposit business" does not include raising money through the issuance of security instruments for the purpose of business other than deposit business."

AND WHEREAS the Superintendent finds that:

- 1. Neither Humber Financial Corporation nor Keith Wilson nor Barbara Buffington has a business authorization to carry on deposit business in the Province of British Columbia.

AND WHEREAS the Superintendent is of the opinion that by the above acts or conduct, pursuant to Section 244(2) of the act, Humber Financial Corporation, and Keith Wilson, are committing an act or pursuing a course of conduct that does not comply with the Act by receiving or soliciting to receive money that is repayable on expiry of a specified term.

AND WHEREAS the Superintendent considers, pursuant to Section 238(1)(b) of the Act that the length of time that would be required to hold a hearing would be detrimental to the due administration of the Act.


AND WHEREAS FICOM has delegated to the Superintendent the powers and duties under section 244 of the Act in the Instrument of Delegation executed June 2, 2005.

NOW THEREFORE the Superintendent orders pursuant to Sections 244(2) and 238 that Humber Financial Corporation, and Keith Wilson:

1. Cease from either directly or indirectly carrying on deposit business in British Columbia.

TAKE NOTICE THAT Humber Financial Corporation, and Keith Wilson, may request a hearing before the Superintendent under section 238(2)(a) of the Act or appeal to the Financial Services Tribunal under section 238(2)(b) of the Act.

Dated at the
City of Surrey,
Province of British Columbia
this 7th day of November, 2005.



W. Alan Clark
Superintendent of Financial Institutions
Province of British Columbia

TO: Humber Financial Corporation
c/o Patrick W. Watson
Barrister & Solicitor
6800 Frances Road
Richmond, British Columbia

Keith Wilson
c/o Patrick W. Watson
Barrister & Solicitor
6800 Frances Road
Richmond, British Columbia

Barbara Buffington

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