



# **CIRO · OCRI**

Canadian Investment  
Regulatory  
Organization

Organisme canadien  
de réglementation  
des investissements

**IN THE MATTER OF  
THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES  
AND THE DEALER MEMBER RULES  
AND  
DOMINO AU-YOUNG**

**SETTLEMENT AGREEMENT  
PART I – INTRODUCTION**

1. The Corporation will issue a Notice of Application to announce a settlement hearing pursuant to sections 8215 and 8428 of the Investment Dealer and Partially Consolidated Rules (the “Investment Dealer Rules”) to consider whether a hearing panel should accept this Settlement Agreement between Enforcement Staff and Domino Au-Young (the “Respondent”).

**PART II – JOINT SETTLEMENT RECOMMENDATION**

2. Enforcement Staff and the Respondent jointly recommend that the hearing panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

**PART III – AGREED FACTS**

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement

**Overview**

4. Domino Au-Young, (the “Respondent”) misappropriated monies from two clients’ accounts; one for \$30,000 Canadian and another for \$45,000 U.S. dollars. The Respondent used falsified letters of direction from the clients to instruct his firm to issue a third party cheque payable to Vancouver Bullion & Currency Exchange where the Respondent then had the amounts transferred into his own bank accounts. In addition, in the firm’s internal investigation and in the sworn interview with Staff, the Respondent said he gave the money to the client outside of the Vancouver Bullion & Currency Exchange office in Richmond, B.C. which was a false statement.

5. The Respondent used WeChat, an electronic messaging app to communicate with several clients even after being reminded by his firm that this method of communication was not acceptable.
6. The Respondent was a director in an outside business unrelated to the securities or financial services industry without disclosing this outside business activity to his firm and seeking their approval for the outside business activity.

### **Background**

7. The Respondent Domino Au-Young (“Au-Young”) began his employment in the securities industry in 1995.
8. The Respondent was registered with IIROC as a registered representative with National Bank Financial Ltd. (“NBF”) from January 2012 to May 2020 when he was terminated for cause for the issues that gave rise to this proceeding.
9. The Respondent was registered as a registered representative with Echelon Wealth Partners Inc. from October 2020 to November 29, 2022, and is not currently registered with the Canadian Investment Regulatory Organization (CIRO).

### **Misappropriation/Falsifying Documents and Attempts to Conceal Misappropriation**

10. On May 8, 2018, the Respondent submitted an authorization letter purportedly from clients Z and B (collectively, “ZB”) instructing NBF to issue a cheque for \$45,000 U.S. dollars from ZB’s client account at NBF payable to Vancouver Bullion & Currency Exchange, Richmond, B.C. branch (“VBCE”) for the settlement of a foreign currency transaction with VBCE (the “ZB Authorization”). The ZB Authorization indicated that the Respondent would pick up the cheque and deliver it to ZB. The ZB Authorization contains purported signatures of ZB, but ZB did not sign the authorization and provided no such instruction to transfer any monies from their client account at NBF. The Respondent submitted the ZB Authorization to NBF knowing it was not in accordance with ZB’s instructions or authorization.
11. NBF issued a cheque in the amount of \$45,000 U.S. dollars dated May 10, 2018, from ZB’s client account payable to VBCE (Richmond Branch) (the “Client ZB NBF Cheque”).

