

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

AND

WEST COAST PROTECTION WARRANTY INC.

Doing business as WEST COAST AUTO PROTECTION WARRANTY INC.

and also doing business WEST COAST AUTO WARRANTY INC.

AND

SEA WON PAK
(aka STEVEN PARK)

ORDER UNDER SECTION 253.1

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

Background

1. West Coast Protection Warranty Inc. ("WCP") is a company registered in British Columbia with a registered and records office at 201 – 1062 Austin Avenue, Coquitlam, BC. Young Park ("Young") is currently the sole director of WCP. Steven Park is the former director.
2. WCP does business as West Coast Auto Protection Warranty Inc. ("WCAPW") and also as West Coast Auto Warranty Inc. ("WCAI"). WCAPW and WCAI are not registered companies in British Columbia.
3. WCP, WCAPW, and WCAI, are not authorized insurance companies in British Columbia and therefore are not permitted to conduct insurance business in the Province.
4. WCP, WCAPW, and WCAI, are not licensed insurance agencies in British Columbia and therefore are not permitted to solicit insurance, including vehicle warranty insurance products in the Province.

5. Sea Won Pak, who is also known as Steven Park ("Park") is not a licensed insurance agent in British Columbia and therefore is not permitted to solicit insurance, including vehicle warranty insurance products in the Province.

Cease and Desist Order issued March 7th, 2012

6. On March 7th, 2012, the Superintendent issued a Cease and Desist Order (the "Cease Order") ordering, in part, as follows:
 - (a) that WCP, WCAPW and WCAI cease from conducting insurance business in the Province of British Columbia, including insurance business related to vehicle warranty insurance;
 - (b) that Park direct his companies to cease from engaging in insurance business in the Province of British Columbia, including insurance business related to vehicle warranty insurance; and
 - (c) that WCP, WCAPW, WCAI and Park cease from acting as unlicensed insurance agents in the Province of British Columbia.
7. On March 9, 2012, the Cease Order was served on WCP, WCAPW and WCAI by sliding it through the mail slot at WCP's registered and records office, located at 201 – 1062 Austin Avenue, Coquitlam, BC.
8. On March 13, 2012, the Cease Order was served on Park by posting it on the door of his residence at [REDACTED] ("Park's Residence").
9. On March 21, 2012, the Cease Order, which had been amended to correct a minor typographical error (the "Amended Cease Order") , was served on WCP, WCAPW and WCI by sliding it through the mail slot at WCP's registered and records office, located at 201 – 1062 Austin Avenue, Coquitlam, BC.
10. On March 21, 2012, the Amended Cease Order was served on Park by leaving it with an adult at Park's Residence.
11. As of this date, neither Park, nor WCP, nor WCAPW, nor WCI has requested a hearing before the Superintendent under section 238(2)(a) of the *Financial Institutions Act* (the "Act"), or appealed the Cease Order or the Amended Cease Order to the Financial Services Tribunal under section 238(2)(b) of the *Act* .

Breach of Cease Order and Amended Cease Order

12. On April 4, 2012, the Superintendent's office received a complaint indicating that WCP was continuing to offer vehicle warranty insurance for sale. The complainant advised that he had called the telephone number on WCP's website, posing as a prospective customer. The complainant was directed to call a mobile phone number. A male answering that phone took the complainant's contact information.
13. On April 12, 2012, Sharon Park ("Sharon") an Investigator with the Financial Institutions Commission of British Columbia ("FICOM") called the number listed on WCP's website on pretext. A female answered the phone and gave Sharon another number to call. She did so, and spoke with a man who identified himself as Park. That discussion, which was recorded, including the following:
 - (a) Sharon indicated that she was interested in buying a used car, and was curious about available warranty coverage.
 - (b) Park advised her that there were one, two and three year extended warranties available.
 - (c) Park advised that the basic differences between the three levels of coverage (bronze, silver and gold) related to mileage and the amount of available coverage.
 - (d) Sharon indicated she was interested in purchasing a 2006 Honda Civic. Park told her that he thought she needed bronze coverage.
 - (e) Park provided Sharon with the price of the coverage (\$529), advised her that the maximum mileage was 180,000 km and that the claim limit was \$3,000. He also told her that WCP has three recommended repair facilities in the Lower Mainland and that if there are any problems, customers should call the "Claim Department."
 - (f) Park said that when Sharon was ready to purchase her car, she should call him and he would check the car for her, and give her a lower price on the warranty.
14. At no time during his conversation with Sharon, did Park indicate that he was unable or unwilling to sell her vehicle warranty insurance.
15. On April 13, 2012, FICOM Investigator Morgan Brewster ("Brewster") checked WCP's website at www.wcautowarranty.com and found that it was still active,

and that its content was the same as it had been prior to the issuance of the Cease Order. Brewster learned on April 23, 2012 that the website had been shut down on April 20, 2012, on Park's instructions.