12. On May 11, 2018, the Respondent went to the VBCE Richmond Branch and exchanged the \$45,000 U.S. dollar cheque from NBF (drawn on ZB's client account) for a cheque from VBCE payable to MAN NGAI DOMINO AU YOUNG in the amount of \$57,330 Canadian dollars which was then deposited in the Respondent's bank account at a branch in Richmond, B.C. on the same day.
13. Between May 31 to June 1, 2018, the Respondent submitted a copy of the Client ZB NBF Cheque with a purported signature of ZB to NBF in an effort to comply with NBF's policy on the register of cheques given to clients and to conceal his misappropriation of the \$45,000 U.S. dollars from ZB's account. ZB did not sign any copy of the Client ZB NBF Cheque and did not receive the Client ZB NBF Cheque or any monies from that cheque.
14. The Respondent in an IIROC sworn interview on February 8, 2022, stated that he gave either client Z or B the NBF cheque payable to VCBE in the amount of \$45,000 U.S. dollars but could not remember exactly where he met with one of them. This statement is not true as ZB did not receive the Client ZB NBF Cheque and this cheque was exchanged for the equivalent Canadian dollars and deposited into a bank account of the Respondent.
15. On December 23, 2019, the Respondent submitted an authorization letter purportedly from client SC instructing NBF to issue a cheque for \$30,000 Canadian dollars from SC's client account at NBF payable to Vancouver Bullion Currency Exchange Richmond, B.C. branch ("VBCE") for a foreign currency transaction with VBCE (the "SC Authorization"). The SC Authorization contains a purported signature of SC but SC did not sign the SC Authorization and provided no such instruction to transfer any monies from her client account at NBF. The Respondent submitted the SC Authorization to NBF knowing it was not in accordance with SC's instructions or authorization.
16. On December 24, 2019, NBF issued a cheque in the amount of \$30,000 Canadian dollars dated December 24, 2019, from SC's client account payable to VBCE (Richmond Branch) (the "Client SC NBF Cheque").
17. On December 24, 2019, the Respondent went to the VBCE Richmond Branch and instructed them to exchange the \$30,000 Client SC NBF Cheque from NBF (drawn on SC's client account) to \$22,701.48 U.S. dollars. The Respondent then instructed VBCE to do an electronic funds transfer ("ETF") of the \$22,701.48 U.S. dollars into the Respondent's bank account at a branch in Vancouver, B.C.
18. The Respondent in an IIROC sworn interview on February 8, 2022, stated that he met SC at the VBCE in Richmond, B.C. for the purpose of her signing the receipt of the Client

SC NBF Cheque and giving her the cheque for \$30,000 Canadian. This statement is not true as SC did not receive the Client SC NBF Cheque and that cheque was exchanged for equivalent U.S. dollars and deposited into the Respondent's bank account through an EFT. SC was in China on December 23 and 24, 2019 and was not present in Richmond, B.C. to sign any documents or receive any funds.

19. The Respondent's statements to his firm and to IIROC that he gave the Client SC NBF Cheque to SC were not true as these monies were deposited into the Respondent's own bank account.

#### **The Use of Unapproved Method of Client Communication**

20. While employed at NBF, the Respondent communicated with clients using WeChat, a messaging app that was not approved for client communication by NBF. The Respondent used the phone and text messaging components of WeChat to communicate with his NBF clients.
21. On March 10, 2015, an NBF compliance employee confirmed with the Respondent that unless any form of messaging, including text messaging is routed through the NBF servers, it is not an acceptable form of communication.
22. On May 9, 2016, an NBF compliance employee again confirmed that instant messaging/text messaging including WeChat is not a permitted method of client communication.
23. On May 2, 2018, the Respondent was reminded that he had previously been advised that no text messages via WhatsApp and WeChat were allowed and was instructed to cease contacting NBF clients using those methods.
24. Despite these multiple warnings and clear direction regarding communicating with clients via WeChat, the Respondent continued to communicate with clients via WeChat.

#### **The Respondent's Undisclosed Outside Business Activity**

25. In 2014, the Respondent became a shareholder of an outside business, a private company incorporated under the laws of British Columbia. The Respondent is still a shareholder and director of the outside business. The Respondent was involved in

management meetings for the outside business and the managers of the outside business reported to him.

26. The Respondent responded to the Employment Standards Branch on behalf of the outside business regarding an employee complaint where he signed as Senior Executive Director of the outside business.
27. At no time during his employment with NBF did the Respondent report or seek approval for his involvement with the outside business to NBF as was required by firm policies and procedures and contrary to Dealer Member Rule 18.14.

### **Mitigating Factors**

28. As part of his termination with NBF, the Respondent paid NBF all of the amounts representing the monies that he misappropriated from his clients and which NBF had already paid back to the clients.

## **PART IV – CONTRAVENTIONS**

29. By engaging in the conduct described above, the Respondent committed the following contraventions of Corporation requirements:

### **(i) Contravention 1**

On or about May 11, 2018, the Respondent Domino Au-Young misappropriated monies from a client's account contrary to Rule 1400 of the Investment Dealer and Partially Consolidated Rules (the "Investment Dealer Rules").

### **(ii) Contravention 2**

On or about December 24, 2019, the Respondent Domino Au-Young misappropriated monies from a client's account contrary to Rule 1400 of the Investment Dealer Rules.

### **(iii) Contravention 3**

During National Bank Financial Ltd.'s 2020 investigation into the misappropriation of clients' funds and in IIROC's sworn interview on or about February 8, 2022, the Respondent, Domino Au-Young misled his firm and IIROC Enforcement Staff about the circumstances of the misappropriation of clients' funds contrary to Rule 1400 of the Investment Dealer Rules.

### **(iv) Contravention 4**

Between May 2020 and January 2022, the Respondent, Domino Au-Young, failed to disclose and obtain the approval of National Bank Financial Ltd. for

an outside business interest contrary to Dealer Member Rule 18.14 and Investment Dealer Rule 1400.

**(v) Contravention 5**

Between December 2018 and December 2019, the Respondent, Domino Au-Young, communicated with clients using an unapproved communications method in violation of his National Bank Financial Ltd.'s policies and procedures and Investment Dealer Rule 1400.

**PART V – TERMS OF SETTLEMENT**

30. The Respondent agrees to the following sanctions and costs:
- (i) Permanent ban from registration in any capacity with the Corporation;
  - (ii) Fine of \$125,000; and
  - (iii) Costs of \$7,500.

**PART VI – STAFF COMMITMENT**

31. If the hearing panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.
32. If the hearing panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under Investment Dealer Rule 8200 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement.

**PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT**

33. This Settlement Agreement is conditional on acceptance by the hearing panel.
34. This Settlement Agreement shall be presented to a hearing panel at a settlement hearing in accordance with sections 8215 and 8428 of the Investment Dealer Rules, in addition to any other procedures that may be agreed upon between the parties.

35. Enforcement Staff and the Respondent agree that this Settlement Agreement will form all the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the hearing panel.
36. If the hearing panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules of the Corporation and any applicable legislation to any further hearing, appeal and review.
37. If the hearing panel rejects this Settlement Agreement, Enforcement Staff and the Respondent may enter into another settlement agreement or Enforcement Staff may proceed to a disciplinary hearing based on the same or related allegations.
38. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the hearing panel.
39. This Settlement Agreement will become available to the public upon its acceptance by the hearing panel and the Corporation will post a copy of this Settlement Agreement on the Corporation website. The Corporation will publish a notice and news release of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement and the hearing panel's written reasons for its decision to accept this Settlement Agreement.
40. If this Settlement Agreement is accepted, the Respondent agrees that neither they nor anyone on their behalf, will make a public statement inconsistent with this Settlement Agreement.
41. This Settlement Agreement is effective and binding upon the Respondent and Enforcement Staff as of the date of its acceptance by the hearing panel.

#### **PART VIII – EXECUTION OF SETTLEMENT AGREEMENT**

42. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.
43. An electronic copy of any signature will be treated as an original signature.

**DATED** this “29<sup>th</sup>” day of June 2023.

“Witness”

Witness

“Domino Au-Young”

Respondent

“Stacy Robertson”

Stacy Robertson  
Senior Enforcement Counsel on  
behalf of Enforcement Staff of the  
Corporation

The Settlement Agreement is hereby accepted this “19” day of “October”, 2023 by the following Hearing panel:

Per: “Lynn Smith”

Chair

Per: “Douglas Stewart”

Industry Member

Per: “Lloyd Costley”

Industry Member