16. On April 13, 2012, Brewster called Park who indicated that he was not conducting insurance business and that he was in the process of obtaining an underwriter. He agreed to meet Brewster in Chilliwack on April 17, 2012.
17. On April 17, 2012, Brewster and another Investigator went to Chilliwack to meet with Park. Park advised, by telephone, that he was not able to meet in person. In that conversation, Park advised:
 - (a) he had been contacted by a woman, and had told her that he could not sell her insurance until he was "undertaken."
 - (b) that the website is not being used and that he has not had any orders through the website.

Based on the fact that over a month after Park, WCP, WCAPW and WCAI were served with the Cease Order, WCP's website was still operational, and Park was still prepared to offer callers vehicle warranty insurance for sale, the Superintendent finds that Park, WCP, WCP doing business as WCAPW and WCP doing business as WCAI have each committed a breach of the Cease Order and the Amended Cease Order.

The Superintendent is of the opinion that a breach of an Order of the Superintendent is extremely serious misconduct. This conduct is a significant aggravating factor in considering sanctions.

WHEREAS the Financial Institutions Commission has delegated to the Superintendent the powers and duties under sections 244 and 253.1 of the *Act* in the Instrument of Delegation executed December 18, 2009;

AND WHEREAS the Superintendent considers:

1. The conduct of Park, WCP, WCP doing business as WCAPW and WCP doing business as WCAI was sufficiently serious that it caused the Superintendent to sign the Cease Order and the Amended Cease Order.
2. The breach of the Cease Order and the Amended Cease Order threatens to damage the integrity of financial markets and financial institutions authorized under the regulatory laws of British Columbia.
3. Park, SCP, WCP, WCP doing business as WCAPW and WCP doing business as WCAI having been served with the Cease Order and the Amended Cease Order continued to engage in unauthorized insurance business and in unlicensed

insurance sales in the Province. Doing so demonstrates a wanton disregard for the regulatory environment and a disregard for the laws of British Columbia.

4. It is appropriate to sanction Park, WCP, WCP doing business as WCAPW and WCP doing business as WCAI to deter them and others from similar misconduct.
5. The maximum penalty under the *Act* is \$50,000 for a corporation and \$25,000 for individuals.
6. While breach of an order is a serious offence, which would ordinarily justify imposition of a significant administrative penalty, I agree with Staff that there are mitigating factors which would justify a lower amount. These mitigating factors include the following:
 - (a) The subjects of the Cease Order and Amended Cease Order are not sophisticated players in the insurance industry. This sets them apart from the subjects of other orders which the Superintendent has made following breaches of either orders or undertakings provided. In this regard, I have reviewed the following cases where penalties were imposed in the case of breach of either an order or undertaking. Each of these, however, has involved sophisticated parties:
 - (i) *In the Matter of the Financial Institutions Act and North York Community Credit Union Ltd. (Ontario)*, Consent Order, October 1, 2008.
 - (ii) *In the Matter of the Financial Institutions Act and Trans Global Insurance Company and Trans Global Life Insurance Company*, Consent Order, December 20, 2011.
 - (iii) *In the Matter of the Financial Institutions Act and Centennial Insurance Company A.V.V.S.A. (Costa Rica) dba CIC Insurance Company A.V.V. (Costa Rica), Richard Alden Whitney, David William King, Richard Bell and Afif Najia*.
 - (b) There is no evidence that any British Columbians actually purchased the vehicle warranty insurance that was being offered. In short, there is no evidence of any loss to consumers or other players in the insurance industry.
 - (c) While WCP's website was operational in mid-April, by April 20, 2012, it had been taken down.
 - (d) Park has indicated that he is looking for an underwriter for the vehicle warranty insurance.

7. Therefore, I order Park and WCP, and WCP doing business as WCAPW and WCP doing business as WCAI to pay an administrative penalty in the amount of **\$10,000** pursuant to section 253.1 of the *Act* within 30 days from the date of receipt of this order.
8. In coming to my decision, I have also considered the following cases referred to me:
 - (a) *Re Corporate Express Inc.*, BCSECCOM 153, March 20, 2006
 - (b) *Re Alexander*, 2007 BCSECCOM 773, December 31, 2007
 - (c) *Re Cartaway Resources Corp.*, 2004 SCC 26
 - (d) *Hogan v. British Columbia Securities Commission*, 2005 BCCA 53

TAKE NOTICE THAT West Coast Protection Warranty Inc., doing business as West Coast Auto Protection Warranty Inc., and doing business as West Coast Auto Warranty Inc., and Park may appeal this order to the Financial Services Tribunal under section 242(1)(a) of the *Act*.

Dated at the
City of Surrey,
Province of British Columbia
this 28 day of June, 2012.



Carolyn Rogers
Superintendent of Financial Institutions
Province of British Columbia

TO:

West Coast Protection Warranty Inc.
Doing business as West Coast Auto Protection Warranty Inc.
And doing business as West Coast Auto Warranty Inc.
201 – 1062 Austin Avenue
Coquitlam, BC
V3K 3P3

Sea Won Pak (aka Steven Park)

